ERSTE ABWICKLUNGS ANSTALT

INTERIM REPORT

30 June 2016

Contents

EAA key figures

Income statement as used internally in EUR million	1/1 - 30/6/2016	1/1 - 30/6/2015
Net interest income	86.0	81.2
Net fee and commission income	9.5	29.5
Net trading result	-26.4	-12.1
Total other operating income/expenses	-0.6	1.6
General administrative expenses	-115.0	-149.2
Results from financial assets and shareholdings	34.3	48.1
Results prior to risk provisioning	**-12.2**	**-0.9**
Loan loss provisions	15.8	11.0
Results before taxes	**3.6**	**10.1**
Taxes	-0.4	-1.8
Net profit for the year	**3.2**	**8.3**

Balance sheet in EUR billion	30/6/2016	31/12/2015
Total assets	72.5	68.7
Business volume	83.3	81.7
Lending business	35.9	37.8
Trading assets	31.1	27.1
Equity	0.6	0.6

Winding-up	30/6/2016	30/6/2015
Banking book		
Notional value (before FX effect) in EUR billion	32.8	39.6
Winding-up activities (compared with previous year-end) in EUR billion	-3.2	-12.7
Winding-up activities (compared with previous year-end) in %	-8.9	-24.3
Trading portfolio		
Notional value (before FX effect) in EUR billion	302.7	384.7
Winding-up activities (compared with previous year-end) in EUR billion	-39.0	-81.4
Winding-up activities (compared with previous year-end) in %	-11.4	-17.5

Employees	30/6/2016	31/12/2015
Number of employees	148	144

Rating	Short-term rating	Long-term rating
Moody’s Investors Service	P-1	Aa1
Standard & Poor’s	A-1+	AA-
Fitch Ratings	F1+	AAA

Foreword

Dear Ladies and Gentlemen,

The EAA made considerable progress in implementing its wind-up objectives in the first half of 2016. The notional volume of the banking book declined by EUR 3.2 billion from the start of the year to EUR 32.8 billion, while the notional volume of the trading portfolio was reduced by EUR 39.0 billion to EUR 302.7 billion during the same period. Following successful restructuring, the sale of another important participation, WestFonds Immobilien-Anlagegesellschaft mbH, was also initiated in the first half of the year and concluded in July. This reduces the complexity of the participations portfolio and impacts positively on the wind-up planning.

Cost reductions and successful restructuring measures once again made a substantial contribution in the first half of 2016 to the EAA's positive result. The net profit of EUR 3.2 million is based primarily on a positive financial investment result and lower administrative expenses. Bearing in mind that very significant advances have been made overall in reducing the portfolio, the EAA's earnings base has fundamentally contracted. As has been previously disclosed, administrative expenses are therefore no longer covered by recurring interest, fee and commission income, which also means that losses in individual reporting periods cannot be ruled out. This, however, has been taken into account in the planning for the overall winding-up.

Against this background, the EAA's activities will continue to focus on active measures to accelerate the reduction in the portfolio and on active participation management. The EAA will take advantage of every opportunity to improve its results and end the wind-up process ahead of schedule. It intends to scale back the notional volume of the banking book to around EUR 30 billion and the trading portfolio to less than EUR 280 billion by the end of the current year. At that point, roughly 80% of all the banking book's portfolio that was transferred to the EAA and almost three quarters of the trading portfolio will be reduced.

The successful notional reduction of the trading portfolio is currently not reflected in the development of the market value. This value, which forms the basis for the accounting figures, can increase, especially as a result of interest rate trends, while the notional volume of the underlying contracts decreases. This also explains the rise in total assets in the first half of 2016. Still, the sharp decline in the notional volume has likewise led to a decrease in the risks associated with the trading portfolio as well as with the loan and securities portfolio.

The economic environment favoured the EAA's risk-reducing operations in the previous reporting periods and we are confident that the economic trend will remain a positive factor for the EAA as 2016 progresses. We benefit at the same time from a balanced wind-up strategy, which has aimed, and continues to aim, at decreasing assets equally across all rating categories. The investment grade share of the loan and securities portfolio as at the end of the first half-year has therefore remained at approximately two-thirds.

Despite our cautiously optimistic expectations, we acknowledge that the EAA continues to face significant challenges. Examples of these obstacles include difficult sub-portfolios, such as the Phoenix portfolio, the portfolio with American life insurance policies, the project financing portfolio or the municipal derivatives portfolio.

Sincerely yours

Matthias Wargers	Markus Bolder	Horst Küpker
Spokesman	Member	Member
of the Managing Board	of the Managing Board	of the Managing Board

Interim management report

For the period from 1 January to 30 June 2016

Business and environment

Operating activities of the EAA

The EAA is winding up the risk exposures and non-strategic business units transferred from the former WestLB AG (now Portigon AG) and its domestic and foreign subsidiaries. When doing so, it proceeds in a value-preserving and risk-minimising manner so as to stabilise the financial market.

It manages its business according to commercial and economic principles, in consideration of its winding-up objectives and the principle of minimising its losses. The EAA is not a credit or financial services institution within the meaning of the German Banking Act (Kreditwesengesetz – KWG), an investment services firm as defined by the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) or an insurance company pursuant to the German Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG). It does not conduct any transactions that require approval pursuant to Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 or Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, the amendment to Directives 85/611/EEC and 93/6/EEC of the Council and Directive 2000/12/EC of the European Parliament and of the Council and for the repeal of Directive 93/22/EEC of the Council, as amended.

The EAA is subject to regulation by the German Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung – FMSA). It is supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) with regard to those provisions of banking law that are applicable to the EAA.

The EAA's work is principally carried out on the basis of section 8a of the German Financial Market Stabilisation Fund Act (Finanzmarktstabilisierungsfondsgesetz – FMStFG), its charter, the rules of procedure for the Supervisory Board and the Managing Board plus their committees, as well as its risk strategy and wind-up plan.

The wind-up plan describes the intended wind-up activities of the EAA by classifying its asset positions into sub-portfolios (clusters) and standard strategies, and contains a schedule for the winding-up of assets. The possible methods for winding up the portfolio include selling the assets prior to their maturity, holding them to maturity or restructuring the relevant items. The EAA reviews the wind-up plan at least once a quarter and makes adjustments, when necessary, mainly in order to take account of changes in circumstances, for example current market developments. Changes or adjustments to the wind-up plan must be approved by the FMSA. The EAA regularly submits wind-up reports to inform the FMSA, its Supervisory Board and the stakeholders about the progress of the winding-up and the implementation of the wind-up plan. When doing so, it also documents the wind-up result. This annual wind-up plan must be adopted by a resolution of the Supervisory Board before it is submitted to the FMSA.

The following stakeholders participate in the EAA's share capital: the German State of North Rhine-Westphalia (NRW), with a stake of around 48.2%; Rheinische Sparkassen- und Giroverband and Sparkassenverband Westfalen-Lippe, each with around 25.0%, and Landschaftsverband Rheinland and Landschaftsverband Westfalen-Lippe, each with around 0.9%.

The governing bodies of the EAA are the Managing Board (Vorstand), the Supervisory Board (Verwaltungsrat) and the Stakeholders' Meeting (Trägerversammlung).

The Managing Board of the EAA consists of three members. They are appointed by the Supervisory Board with the FMSA's approval for a maximum term of five years. Members of the Managing Board may be reappointed. The Managing Board manages the operations of the EAA and represents the EAA in and out of court.

The Supervisory Board consists of 12 members. Eleven members are appointed by the Stakeholders' Meeting, and one member is delegated by the FMSA to act on its behalf. The members elect a Chairman and a Vice Chairman on the recommendation of the State of NRW. The Supervisory Board advises and consults with the EAA's Managing Board, monitors its activities and carries out additional duties set forth in the EAA's charter.

The Stakeholders' Meeting is composed of the institutions which hold a stake in the EAA's share capital. It is responsible for adopting the annual financial statements of the EAA, among other things.

Since its establishment the EAA has repeatedly adjusted its organisational structure to manage changes in the corporate environment. The gradual takeover of a multi-billion portfolio presented it with enormous challenges in developing an adequate organisation and recruiting the required experts. As the portfolio continues to be wound up, capacity and costs will have to be reduced without losing the expertise necessary to successfully complete the wind-up. Against this background, the EAA acquired its main service provider, EFS, in early 2016, having carried out a detailed due diligence. EFS will continue to focus on its activities as an IT service provider and on processing transactions for the EAA portfolio. Thus, the EAA is securing key services for the portfolio. Compared with alternative strategies, the takeover was the economically most favourable solution to continue to guarantee the operational stability of the EAA.

With EPA, the EAA had already established a subsidiary for portfolio management in 2014. EPA's employees were primarily recruited from the former employees of the Portfolio Exit Group, which was established in the former WestLB when the EAA was founded, as well as from EAA employees.

With its two service subsidiaries, the EAA is well prepared to carry out its future tasks. However, this corporate structure will not be permanent, either. The EAA understands that the gradual transformation of its service subsidiaries is a part of its mandate. This also entails that the EAA will sound out options for selling EPA in a next step.

Economic environment

An unexpected surprise at the end of the second quarter

Brexit – the British decision to leave the European Union – came as a shock to many political commentators and market observers. Admittedly, surveys on Britons' voting intentions in the Brexit referendum often delivered no clear and conclusive results. The survey results fluctuated repeatedly; the Leave supporters – the so-called Brexiteers – were ahead at times, with the Remainders holding the lead at other times. The surveys polled two weeks before the referendum however pointed towards a possible victory by the Brexiteers, before reversing again in the wake of the murder of a Labour representative. This view held until the polling stations closed. The Britons' vote to leave the EU therefore came as a major surprise for politicians in Great Britain and the EU.

The Brexit vote caught the financial markets off guard in what was already a challenging market environment. Many risky asset classes had experienced losses in the first half of 2016. The companies listed in the DAX lost more than 10% of their value in the period between 31 December 2015 and 30 June 2016. European stocks (EURO STOXX 50) suffered losses of 12.3% during the same period. US equities were the only exception. With a gain of 2.7% in the first half-year, however, one can hardly describe as exuberant the average share price increase in the S&P 500.

The price fluctuations were even more pronounced in the so-called safe-haven asset classes. German Bunds were in demand. The yield on ten-year German Bunds fell from 0.63% at the start of the year to -0.13% (30 June 2016), thus entering negative territory for the first time. The extent of the decline in yields on Spanish and French government bonds was similar during the same period. The yield decline in Italy was somewhat less pronounced. Investors are currently focusing on the weak asset quality of Italian banks. Portugal's government bonds also put in a disappointing performance in the first half-year, with yields rising by more than 40 bp to 2.93%.

In light of these price fluctuations, the British vote for Brexit and the multitude of important elections in the months ahead (presidential elections in the USA and France, various state elections and a federal election in Germany), many market observers are concerned that the populist influence on global politics could increase. Notwithstanding these concerns, the present global economic situation can only be described as an "ongoing recovery", and this recovery shows no signs of faltering in the second half of 2016 either. The growth slump in many emerging markets was offset by an improvement in the labour markets, rising disposable income (higher wages, low energy prices) and therefore more consumption in many eurozone countries and the US. This constellation is unlikely to change much in the foreseeable future.

Growth in the US economy: hardly any growth acceleration in Q2

The US economy got off to a bumpy ride at the start of 2016. Growth of only 0.2% in the first quarter of 2016 was followed by an only marginally better result with growth of 0.3% in the second quarter. The quarterly growth rates reached so far this year are well below the long-term average of around +0.6% (annual average from 1995 until now). The slack in growth is attributable to several factors. The weakness in investment is particularly pronounced at present, having slumped by 9.7% compared with the second quarter of 2015. Comparing this rate with the average growth rate of investment at +3.7% p.a. demonstrates how severe the slump is. Capital expenditure (machinery and buildings) is particularly depressed in the oil and gas sector. The decline in the price of oil from USD 96 per barrel in 2011 to USD 41.7 (5 August 2016) has called into question many of the sector's investment plans, as a price of between USD 50 and 60 must be reached for shale oil reserves and oil sands to break even.

The increase of more than 0.3% in second quarter economic output in the US, despite less investment and a decline in government spending (-0.2% quarter-on-quarter), is attributable in particular to US consumers. Consumer spending rose by 1.3% in the second quarter. Besides positive wealth effects (a slight rise of the US equity markets, higher US property prices), this development has probably been driven by the situation on the US labour market. In addition to the official labour market statistics (unemployment rate), which can be criticised because it understates the number of unemployed persons, other labour market indicators also show a positive trend.

Wage increases in the USA are such an indicator, having risen by 2.6% in June compared with the same month of the previous year. The increase shows that the impact of the hidden reserve on the labour market is diminishing. This hidden reserve comprises unemployed persons who have failed to find new employment before their unemployment assistance expired. The job vacancies or newly created jobs were filled from this reserve – without resulting in wage increases because of a lack of applicants, even after the official rate of "full employment" was reached (defined as an unemployment rate of below 6%). This appears to be changing at the moment. Having increased by 2.6% in June, the rate of wage increases is currently 0.5 percentage points above the average of the last 30 years.

The labour market reports (non-farm payrolls) are pointing in the same direction. The June report showed a particularly robust increase of 287,000 new jobs, thus offsetting the weaker May result (+24,000 jobs). The US economy has on average created some 186,000 jobs each month this year. In light of the employment level reached, short-term outliers such as the weak May figure should not come as a surprise. The current level of employment in the USA (144.2 million jobs) has around 5.8 million more jobs compared with the best pre-crisis figure of 138.4 million as at 31 January 2008.

The FED believes this trend is very likely to continue. In its assessment of regional economic indicators, the so-called "Beige Book", it has determined that the American economy is growing moderately in most regions of the country. Furthermore, the Purchasing Managers Index for the manufacturing industry in the USA climbed to 53.2 points in June 2016 and is thus above the expansion threshold of 50.0 points.

Forecast for the US: headwind from investment

At the Federal Open Market Committee's meeting on 16 December 2015, the FED raised the range for the key interest rate, the FED funds target rate, for the first time since 29 June 2006 by 25 basis points (bp) to between 0.25% and 0.5%. The year 2015 thus answered the question as to whether the FED believes the US economy is robust enough to start a new cycle of rate increases. It remains to be seen, how quickly further interest rate hikes will follow. The views on this vary substantially. While the FED may have considered up to four interest rate hikes at the start of the year, weaker US growth in the first half-year and the recent Brexit decision led to marked restraint concerning the FED's interest rate planning.

The FED quickly made it clear that the interest rate adjustment cycle is dependent on economic data. So far this year it has refrained from raising interest rates at the meetings of its Federal Open Market Committee. Thereby the Federal Open Market Committee implicitly stated that financial markets were right in their assessment of the likelihood of further rate hikes. Growth apparently is not deemed robust enough for further hikes. The FED's decision will be guided by the development of the US labour market. The Federal Open Market Committee has not named any specific numeric targets for an improvement in the labour market. In addition to the employment level, the new jobs added (non-farm payrolls) and the unemployment rate, the FED is currently looking to the rate at which monetary wages are rising. It will probably raise interest rates only once this year. The range for the FED funds rate should then lie between 50 and 75 bp.

The current inflation environment in the USA provides the FED with the necessary leeway to delay further interest rate hikes for now. In June 2016 the country's inflation rate stood at 1.0% and the rate is expected to reach 1.3% by the end of 2016. These figures are below the FED's comfort zone but are approaching the target figure of 2%. However this also means that a rapid increase in inflation will not force the FED to respond at short notice in 2016 with higher benchmark interest rates in order to battle inflation. Further interest rate increases in 2017 will depend on conditions on the labour market and inflation momentum. The US economy is expected to grow by more than 0.6% in both the third and fourth quarter of 2016.

The American election campaign has entered its hot phase with the Democratic and Republican Party nomination conventions. In the current election campaign, the personality of Republican candidate Donald Trump has overshadowed the clashes we have seen in previous election cycles. There seem to be major policy differences between the Republican candidate Donald Trump and his party. He failed to unite his party behind his candidacy when he accepted the presidential nomination at the convention. At the moment polls suggest that Hillary Clinton will win the election. She currently lies at 47.5%, seven percentage points ahead of Donald Trump.

Core eurozone countries: Germany growing somewhat faster than France

Germany achieved GDP growth of 1.7% in 2015 and is therefore roughly keeping pace with the eurozone average (1.7%). The growth rate achieved in 2015 is higher than the potential growth rate for the German economy, which is estimated at around 1.25% by the Bundesbank. The German economy got off to a successful start in the New Year too. German economic output increased in the first quarter by 0.7% over the previous quarter and by another 0.4% in the second quarter. This also explains why the situation on Germany's labour market continued to improve in the first half of 2016. The unemployment rate fell from 6.3% in December 2015 to 6.1% in June 2016.

The ECB's programme of buying eurozone government bonds and the aforementioned losses incurred on the (EUR) equity markets have reduced German Bund yields to a very low level. The second quarter saw the first ten-year Bund bond issued with a negative yield which represented an unprecedented, notable event. Market participants either seem to have very low inflation expectations or, because of an aversion to risk, are prepared to pay the Federal Republic of Germany for the safekeeping and subsequent repayment of their capital. The negative yields mean that the financing costs of the German federal government and other German regional authorities continue to decline.

The French economy has not been without its problems in recent years. France's GDP grew only marginally during the years from 2012 until 2014, expanding at annual rate of between 0.2% and 0.6%. A major cause of this development was that many of France's important trading partners – Italy for example – have themselves been experiencing a weak economic trend. In addition, France's international competitiveness has decreased significantly due to government intervention in the labour market (for example, the introduction of the 35-hour working week). France, like Germany, performed very well in the first quarter. Economic output rose by 0.7% over the fourth quarter of 2015. The French economy maintained this level in the second quarter despite the dampening effect of the Brexit debate.

Spain's economy growing quite strongly despite the unresolved political situation
Spain's economy grew by 3.2% in 2015, much faster than the eurozone average. Market estimates assume that Spain will continue growing in 2016, with economic output forecast to expand by 2.8%. This pace of growth means the Spanish economy will be one of the fastest growing economies in the eurozone. The eurozone as a whole is likely to grow only by around 1.5% during the same period. Spain's strong performance can be attributed to the noticeable improvement in its international competitiveness. Spain's unit labour costs, for example, have fallen by more than 6% since peaking in 2009. However, they are stagnating at the moment. Thanks to these improvements and the popularity of Spain as a holiday destination due to the crises and problems in other Mediterranean holiday regions, the Spanish economy grew by 0.8% in the first and by 0.7% in the second quarter.

Further reform efforts would be necessary to maintain the fast pace of growth. In view of the political situation, this seems difficult to achieve. Since December 2015 Spanish voters have been called to the polling booths twice already to elect a new parliament. Although the conservative People's Party (Partido Popular) received the most votes in both the December election and the repeat election at the end of June, the absence of coalition partners has prevented it up to now from forming a new government after both elections. Prime Minister Mariano Rajoy therefore continues to assume interim responsibility for official business, which is more a case of simply administering what has been achieved to date. Many political initiatives are on hold. This is one of the reasons why Spain is unlikely to meet the European Commission's budget deficit targets in 2016. So far Brussels has issued only a warning to Spain for missing the previous year's target. This is another reason why it is essential that Spain receives a new government fast. The Spanish parties appear to agree that another election is not desirable. There are numerous indications that a conservative minority government will be established. Prime Minister Rajoy would therefore have to obtain the necessary consent for legislative projects based on shifting alliances with the social democrats and the liberals.

Portugal's economy continues to grow. Growth is resurfacing in Italy.
Growth has slowed down in Portugal since the third quarter of 2015. Economic output virtually stagnated in the third quarter of 2015; Portuguese GDP increased by 0.2% (quarter-on-quarter) in the fourth quarter of 2015 and again in the first quarter of 2016. Growth is therefore noticeably slower compared with the first two quarters of 2015 (both +0.5% over the previous quarter). This slowdown is due to the protracted process of forming a government after the October 2015 elections and the clashes between the new government and the EU Commission concerning the planned course of consolidation and the budget.

Concerns about the consolidation course of the new government pushed the yield on the ten-year Portuguese bond above 4% at times (4.11% on 11 February 2016). The markets viewed this valuation as a buying opportunity, causing the yield to fall by more than 110 bp to 3% since then. The relief provided by the ECB's purchase programme has dampened the impact of political risks on yields. Given that Portugal still has one investment grade rating from rating agency DBRS at BBB low (Moody's, S&P and Fitch all rate Portugal government debt as junk) the ECB can continue to buy Portuguese government bonds. The volume of monthly purchases by the ECB probably amounts to around EUR 1 billion.

After three years of recession, Italy's economic output grew again moderately for the first time in 2015 by 0.8%. This recovery appears to have continued in the first quarter of 2016 too (more up-to-date figures are not yet available). Italy's real gross domestic product has increased by 0.3%. Italy has raised taxes in the past to reduce its budget deficit to a Maastricht-compatible level of less than 3% of economic output (GDP). It stood at 2.6% in 2015. The price paid for the rapid consolidation was a marked prolongation of the recession.

Another factor that applied the brakes to Italy's recovery is the high volume of non-performing loans (NPLs) held on the balance sheets of many regional banks. The high NPL rates and the associated "use" of risk-weighted assets drastically restricts the banks' scope for lending, which additionally curbs Italy's economic growth. Renzi's government wants to address this issue. However, its potential influence is restricted by a series of problems. The level of indebtedness reached by the Italian state is likely to make it impossible for it to recapitalise the banks. With debt at 135.8% of GDP in 2015 and only weak economic growth, a government-financed recapitalisation does not look like a feasible option in view of the high volume of NPLs (the official figure is given at around EUR 360 billion). The banks' low profitability often prevents them from resolving the problem themselves. Winding up problem banks could shift political sentiment in Italy towards smaller populist parties and create a risk of a bank run on Italian banks, which could lead to further bank failures and a collapse of the financial system.

2016: the eurozone economy continues to recover despite the political risks

The economic recovery in the eurozone is expected to continue in 2016. There are too many positive growth factors in many areas for another crisis to occur. However, risks have risen in comparison to 2015 as a result of the new elections in Spain and Great Britain's decision to leave the EU.

It is still too early to assess the impact of the Brexit decision on economic growth in the eurozone and in Great Britain. For this to happen, the EU and the British government would first have to reach an agreement on how to regulate the movement of goods, services, persons and capital. One point, however, should be obvious. Those voters in Great Britain who believe Brexit will deliver only the advantages of the EU without the perceived disadvantages are likely to see their expectations thwarted. The EU Commission is unanimous that such a concession would encourage other countries (Netherlands, France or Poland) to do the same, especially amid the migrant crises.

There are many models on how the relationship to Great Britain could be structured in the future. It is likely to come down to one model in the end, which is described as the "Norwegian model". In return for access to the single market, Great Britain should continue to contribute towards the EU budget and adhere to most established EU standards and regulations without being able to exert influence on them. This includes freedom of movement. As compensation, concessions will be made to the Britons concerning the British financial sector. However, the negotiations as to what rules will govern the relationship between the EU and Great Britain have yet to be held. The old rules will continue to apply until then. For these negotiations to start, Theresa May's government must invoke Article 50 of the Treaty of Lisbon to exit the EU. The British government will likely postpone this for as long as possible because elections will be held in 2017 in both France (presidential election in April and May) and Germany (parliamentary elections probably in September), and it will not be clear until then what objectives the French and German governments will pursue. These uncertainties have already had adverse consequences for growth, as is suggested by important sentiment indicators in the EU and Great Britain.

Luckily the price of oil, judging from the experiences of 2011, is low. A barrel (WTI crude oil) cost over USD 96 on average in 2011. The price of oil is likely to remain at its current level of between USD 40 and maximum USD 50 per barrel for the next few months. Low oil prices redistribute purchasing power away from oil producers to consumers – a favourable development for the eurozone. This phase of relatively low oil prices is likely to persist, as the OPEC countries, Russia and Iran are all competing for market share following the removal of sanctions on Iran. The global supply of oil has continued to grow this year amid stagnating demand. For the oil price to increase significantly, oil extraction would have to be scaled back in order to restore the balance between supply and demand. Negotiations in this respect have proven fruitless because the oil-producing countries are concerned that this would create free-rider effects for countries not participating in the reduction of supply.

Many eurozone countries are scaling back their austerity measures in 2016. This means a short-term boost for the eurozone's economic growth in 2016. Consumers are the most important drivers of economic growth, especially in countries such as France, Spain, Italy and Portugal. Improving prospects on the labour market and relief in the form of increases to the minimum wage, tax cuts and pension changes are expected to improve consumer sentiment in 2016. The EAA anticipates the economic recovery in the countries of the euro periphery will continue. This will be more pronounced in Spain and Portugal than in Italy, despite the political uncertainty associated with the new, less stable forms of government.

Summary of important macroeconomic forecasts

Key economic indicators	Growth		Inflation		Unemployment		Budget balance (% GDP)	
	2016	2017	2016	2017	2016	2017	2016	2017
	in %	in %	in %	in %	in %	in %	in %	in %
USA	1.9	2.2	1.3	2.2	4.8	4.6	-2.9	-2.9
Eurozone	1.5	1.2	0.3	1.4	10.2	9.9	-1.9	-1.9
Core & semi core								
Germany	1.5	1.3	0.4	1.5	6.2	6.3	0.1	0.0
France	1.4	1.1	0.4	1.2	10.0	9.8	-3.4	-3.2
Periphery								
Greece	-0.9	1.2	-0.1	0.7	24.0	23.4	-3.4	-2.5
Ireland	4.8	3.0	0.4	1.7	8.0	7.5	-1.1	-0.8
Portugal	1.1	1.3	0.6	1.2	11.8	11.1	-3.0	-2.8
Spain	2.8	2.1	-0.3	1.2	20.0	18.6	-4.0	-3.4
Italy	0.9	0.8	0.0	1.0	11.5	11.1	-2.5	-2.3
Emerging Markets								
Asia	5.6	5.8	2.0	2.6	4.1	4.2	-2.8	-3.0
Latin America	-1.3	1.9	26.1	19.1	9.1	9.5	-6.6	-6.0
Eastern Europe & Africa	1.8	2.6	6.1	5.8	8.9	8.7	-3.1	-2.8
BRIC countries								
Brazil	-3.5	1.0	8.6	5.6	10.6	11.4	-9.0	-8.1
Russia	-0.8	1.3	7.3	5.7	5.7	5.9	-3.7	-3.1
India	7.5	7.7	4.9	5.3	n.s.	n.s.	-3.9	-3.7
China	6.5	6.3	2.0	2.0	4.2	4.3	-3.4	-3.5

Source: Bloomberg, EAA.

Spain is likely to join Germany and Ireland again as one of the fastest growing economies in the eurozone. This forecast, however, is associated with a significant risk. For Spain's economy to grow by 2.8% in 2016, it is important that the new government in Madrid does not make major changes to the reforms implemented by the previous conservative government. It remains to be seen whether this will be the case. German national income will grow by a good 1.5% in 2016. In 2017 the German economy is forecast to grow by only 1.3%, i.e. at its potential. The dampening effects of Brexit are evident here. The French economy will probably show growth of 1.4% in 2016 and 1.1% in 2017, and therefore grow below the average of the rest of the eurozone.

The key factor for this growth outlook is monetary support from the ECB. Low interest rates and yields make it possible to finance the much higher levels of debt (private and public). The costs of this policy are borne by investors. The ECB's bond-buying programme further reduces the interest burden on the euro periphery and thus eases the pressure on indebted countries even more.

Financial market outlook for 2016

The divergence between the ECB and FED monetary policy is the root cause of the considerable difference that exists, and will continue to exist, in the current level of yields between the core of the eurozone and the US. While the FED is attempting to bring about a normalisation of monetary policy, the ECB wants to continue flooding the money and financial markets with fresh central-bank liquidity through its monthly asset purchases. In order to offset shortage problems associated with the recent decision to expand the purchases, the ECB started in summer 2016 to purchase not only government bonds, bonds of other government-related issuers (SSA bonds), covered bonds and securitisations, but also corporate bonds. The ECB's bond purchases are focused on bonds with long residual maturities. As a result, the ECB is limiting the upside potential for euro yields at the long end of the yield curve. At the short end, euro yield levels are limited by the further easing hinted at by the ECB.

The EAA anticipates that for 2016 the USA will see moderately higher yields at the long end of the yield curve, while yields in the eurozone will either linger at a low level (Germany and other core countries) or fall slightly (Spain, Italy and Portugal). The yield on ten-year German Bunds is likely to be at slightly more than 0% at the end of 2016, whereas the US equivalent is forecast to hit 1.6%.

Overview of key financial markets

Fixed income markets year-end 2016	Policy rate in %	2Y yield in %	10Y yield in %
USA	0.65	0.70	1.60
Eurozone	0.00	-0.70	0.00
Core & semi core			
Germany	0.00	-0.70	0.00
France	0.00	-0.20	0.60
Periphery			
Spain	0.00	0.10	1.50
Italy	0.00	0.10	1.50

Source: Bloomberg, EAA.

Economic report

Overview of economic development

The EAA's economic performance in the first half of 2016 was largely determined by its wind-up mission.

During this period the notional volume of the banking book fell by 8.9% to EUR 32.8 billion, while the notional volume of the trading portfolio declined by roughly 11.4% to EUR 302.7 billion.

The net profit for the year of EUR 3.2 million includes positive net interest income of EUR 86.0 million, net fee and commission income amounting to EUR 9.5 million, net expense of the trading portfolio totalling EUR 26.4 million and a financial investment result of EUR 34.3 million. Administrative expenses amounted to EUR 115.0 million.

The EAA's total assets rose by 5.6% from EUR 68.7 billion in the previous year to their current level of EUR 72.5 billion. The business volume, which also includes off-balance-sheet components, grew by 1.9% to EUR 83.3 billion (previous year: EUR 81.7 billion). The increase is primarily due to the valuation effect associated with changes in the yield curve on the trading portfolio and the corresponding expansion of the cash collateral that the EAA is required to provide. New business beyond the customary renewals of the EAA's funding and hedge positions was not concluded.

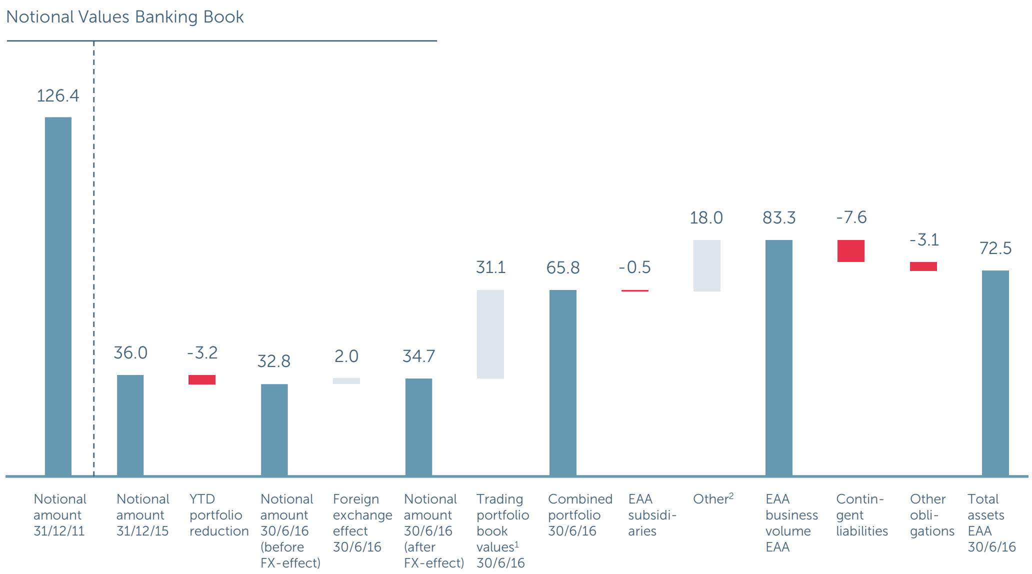
Wind-up report

The figures and developments discussed in this section are regularly reported to the FMSA, as well as to the EAA's governing bodies. They relate to the entire risk portfolio transferred to the EAA, regardless of whether these figures are recorded on- or off-balance-sheet in the EAA's separate financial statements or whether they are held via subsidiaries (look-through approach).

The following overview shows the development of the portfolio's notional amounts since 1 January 2016 and the reconciliation to the EAA's total assets as at 30 June 2016.

Reconciliation of the transferred notional volume to the balance sheet

in EUR billion



[1] Equates to the book values for trading portfolio assets.
[2] Contains money market transactions, cash collateral and other assets not relevant for the wind-up portfolio.
Please note: There may be deviations between the subtotals and totals shown due to rounding.

Under the EAA's management strategy, the success of the wind-up plan is assessed based on both the reduction of the notional volume before exchange rate effects (i.e. at constant exchange rates as at 31 December 2011 for the banking book and as at 30 June 2012 for the trading portfolio) as well as in terms of the effects on the wind-up plan. The latter takes into consideration the impact of sales proceeds, book values, expected losses, interest income and funding costs for the respective risk exposures.

Wind-up success in the banking book

From 1 January until 30 June 2016 the notional volume of the banking book was reduced from EUR 36.0 billion to EUR 32.8 billion (at exchange rates as at 31 December 2011, including the notional amounts of the guaranteed risk exposures held by the EAA's subsidiaries). That equates to a decline in notional volume of EUR 3.2 billion (8.9%). The volume at exchange rates as of 30 June 2016 is EUR 34.7 billion. Since 1 January 2012 the total banking book portfolio has decreased by EUR 93.6 billion or 74.1%.

Clusters	Notional 30/6/2016 EUR million	Notional 31/12/2015 EUR million	Notional volume (at exchange rates as of 31/12/2011) Change EUR million	to 31/12/2015 in %	Notional volume (at exchange rates as of 30/6/2016) Notional 30/6/2016 EUR million	FX effect[1] EUR million
Structured Securities	10,560.4	12,092.8	-1,532.4	-12.7	11,343.3	782.9
Liquidity Portfolio	7,438.4	7,665.5	-227.1	-3.0	7,913.4	475.0
Energy	3,791.0	4,044.2	-253.2	-6.3	4,026.1	235.1
Public Finance	2,302.2	2,453.1	-150.9	-6.2	2,311.9	9.7
Asset Securitisation	1,608.0	1,734.5	-126.5	-7.3	1,873.9	265.9
Infrastructure - Project Finance	1,420.4	1,518.6	-98.2	-6.5	1,395.4	-25.0
Other clusters	5,643.2	6,448.5	-805.3	-12.5	5,876.8	233.6
Total	**32,763.6**	**35,957.2**	**-3,193.6**	**-8.9**	**34,740.8**	**1,977.2**

[1] Change in notional volume due to exchange rate effects.
Please note: The cluster structure was modified as of 31 March 2016. The NPL cluster was dissolved and its positions were reassigned to their original clusters. The presentation of the previous year has been restated accordingly. As at 30 June 2016, the total NPL portfolio amounted to EUR 5.1 billion at current exchange rates.

So far this year the EAA has significantly reduced the portfolio in the Structured Securities cluster. This decrease is primarily due to partial repayments of the Phoenix A2 (USD) and A3 (EUR) notes as well as the complete repayment of the Phoenix A1 note (USD).

The notional reduction in the Other clusters is distributed over the rest of the portfolio, with the main changes here attributable to sales and repayments in the Aviation cluster.

There was a EUR +0.3 million effect on the wind-up plan in the first half of 2016 associated with sales and early repayments from the banking book portfolio.

Wind-up success in the trading portfolio

The notional volume of the trading portfolio represents the business volume underlying the derivatives, not the exposure at risk.

The notional volume of the trading portfolio amounted to EUR 302.7 billion as at 30 June 2016. The notional volume of the trading portfolio decreased by a total of EUR 39.0 billion during the period from 1 January to 30 June 2016 (at exchange rates as at 30 June 2012). Since its transfer, the notional volume of the trading portfolio has been reduced by EUR 761.3 billion or 71.5%.

			Notional volume (at exchange rates as of 30/6/2012)		Notional volume (at exchange rates as of 30/6/2016)	
Clusters[2]	Notional 30/6/2016 EUR million	Notional 31/12/2015 EUR million	EUR million	Change to 31/12/2015 in %	Notional 30/6/2016 EUR million	FX effect[1] EUR million
Rates	299,503.8	337,916.7	-38,412.9	-11.4	304,690.0	5,186.2
Equity	2,671.6	2,946.2	-274.6	-9.3	2,456.7	-214.9
Credit	268.2	511.9	-243.7	-47.6	268.2	0.0
Other clusters	297.8	325.5	-27.7	-8.5	332.4	34.6
Total	**302,741.4**	**341,700.3**	**-38,958.9**	**-11.4**	**307,747.3**	**5,005.9**

[1] Change in notional volume due to exchange rate effects.
[2] The clusters are presented in the structure of the 2016 wind-up plan.

The decline is predominantly the result of maturities as well as liquidation and the active management of transactions. The principal driving force was the Rates cluster with a total notional decrease of EUR 38.4 billion. This decline resulted primarily from maturities of around EUR 38.3 billion, active reduction measures totalling EUR 10.4 billion and offsetting hedging transactions in the amount of EUR 10.3 billion.

The Equity cluster was scaled back by EUR 0.3 billion or 9.3% in the first half of 2016 compared with the prior-year figure (at exchange rates as at 30 June 2012). This decline can mainly be attributed to maturities.

The Credit cluster was reduced by EUR 0.2 billion or 47.6% in the first half of 2016 compared with the same period last year (at exchange rates as at 30 June 2012). The decline in the portfolio is mostly the result of maturities.

The notional volume of the remaining clusters did not change significantly.

EAA's overall situation

Earnings situation

The EAA's earnings situation was impacted by positive net interest income of EUR 86.0 million, net fee and commission income of EUR 9.5 million, net expense of the trading portfolio totalling EUR 26.4 million and a financial investment result of EUR 34.3 million. Administrative expenses of EUR 115.0 million consisted mainly of expenses for services rendered by EFS and EPA.

After taking account of a net result of EUR +15.8 million from allocations to and releases from loan loss provisions, earnings before taxes were EUR 3.6 million.

The income statement below is presented in the format used internally by the EAA.

Income statement

	1/1 - 30/6/2016	1/1 - 30/6/2015	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	86.0	81.2	4.8	5.9
Net fee and commission income	9.5	29.5	-20.0	-67.8
Net trading result	-26.4	-12.1	-14.3	>-100
Total other operating income/expenses	-0.6	1.6	-2.2	>-100
Personnel expenses	-11.5	-10.9	-0.6	-5.5
Other administrative expenses	-103.5	-138.3	34.8	25.2
of which: expenses for service level agreements with EFS	-66.3	-98.8	32.5	32.9
Results from financial assets and shareholdings	34.3	48.1	-13.8	-28.7
Results prior to risk provisioning	**-12.2**	**-0.9**	**-11.3**	**>-100**
Loan loss provisions	15.8	11.0	4.8	43.6
Results before taxes	**3.6**	**10.1**	**-6.5**	**-64.4**
Taxes	-0.4	-1.8	1.4	77.8
Net profit for the year	**3.2**	**8.3**	**-5.1**	**-61.4**
Net retained losses brought forward	-2,384.6	-2,397.8	13.2	0.6
Net retained losses	-2,381.4	-2,389.5	8.1	0.3

The decline in net fee and commission income is largely attributable to the decline in the guarantee volume. Due to the reduction of the portfolio, the costs for the provision of services by EFS declined in administrative expenses.

Financial position and issuing activity

The portfolio of issued bearer bonds, promissory note loans and commercial paper totals a notional amount of EUR 36.0 billion as at the reporting date. It includes the global Commercial Paper Programme with a notional amount equivalent to EUR 15.8 billion.

New issues for medium and long-term funding were placed in the market during the period under review with a total notional volume equivalent to EUR 3.6 billion, consisting of EUR 1.9 billion, USD 1.2 billion (EUR 1.0 billion) and GBP 0.5 billion (EUR 0.7 billion).

A notional amount equivalent to EUR 15.8 billion was issued during the reporting period under the global Commercial Paper Programme, consisting of USD 11.4 billion (EUR 10.3 billion), GBP 4.5 billion (EUR 5.4 billion) and EUR 0.1 billion.

As at the reporting date, the portfolio contains own bonds with a notional volume of around EUR 50 million that were bought back from the market for liquidity management purposes.

In the liquidity stress test the EAA had net liquidity above the established threshold value at all times during the reporting period.

Asset position

The EAA's total assets as at 30 June 2016 amount to EUR 72.5 billion (previous year: EUR 68.7 billion). The business volume, which also includes off-balance-sheet components, amounts to EUR 83.3 billion (previous year: EUR 81.7 billion).

Assets

	30/6/2016	31/12/2015	Change	
	EUR million	EUR million	EUR million	in %
Cash reserve	1,349.1	-	1,349.1	>100
Loans and advances to banks	10,289.9	9,664.2	625.7	6.5
Loans and advances to customers	14,891.6	15,066.2	-174.6	-1.2
Securities (no trading portfolio)	13,872.2	15,797.5	-1,925.3	-12.2
Trading portfolio	31,057.6	27,148.2	3,909.4	14.4
Long-term equity investments and shares in affiliates	970.3	873.6	96.7	11.1
Other assets	110.5	118.5	-8.0	-6.8
Total assets	**72,541.2**	**68,668.2**	**3,873.0**	**5.6**

Liabilities and equity

	30/6/2016	31/12/2015	Change	
	EUR million	EUR million	EUR million	in %
Deposits from banks	3,329.8	3,622.8	-293.0	-8.1
Deposits from customers	4,696.5	4,092.8	603.7	14.8
Debt securities in issue	33,245.4	34,233.5	-988.1	-2.9
Trading portfolio	29,614.7	25,383.7	4,231.0	16.7
Provisions	351.0	393.8	-42.8	-10.9
Other liabilities	669.0	310.0	359.0	>100
Equity	634.8	631.6	3.2	0.5
Total liabilities and equity	**72,541.2**	**68,668.2**	**3,873.0**	**5.6**
Contingent liabilities	7,624.8	9,870.8	-2,246.0	-22.8
Other obligations/loan commitments	3,128.7	3,188.3	-59.6	-1.9
Business volume	**83,294.7**	**81,727.3**	**1,567.4**	**1.9**

Loans and advances to banks rose by EUR 0.6 billion as at 30 June 2016 compared with year-end 2015. Lower short-term investments from securities repurchase agreements (EUR -0.5 billion) were offset on the reporting date by an increase in cash collateral provided (EUR +1.1 billion).

The slight decline in loans and advances to customers by EUR 0.2 billion is mostly attributable to principal repayments in the traditional lending business.

The EUR 1.9 billion decrease in securities is mainly the result of repayments in the structured securities business.

As at 30 June 2016, trading assets and liabilities were higher on year-end 2015 by EUR 3.9 billion and EUR 4.2 billion respectively. This increase is the result of changes in the yield curve, which more than offset the decrease resulting from the ongoing wind-up of the trading portfolio.

For further information about these changes, please refer to the section "Wind-up report".

Lending business

The lending business comprises loans and advances, payment obligations arising from irrevocable loan commitments, sureties and other guarantees. Contingent liabilities also include Portigon risk exposures, which were transferred using the "guarantee" alternative. Loans and advances also contain registered and other non-marketable debt instruments, as well as time deposits and mortgage-backed loans from the retail banking business.

Lending business

	30/6/2016	31/12/2015	Change	
	EUR million	EUR million	EUR million	in %
Loans and advances to banks	10,289.9	9,664.2	625.7	6.5
Loans and advances to customers	14,891.6	15,066.2	-174.6	-1.2
Contingent liabilities	7,624.8	9,870.8	-2,246.0	-22.8
Other obligations/loan commitments	3,128.7	3,188.3	-59.6	-1.9
Lending business	**35,935.0**	**37,789.5**	**-1,854.5**	**-4.9**

Summary of the business situation

The net profit generated by the EAA in the first half of 2016 was mainly due to a positive financial investment result and lower administrative expenses.

The asset position of the EAA is in good order. Its equity as at 30 June 2016 amounts to EUR 634.8 million. Adequate liquidity was available at all times.

Significant events after the reporting date are disclosed in the notes ("Subsequent events" section).

Risk, opportunities and forecast report

Risk report

The common objective of the liable stakeholders, the FMS and the EAA is to minimise the strategic wind-up risk. The EAA made further progress during the reporting period towards realising the wind-up plan. Its wind-up activities are focused on continuing to reduce the portfolio transferred from the former WestLB and on mitigating risks.

The figures and developments discussed in this section are regularly reported to the FMSA as part of its supervision of the EAA. They relate to the entire risk portfolio transferred to the EAA, regardless of whether these figures are recorded on- or off-balance-sheet in the EAA's separate financial statements, or whether they are held via subsidiaries (look-through approach).

Risk management organisation

The Managing Board defines the principles of risk management and steering, and discusses these with the Supervisory Board's Risk Management Committee. On recommendation by the Risk Committee, the Supervisory Board will decide on the risk policy principles as contained in the risk strategy.

The EAA's general risk management strategy forms the basis for its risk management framework. It contains the basic principles for risk management, defines the key risk categories and identifies the core elements of the risk management process. The general risk management strategy is supplemented by specific strategies for managing individual risks including the related wind-up strategies. The key individual strategies relate to the risk categories of credit risks, market price risks, liquidity risks, longevity risks, operational risks and other risks. Risk management strategies are reviewed at least once a year.

The Risk Controlling department is responsible for the independent monitoring and communication of the EAA's risks. Its tasks include:

- Supporting management in connection with all risk policy issues, especially in the development and implementation of the risk strategy as well as in the organisation of a system for mitigating risks,
- Conducting a risk inventory and preparing the overall risk profile, and
- Assisting management with the establishment and development of risk management and risk controlling processes.

The Risk Controlling department is responsible for monitoring market price, counterparty, liquidity and operational risks. The Credit Risk Management department comprises the back-office function in the lending business as defined by German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk). In particular, this department comprises the lending authority. It is also responsible for credit risk steering and credit risk controlling, and is supported by the Controlling & Planning department. The Risk Controlling and Credit Risk Management departments monitor and analyse risk exposures as well as the utilisation of the limits. They also take measures to reduce risks as necessary.

The EAA's risk management system is regularly reviewed by the EAA's Internal Audit department.

Risk reporting

Risks can be controlled and monitored in a sustainable manner only if they are transparent, and the underlying analysis results are prepared and communicated in a manner that supports decision-making processes. Accordingly, risk reporting is among the key tasks of the Risk Controlling department, which fulfils this responsibility together with the Controlling & Planning department. The FMSA, the responsible committees, the Managing Board, the Supervisory Board and its committees are informed on a regular basis of any and all developments that might have an impact on the institution's risk or earnings situation. Risk reporting is a component of the monthly wind-up report and the quarterly risk report.

The Managing Board keeps the Supervisory Board and its committees regularly informed of the EAA's current wind-up status and the general risk situation based on wind-up reports and a separate risk report, which is adapted to suit the needs of the governing bodies.

Credit risks

Credit risks – banking book

The EAA and its subsidiaries regularly analyse their credit risk in detail so as to identify, analyse, evaluate and manage all default risks within the portfolio. A variety of parameters – such as risk type, rating categories, maturities and regions – are used to identify risk concentrations.

The notional volume of the banking book (which primarily consists of loans and securities) declined by EUR 3.2 billion to EUR 32.8 billion during the first half of 2016 (at constant exchange rates as of 31 December 2011). Please refer to the section "Wind-up report" for more detailed information on the wind-up result.

Breakdown of notional volume by internal rating category[1]

	30/6/2016 EUR billion	31/12/2015 EUR billion
A0-A2	0.8	3.1
A3-A5	11.5	10.8
B1-B3	1.0	1.3
B4-B5	3.4	4.0
C1-C2	5.0	5.0
C3-C5	4.0	4.2
D1-D3	1.0	1.1
D4-E	3.9	3.9
S.R.[2]	2.0	2.3
N.R.[3]	0.2	0.3
Total	**32.8**	**36.0**

[1] Excluding exchange rate effects (based on exchange rates as of 31 December 2011).
[2] Special rating pursuant to the not-rated concept.
[3] Not rated.
Please note: Where possible, the internal rating categories are based on the guarantor's rating.

The quality of the banking book portfolio is reflected by an investment grade rating share (rating categories A0-C2) of around 66% (31 December 2015: 67%). About 37% (31 December 2015: 39%) of the notional volume has a very good rating (A0-A5) and around 29% (31 December 2015: 29%) is assigned to the mid-rating categories B1-C2. The S.R. rating category includes the opening clauses of the rating process and has a share of around 6% of the total portfolio.

The EAA continues to aim for a portfolio reduction across all rating categories. The decrease of EUR 2.3 billion in the A0-A2 rating category is primarily the result of a shift of positions in the ABS portfolio to the A3-A5 rating category. Due to the partial repayment of the Phoenix A2 note (USD) in the amount of EUR 1.3 billion, the increase in the A3-A5 rating category is smaller than the decrease in the A0-A2 category caused by the category shift in the ABS portfolio.

The table below shows the EAA's internal ratings and their external equivalents.

INTERNAL		EXTERNAL		
EAA	Moody's	S&P	Fitch	
A0	Aaa	AAA	AAA	
A1	Aaa	AAA	AAA	
A2	Aa1	AA+	AA+	
A3	Aa2	AA	AA	
A4	Aa3	AA-	AA-	
A5	A1	A+	A+	
B1	A1	A+	A+	Investment grade
B2	A2	A	A	
B3	A3	A-	A-	
B4	Baa1	BBB+	BBB+	
B5	Baa2	BBB	BBB	
C1	Baa2	BBB	BBB	
C2	Baa3	BBB-	BBB-	
C3	Ba1	BB+	BB+	
C4	Ba2	BB	BB	
C5	Ba3	BB-	BB-	
D1	B1	B+	B+	
D2	B2	B	B	Non-investment grade
D3	B2	B	B	
D4	B3	B-	B-	
D5	Caa1 to C	CCC+ to C	CCC+ to C	
E	C	C	C	

Breakdown of notional volume by clusters[1,2]

	30/6/2016 in %	31/12/2015 in %
Structured Securities	32.2	33.6
Liquidity Portfolio	22.7	21.3
Energy	11.6	11.2
Public Finance	7.0	6.8
Asset Securitisation	4.9	4.8
Infrastructure - Project Finance	4.3	4.2
Other	17.3	18.1
Total	**100.0**	**100.0**

[1] 30 June 2016 = EUR 32.8 billion; 31 December 2015 = EUR 36.0 billion.
[2] Excluding exchange rate effects (based on exchange rates as of 31 December 2011).
Please note: The cluster structure was modified as of 31 March 2016. The NPL cluster was dissolved and its positions were reassigned to their original clusters. The presentation of the previous year has been restated accordingly.

The EAA's banking book portfolio consists of 17 clusters. The largest cluster, Structured Securities, with a total share of 32.2%, consists of three sub-portfolios: Phoenix (83.9% – please refer to section "Phoenix" for further details), Asset Backed Securities (2.6%) and EUSS (13.5%).

Breakdown of notional volume by maturities[1,2]

	30/6/2016 EUR billion	31/12/2015 EUR billion
<= 6 M	2.3	1.0
> 6 M <= 1 Y	1.9	4.7
> 1 Y <= 5 Y	11.1	11.8
> 5 Y <= 10 Y	6.0	6.3
> 10 Y <= 20 Y	6.8	7.2
> 20 Y	4.7	5.0
Total	**32.8**	**36.0**

[1] For Phoenix: expected repayment profile.
[2] Excluding exchange rate effects (based on exchange rates as of 31 December 2011).

The largest part of the portfolio, with a share of approximately 34%, consists of medium-term exposures with contractual maturities of more than one year up to five years. These are primarily exposures held in the Structured Securities (mainly Phoenix, please also refer to the "Phoenix notes capital structure" table in the "Phoenix" section) and Liquidity Portfolio clusters.

The increase in the maturity range up to six months and the decrease in the maturity range from six months up to one year relate in particular to a partial repayment of the Phoenix portfolio in the first quarter of 2016 and the repayments over the course of the fiscal year.

The other changes within the maturity ranges reflect the portfolio management measures undertaken during the first half of 2016.

Breakdown of notional volume by region[1]

	30/6/2016 EUR billion	31/12/2015 EUR billion
Americas[2]	15.0	16.9
EMEA	12.9	13.7
Germany	4.2	4.4
APAC	0.7	1.0
Total	**32.8**	**36.0**

[1] Excluding exchange rate effects (based on exchange rates as of 31 December 2011). Regional breakdown by borrowers or for securitisations is based on the main risk country of the asset pool.
[2] Contains EUR 3.6 billion for the Phoenix B note guaranteed by the state of NRW.

The regional breakdown of the notional volume has changed moderately compared with 31 December 2015. Approximately 46% of the notional volume can be attributed to the Americas region (31 December 2015: 47%). Repayments in particular led to a decline of EUR 1.9 billion, with most of the decrease occurring in the Structured Securities cluster (primarily Phoenix).

About 39% of the notional volume (31 December 2015: 38%) is attributable to the EMEA region – Europe (excluding Germany), Middle East and Africa.

The notional volume for German borrowers and guarantors (share of portfolio: about 13%; 31 December 2015: 12%) is virtually unchanged.

The APAC region represents around 2% (31 December 2015: 3%) and has fallen largely because of sales in the first quarter of 2016.

The gross risk of the banking book associated with the EAA's Turkey portfolio amounted to EUR 977.3 million as at 30 June 2016. Taking into account collateral (such as credit insurance and guarantees) the net risk stood at EUR 158.7 million. The EAA trading portfolio contains a low-volume derivative transaction. Significant default risks are not expected.

Problem loans and risk provision
Problem loan exposures are subject to special risk monitoring pursuant to MaRisk. The recoverability of loans and advances is reviewed by regularly performing an impairment test (a test to determine whether a loan or advance is non-performing or at risk of non-performance). The assessment of a possible need for a risk provision takes into account collateral values, company valuations, discounted cash flow analysis or observable market prices. It is reviewed on a regular basis.

Result of risk provisions

	Provisions for loan losses EUR million	Charge-offs EUR million	Net change in loan loss provision EUR million	Other exp./inc. due to risk EUR million	Total allow. losses EUR million
Acute counterparty default risk	**98.9**	**94.0**	**-4.9**	**2.2**	**-2.7**
Credit risk	98.9	94.0	-4.9	5.3	0.4
Other risk	-	-	-	-3.1	-3.1
Contingent counterparty default risk	**-**	**18.5**	**18.5**	**-**	**18.5**
Total	**98.9**	**112.5**	**13.6**	**2.2**	**15.8**

Special banking book issues

Phoenix

The tranches of the Phoenix Light SF Ltd. securitisation constitute a major portion of the EAA's structured loan portfolio.

The largest part of the securitised Phoenix portfolio (approximately 60%) is denominated in US dollars and represents US risks, primarily in the real estate market.

Phoenix notes capital structure

Tranche	Amount as of 30/6/2016 in million		S&P rating	Legal maturity	Expected maturity in years
Class A2	1,472.2	USD	BBB+	9/2/2091	0.62
Class A3	2,386.6	USD	BBB+	9/2/2091	4.17
	625.6	EUR	BBB+	9/2/2091	2.66
Class A4	1,909.0	USD	B+	9/2/2091	8.74
	180.9	EUR	B+	9/2/2091	9.25
Class B	3,566.6	EUR	N.R.	9/2/2091	1.78

Repayments in the reporting period amounting to EUR 1.4 billion resulted in a decrease of the notional volume reported in euros to EUR 8.8 billion as of 30 June 2016 (at constant exchange rates as of 31 December 2011).

The expected maturities shown above relate to the anticipated amortisation profile of the respective Phoenix note. At the present time, the EAA assumes that the Phoenix structure will be dissolved prematurely in 2018 and that the underlying portfolio will be transferred to the EAA. The expected maturity specified for the Class B relates to the expected premature liquidation of the Phoenix structure in 2018.

Rating breakdown by internal rating category for Phoenix notes[1]

	30/6/2016 EUR billion	31/12/2015 EUR billion
A0-A2	-	-
A3-A5	7.2	8.5
B1-B3	-	-
B4-B5	-	-
C1-C2	1.7	1.7
C3-C5	-	-
D1-D3	-	-
D4-E	-	-
S.R./N.R.	-	-
Total	**8.8**	**10.2**

[1] Excluding exchange rate effects (based on exchange rates as of 31 December 2011).
Please note: The presentation by internal rating category considers the rating (A3) of the guarantor, the state of NRW, for the Phoenix B note. There may be deviations in the totals shown due to rounding.

All of the Phoenix notes have an investment grade rating (rating categories A0-C2), taking into account the rating of the State of NRW (the guarantor for the Phoenix B note). So far, EUR 1.4 billion of the total EUR 5 billion guarantee from the State of NRW for the Phoenix B note has been utilised.

In addition to the ongoing sale of parts of the portfolio by taking advantage of available market opportunities, the EAA continues to work with the parties involved in Phoenix to optimise the portfolio. These measures include both legal measures in relation to individual portfolio securities as well as the restructuring of non-performing securities.

Public Finance

The exposure to the public sector (including the Liquidity Portfolio) as at 30 June 2016 totals a notional amount of EUR 6.0 billion (excluding exchange rate effects, based on exchange rates as of 31 December 2011). EUR 3.8 billion of this amount is attributable to Cyprus, Great Britain, Ireland, Italy, Portugal, Slovenia and Spain. Further information can be found in the section “Exposures to selected EU member states”.

Securities account for 89% of the total public sector exposure (including regional and municipal issuers). Some of these are held directly by the EAA and some by EAA CBB. The remaining 11% largely consist of lending transactions involving federal, municipal or other public-law institutions.

The largest part of the overall exposure, at 80%, is attributable to borrowers or issuers from the eurozone, with the remaining volume coming from European countries outside the eurozone, Africa and the Middle East (12%), North and South America (6%), and Asia and Australia (2%).

Credit risks – trading portfolio

Trading portfolio credit risks are divided into counterparty risk (pre-settlement risk and settlement risk) from derivatives and issuer risk from securities.

Trading portfolio issuer risks from securities are calculated using the mark-to-market approach, while those in the banking book are determined based on book values. A distinction is made between collateralised and uncollateralised counterparties in order to determine the replacement risks (pre-settlement risks) from derivatives. The market value plus a regulatory premium is used as the replacement risk for non-collateralised counterparties. For collateralised counterparties, the market value, collateral and a premium based on Value at Risk (VaR) are calculated as the replacement risk. Settlement risks are determined using the payment due per value date. Credit risks from trading transactions are compared with the corresponding credit limits on a daily basis. Risk-mitigating measures (such as close-out netting [offsetting] and collateral in the OTC derivatives business) are used whenever possible. Active hedging of risk exposures takes place only with counterparties where corresponding master agreements are in place.

OTC derivative counterparty default risks are assessed independently from the front office using credit valuation adjustments (CVA). When doing so, externally traded credit spreads, where available, are used to determine the probability of default. The expected loss can be calculated as CVA based on expected future exposures and a statistically determined recovery rate. The CVA amounted to EUR 61.8 million as at 30 June 2016 (31 December 2015: EUR 54.9 million). The EUR 6.9 million increase in CVA is attributable to market fluctuations (EUR +7.8 million), changes in credit spreads (EUR +3.3 million) and changes in credit ratings (EUR +1.4 million). These increases are offset by EUR -5.6 million in derivative transactions that have expired or were terminated early.

Counterparty and issuer risks

Direct counterparty risks

As the EAA concludes OTC derivatives both from the trading portfolio as well as the banking book, and as counterparty risks are measured and controlled per counterparty, the explanations and figures below relate to both the trading portfolio and the banking book. In accordance with an established management process, risks are managed by the Treasury/Capital Markets department, a front-office function, and the Credit Risk Management and Risk Controlling departments, which are back-office functions.

The following table shows direct counterparty risks with active strategic counterparties. Direct risks are counterparty risks from those transactions which the EAA accounts for directly in its balance sheet and not those that have been transferred to it synthetically.

	30/6/2016 Exposure EUR million	30/6/2016 Limit EUR million	31/12/2015 Exposure EUR million	31/12/2015 Limit EUR million
Credit risk - money market positions[1]	2,285.0	5,440.4	2,058.2	7,547.5
Counterparty risk - OTC derivatives (pre-settlement risk)	775.0	3,825.0	1,097.3	3,835.0
Counterparty risk - repos	3.4	974.0	17.6	1,919.0

[1] All money market transactions with counterparties outside the EAA Group have a maximum maturity of three months with the exception of transactions with the Central Bank of Ireland and with Portigon; some of these transactions have maturities of more than three months.

The credit risk for money market positions as of 30 June 2016 has risen slightly in comparison with the previous year-end due to the advance funding of pending maturities of EAA liabilities. Counterparty risks from OTC derivatives are driven by transactions for liquidity steering (foreign exchange swaps) and interest rate hedging instruments (interest rate swaps). As the EAA has sufficient liquidity on the reporting date, the utilisation of the limits for repo transactions (EUR 3.4 million) is only approximately 0.3%.

Issuer risks

In accordance with an established management process, issuer risks are managed by the Treasury/Capital Markets department, a front-office function, and the Credit Risk Management and Risk Controlling departments, which are back-office functions.

The following table shows the issuer risks of the banking book, broken down by sub-portfolios.

	< 1 Y EUR million	1-4 Y EUR million	4-8 Y EUR million	8-15 Y EUR million	> 15 Y EUR million	Total exposure EUR million
Public Finance	272.5	996.2	1,134.0	1,687.6	1,464.0	5,554.3
Financial Institutions	421.1	420.1	374.2	27.0	-	1,242.4
Other securities	83.3	76.6	186.3	946.9	2,348.3	3,641.4
Total 30/6/2016	**776.9**	**1,492.9**	**1,694.5**	**2,661.5**	**3,812.3**	**10,438.1**
Total 31/12/2015	825.4	1,518.5	1,898.0	2,642.9	4,035.8	10,920.6

The Public Finance sub-portfolio accounts for the largest share with about EUR 5.6 billion. The remaining issuer exposures are made up of Financial Institutions securities as well as Other securities, mainly student loans.

Issuer risks of the trading portfolio are low and total only EUR 9.5 million. EUR 9.2 million of this amount is attributable to securities and credit derivatives, with equities and equity derivatives accounting for the remaining EUR 0.3 million.

Participation risks

Participation risks result from the provision of subordinated capital and equity. The EAA's Strategic Project Management and Participation department is responsible for managing participations. The EAA's Controlling & Planning department supports the participation controlling process.

Of the total portfolio of the EAA Group, a notional volume of EUR 3.3 billion (10.2%) is held by subsidiaries, mainly consisting of EAA CBB with EUR 1.5 billion (45.4%), Erste EAA-Beteiligungs GmbH with EUR 1.3 billion (38.2%), Dritte EAA Anstalt & Co. KG with EUR 0.3 billion (10.4%) and EAA KK with EUR 0.2 billion (6.0%).

The notional volume of EAA CBB decreased during the first half of 2016 by EUR 0.2 billion to EUR 1.5 billion, while that of EAA KK was down by EUR 0.1 billion to EUR 0.2 billion due to sales. EAA CBB and EAA KK are included in the risk management and business management of the EAA. These participations are subject to monitoring by the EAA and the EAA's approved internal limit system. Representatives of the EAA exercise non-managerial control functions as members of the governing bodies and committees of EAA CBB.

Erste EAA-Beteiligungs GmbH founded American LLPs in 2014 and 2016 in connection with the implementation of enforcement measures. These newly founded entities hold portfolios of American life insurance policies. This company is fully funded by the EAA (EUR 1.4 billion).

Dritte EAA Anstalt & Co. KG was founded in December 2015 in connection with the transfer of a portfolio of structured securities. Because the transfer was structured as a subparticipation, the securities remain in the EAA's custody accounts. The EAA manages the transactions of Dritte EAA Anstalt & Co. KG as its general partner. As the securities continue to lie within the EAA's scope of risk, the internal reporting has remained virtually unchanged. The data of the transferred securities continue to flow into the EAA's risk systems.

Ownership of EFS was transferred to the EAA at the end of March 2016 ("share deal"). This transaction ensures that going forward the EAA will continue to have at its disposal all of the services it needs to successfully continue with the wind-up of the risk exposures transferred from the former WestLB. In addition to EPA, EFS is the EAA's most important service provider. EFS provides mostly IT and operational services for the EAA. Compared with alternative scenarios – such as the selection of a new service provider and the migration of large quantities of data to the new provider's systems – the acquisition of EFS was the most favourable solution from a commercial perspective for the EAA and all of its stakeholders. The EAA has included the transaction in the wind-up planning from 2016 and beyond, and it will not result in any adverse consequences for the wind-up result.

The State of NRW, the sole shareholder of Portigon and a stakeholder of the EAA, has reached an agreement with the other EAA stakeholders setting out the framework conditions for the transfer of EFS shares. The agreement ensures in particular that none of the participating parties will suffer a shift of liabilities as a result of the transfer of EFS to the EAA. The provisions set out in the contract on the restructuring of the former WestLB will therefore continue to apply. The EAA will manage EFS as a legally independent company and support the management of EFS with the implementation of the restructuring measures that are currently underway. In addition, the EAA will continue to regularly monitor to what extent organisational adjustments are necessary and possible to reflect the declining volume of the portfolio. The objective is to focus EFS rigorously on the requirements of the EAA in order to achieve an efficient wind-up of the EAA's assets in a value-preserving manner.

In some situations the EAA will enter into new participations via restructuring (debt-to-equity swap) if such an approach is deemed beneficial to preserve the value of the asset. The total volume of new participations, apart from the addition of EFS, is low compared with existing participations.

Exposures to selected EU member states

Owing to the Brexit referendum, Great Britain was included in the reporting from June 2016 onwards. The effects of Brexit on the EAA's portfolio were simulated. These simulations did not identify any material additional risks arising from Brexit for the EAA.

The banking book exposure of the EAA and its subsidiaries to Cyprus, Great Britain, Greece, Ireland, Italy, Portugal, Slovenia and Spain totals EUR 7.5 billion as at 30 June 2016. This exposure has been reduced by EUR 0.5 billion since the beginning of 2016. The decline is mostly attributable to Italy (EUR 0.2 billion), Spain (EUR 0.2 billion) and Great Britain (EUR 0.1 billion).

The total banking book exposure of the EAA and its subsidiaries to Cyprus, Great Britain, Greece, Ireland, Italy, Portugal, Slovenia and Spain is shown in the table below.

Country[1]	Debtor group	30/6/2016 Notional in EUR million[2,3]	31/12/2015 Notional in EUR million[2,3]
Greece	Corporates	92.1	92.3
	Financial Institutions	0.0	0.0
Σ Greece		**92.1**	**92.3**
Great Britain	Corporates	1,151.8	1,296.7
	Financial Institutions	126.9	87.5
	Public Finance	142.0	159.9
Σ Great Britain[4]		**1,420.7**	**1,544.1**
Ireland	Corporates	8.9	10.2
	Financial Institutions	0.1	0.2
	Public Finance	115.0	115.0
Σ Ireland		**124.0**	**125.4**
Italy	Corporates	690.5	807.2
	Financial Institutions	102.6	103.9
	Public Finance	1,760.2	1,829.4
Σ Italy		**2,553.4**	**2,740.5**
Portugal	Corporates	18.0	18.0
	Financial Institutions	11.2	11.2
	Public Finance	857.2	904.6
Σ Portugal		**886.5**	**933.9**
Slovenia	Public Finance	40.0	40.0
Σ Slovenia		**40.0**	**40.0**
Spain	Corporates	834.2	1,004.3
	Financial Institutions	625.9	635.9
	Public Finance	856.8	855.5
Σ Spain		**2,317.0**	**2,495.7**
Cyprus	Corporates	61.5	64.2
Σ Cyprus		**61.5**	**64.2**
Total[5]		**7,495.1**	**8,036.0**
of which	Corporates	2,856.9	3,292.9
of which	Financial Institutions	866.8	838.8
of which	Public Finance	3,771.3	3,904.3

1 Economic view may differ from the borrower's legal country of residence (for Corporates and Financial Institutions).
2 Based on current exchange rates.
3 Presentation of the notional volume, including hedges (net).
4 Included as a new country in the evaluation as of June 2016.
5 Of which EAA subsidiaries: EUR 955.8 million (31 December 2015: EUR 982.0 million).

The EAA's total trading portfolio and ALM exposure to banks, companies and governments in Cyprus, Great Britain, Greece, Ireland, Italy, Portugal and Spain is shown in the table below.

Product[1]	Value[2]	Country[3]	30/6/2016 EUR million[4,5]	31/12/2015 EUR million[4,5]
Bonds	Notional	Great Britain	-	0.1
Σ Bonds			**-**	**0.1**
Single name CDS	Notional	Great Britain	-	-
		Italy	-	-
		Portugal	-	-
		Spain	-	-
Σ Single name CDS			**-**	**-**
Decomposed CDS	EaD	Great Britain	0.0	0.0
		Italy	0.0	0.0
		Portugal	0.0	0.0
		Spain	0.0	0.0
Σ Decomposed CDS			**0.0**	**0.1**
Equities	MtM	Great Britain	-	10.9
		Greece	-	0.0
		Italy	-	0.4
Σ Equities			**-**	**11.3**
Other derivatives and ALM	MtM	Great Britain	920.1	701.9
		Ireland	0.1	0.5
		Italy	80.8	127.5
		Portugal	-	0.4
		Spain	407.6	448.2
		Cyprus	22.5	21.3
Σ Other derivatives and ALM			**1,431.1**	**1,299.7**
Other	Notional	Great Britain	68.3	18.1
Σ Other[6]			**68.3**	**18.1**

[1] CDS = credit default swaps; ALM = asset liability management (ALM cluster as part of the banking book is identified here as in the internal view and not as a banking book exposure); Derivatives = replacement risks from OTC derivatives and from CDS; Decomposed CDS = CDS positions that do not relate to an individual underlying but to a portfolio of underlying individual transactions such as a basket of reference debtors.
[2] EaD = exposure at default; MtM = mark to market.
[3] Economic view may differ from the borrower's legal country of residence (for Corporates and Financial Institutions).
[4] Based on current exchange rates.
[5] Presentation of the notional volume, including hedges (net).
[6] Includes mainly the HSBC nostro portfolios.

Market price risks

The EAA pursues a strategy of lowering market price risks to the greatest extent possible. Market price risk is controlled via a system of limits. Market price risks in the trading portfolio and the banking book are limited separately. Market price risk exposures are controlled on a daily basis by the Treasury/Capital Markets department and are monitored and analysed by the Risk Controlling department.

Market price risks – banking book

As a result of the portfolio structure, there are interest rate and foreign exchange risks (particularly in relation to the US dollar) that are largely hedged. In accordance with the risk profile, the EAA's hedging activities are mainly focused on the hedging of interest rate and foreign exchange risks.

These risks are hedged by refinancing with analogous currencies and matching maturities, or by concluding derivatives transactions.

Interest rate risk (EAA Group)

	30/6/2016 EUR thousand	31/12/2015 EUR thousand
< 1 Y	91.7	-60.1
1-4 Y	0.4	1.7
4-8 Y	3.6	-39.0
8-15 Y	-85.5	-21.1
> 15 Y	-10.4	-12.9
Total	**-0.2**	**-131.4**

Interest rate risk in the banking book is measured as the change in the present value given a yield rise of one basis point (interest rate sensitivity PV01).

The interest rate sensitivity PV01 is EUR -0.2 thousand, and has decreased compared with the end of 2015 (EUR -131.4 thousand) due to management measures. The utilisation is within the limits.

Foreign exchange risk (EAA Group)

	30/6/2016 EUR thousand	31/12/2015 EUR thousand
AUD	7,641.2	3,682.6
CHF	4,097.6	8,959.9
GBP	-2,109.9	10,541.9
JPY	3,287.0	4,130.2
PLN	-2,210.0	-2,148.8
SGD	1,133.0	2,877.3
USD	31,376.2	15,226.6
Other	11,291.7	4,597.3
Total	**54,506.8**	**47,867.0**

The EAA's currency position is determined based on the principle of special cover in accordance with section 340h of the German Commercial Code (Handelsgesetzbuch – HGB). The exposures in the various currencies are within the limits. They fluctuate within the limits and are subject to change based on market movements and as part of the EAA's normal operations.

Equity risk is of minor significance to the EAA's banking book.

The wind-up strategy aims to realise the intrinsic value of the exposure. The EAA does not take into account short-term capital market fluctuations and associated credit-spread changes when managing its exposures. The exposures are monitored and, if required, decisions are made to exit specific exposures. Therefore, no limits for credit spread risks are in place.

Market price risks – trading portfolio
In the trading portfolio, equity price risks and, to a small extent, credit spread and commodity risks also exist alongside interest rate and foreign exchange risks. The trading portfolio predominantly includes derivative exposures as well as non-linear options risks. In line with market practice, risks in the trading portfolio are hedged at the portfolio level. This entails residual risks which change due to market movements and developments in the portfolio, and are hedged dynamically (dynamic hedging strategy).

When monitoring and limiting risks, the EAA applies both a VaR model and risk sensitivities. Risk management also makes use of a number of stress scenarios. On a daily basis, the VaR model calculates interest rate risks, equity risks and foreign exchange risks (including commodity risks) for the trading portfolio, including the respective volatility risks. A confidence level of 99% and a one-day holding period are assumed when calculating the VaR.

Historic and parametric stress tests are calculated on a daily basis. These also simulate the effects of market price risks not covered by the VaR, independent of statistically observed probabilities of occurrence.

The relevant market price risk exposures are continuously subjected to backtesting. This involves comparing on a daily basis the actual market value changes (hypothetical income statement) to the possible market value changes forecast by the VaR model. There has been one backtesting breach in the current fiscal year 2016 at the highest level of the portfolio structure of the trading portfolio. This exceeded limit resulted from strong market fluctuations after the Brexit vote. From a statistical perspective, two to three instances of exceeded limits must be expected per year for a VaR with a holding period of one trading day and a confidence level of 99%.

Value at Risk by clusters

	30/6/2016 EUR thousand	31/12/2015 EUR thousand
EAA Trading	805.7	1,324.6
Muni GIC Portfolio	447.8	404.6
Interest Rate Exotics	381.8	989.2
Interest Rate Flow	218.5	431.5
Interest Rate Options	211.6	244.3
Foreign Exchange Options and Hybrids	128.5	102.6
Equity Structured Products	22.0	97.0
Credit Derivatives	12.6	8.6
Fund Derivatives & Credit Repacks	0.2	1.3
Commodities	-	0.1

As at 30 June 2016 the VaR for the Trading portfolio declined to EUR 805.7 thousand due to market movements and hedging activities (31 December 2015: EUR 1,324.6 thousand).

Liquidity risks

The EAA distinguishes between tactical and strategic liquidity risks.

- Tactical liquidity risk is the risk of not being able to generate sufficient liquidity over the short term (time horizon of up to one year) to meet contractual payment obligations.

- Strategic liquidity risk is the risk of not being able to implement funding measures set out in the funding plan on the market, in whole or in part.

The EAA's affiliates are included in the liquidity planning and management process so as to ensure optimal access to liquidity. Due to the duty of the liable stakeholders and the FMS to offset losses incurred, as well as because of their creditworthiness, the EAA is perceived positively in the capital markets. As a result, there is less risk concerning the EAA's specific funding options than there is with regard to systemic market illiquidity.

All stress scenarios demonstrated a viable liquidity situation as of 30 June 2016. The liquidity reserve consists of collateralised liquidity (the portfolio's securities holdings which are highly likely to be eligible for bilateral repo transactions) and short-term investments. Liquidity reserves were always higher than the liquidity requirement during the reporting period. The liquidity reserve was around EUR 6.3 billion when the stress test was performed at month-end June 2016.

Owing to the good ratings of its liable stakeholders and FMS, the EAA does not consider it necessary to limit the strategic liquidity risk.

Longevity risks

The EAA funds premium payments for American life insurance policies under so-called life settlement engagements. The payouts from these policies flow to the EAA when the insured individual dies. These engagements are bundled in subsidiaries of Erste EAA-Beteiligungs GmbH.

Longevity risk is the risk that insured persons live longer than originally calculated. In this case, the insurance premiums must be paid longer than forecast, and the death benefits are paid to the EAA at a later date.

Longevity risk is limited to the acquired portfolio. Due to the large number of policies overall, coupled with a correspondingly high volume of funding and long maturities, longevity risk is a major risk for the EAA.

The EAA has engaged external actuarial advisors and service providers who provide the EAA with monthly analyses on the life settlement exposure. Based on these analyses the EAA constantly monitors the relevant cash flows, and thus the longevity risk, so that potential deviations from the original forecast can be identified.

The EAA regularly monitors not only the present value of the expected cash flows (premiums, death benefits and service fees) from the policies but also the so-called net present value of Erste EAA-Beteiligungs GmbH. Besides the present value of the expected cash flows, this indicator takes into account the outstanding funding and cash on hand, making it possible to measure performance over time for the entire life settlement portfolio. As at the reporting date of 30 June 2016, the net present value had decreased by USD 20.0 million to USD -29.3 million (31 December 2015: USD -9.3 million). The reduction was caused by adjustments to the amount of premiums by insurers, updates to life-expectancy estimates based on new health updates and lower-than-planned death benefits.

Operational risks

The EAA differentiates between operational risks within the EAA Group (including its subsidiaries) and risks from the outsourcing of activities to service providers.

Operational risks within the EAA are determined using a risk inventory, which is performed on a regular basis. The EAA's most recent risk inventory revealed no assessment object with high risks. Of the assessment objects, 12% are characterised by medium risks and 88% by low risks. The overall risk situation therefore remains largely unchanged.

The EAA has outsourced key business processes to its EFS and EPA subsidiaries. EPA has been part of the EAA Group since 2014, EFS since 2016.

In the past the EAA received services from Portigon as well. Given the upcoming return of Portigon's banking license in connection with the implementation of the restructuring ordered by the EU Commission, the EAA undertook significant projects last year in order to unbundle itself from Portigon.

The most recent risk inventory at the Portigon Group regarding the processes attributable to the EAA showed a high risk for 4.4% of the evaluated risks (previous year: 4.8%), especially in the case of assessments related to personnel. The measures described above (purchase of EFS, unbundling from Portigon) are components of a package of measures intended to minimise the EAA's operational risk associated with procured services.

The EAA has established a service provider management system to monitor the interface between the subsidiaries and service providers and the EAA – as the recipient of services – in terms of the content, form and quality of the services. Using a continuous and timely process, the EAA accordingly ensures that its requirements, which are defined in service level agreements, are fulfilled by the service providers in the agreed form. In this process, the EAA records the outsourcing risks and assesses them by applying a traffic light system.

The EAA has agreed protective measures for data and IT security, including the data centres, with its service providers. These measures are continuously reviewed and adjusted if necessary.

There have been no elevated risks so far in 2016, and the quality of the services rendered during the period has been fundamentally stable in accordance with the service agreement.

Other risks

Reputational risks

Given the strong public interest in the EAA, reputational risks are especially relevant. The EAA also attaches special importance to its public image, since it impacts its funding options on the capital market.

The EAA has established behavioural rules for its employees in its "Code of Conduct". The EAA monitors all public media coverage intensely to further minimise reputational risks. This also includes public media coverage about its subsidiaries in the wind-up portfolio. Coordinated and active communication and public relations activities support the EAA's reputation.

Legal risks

The EAA is subject to legal supervision by the FMSA, which in turn is subject to legal and technical supervision by the German Ministry of Finance. Supervision by the FMSA ensures in particular that the EAA complies with the requirements of statutory provisions and its charter.

Significant legal risks arise for the EAA from the transferred derivatives transactions with municipalities based on the “Ille ruling” of the German Supreme Court (BGH) of March 2011. The BGH ruled that banks may be required to inform their clients about the initially negative market value of the derivative before the contract is concluded. In the event that said information is not provided, the bank is then liable for providing inappropriate investment advice, according to the BGH. The liability extends to the annulment of the derivative and the reversal of all payments. Additional rulings by the BGH from April 2015 and March 2016 have specified the area of application and significantly expanded its scope. On the other hand, the ruling from March 2016 in particular simplified the defence against the assertion of claims. Herein the BGH set out the conditions under which a lack of disclosure about the initial negative market value is not to be deemed the cause of the conclusion of the contract. The EAA has already reached out-of-court settlements with many municipalities. Nevertheless, the risk cannot be ruled out that future judicial rulings may be unfavourable for the EAA.

Since April 2010 the authorities in the USA, in Great Britain and at the EU level (particularly BaFin) have been investigating possible misconduct in the trading departments of several banks. The initial results of the investigations have not produced any evidence of wrongdoing at the former WestLB; BaFin’s investigations against Portigon were terminated without taking any measures against Portigon. A number of investment banks active in the USA were also sued in the USA in various class action lawsuits due to alleged manipulative actions. One aspect of the civil suits (antitrust claims) was rejected in the first instance. Where they have not been terminated yet investigations and also civil suits are likely to continue for a number of years. The EAA currently has no reason to doubt Portigon’s claims that there are no indications of any misconduct.

Where necessary, the EAA has established sufficient financial reserves and initiated other measures to cover judicial and extra-judicial disputes.

Tax risks

Tax risks may arise from changes in tax legislation, case law or errors in the application of the law as well as the special tax regulations for winding-up agencies.

The EAA uses clearly defined governance structures and processes to analyse and manage tax risks. Tax risks are clarified through active communication with tax authorities and other government institutions. Where necessary, external specialists are engaged to consult on legal and tax issues.

Summary of the risk situation

The EAA was established in order to assume the risk exposures and non-strategic business units of the former WestLB and its domestic and foreign subsidiaries, and to wind these up based on a long-term wind-up plan in a value-preserving and risk-minimising manner. Value fluctuations in the interim are of less significance.

To that end in particular, wind-up agencies in accordance with section 8a FMStFG are exempt from the capital requirements, the obligation to prepare consolidated financial statements and other statutory provisions that apply to commercial banks. The EAA is thus primarily geared towards assuming credit risks.

The EAA strives in its risk management activities to reduce the risk resulting from the wind-up of the portfolio. To that end, the wind-up result and any deviations from the wind-up plan are continually monitored and compared against the plan (please refer to the section “Wind-up report” for more detailed information).

Liquidity risk is reduced to the same extent to which the EAA raises funding on the capital markets that is largely congruous in terms of maturities and currencies. Due to its good rating, the EAA enjoys a stable funding situation.

Market price risks are largely limited.

The EAA has introduced a tight service provider management system and an internal control system in order to manage operational risks.

The Phoenix and EUSS structured credit products continue to constitute the largest individual risks. This means the US economy and the development of the US real estate market play a prominent role in the EAA’s risk situation. The EAA has provided sufficiently for all known risks. Its equity is available as aggregate risk cover for risks that are not yet currently foreseeable.

Risks resulting from the sovereign debt crisis, particularly for exposures in peripheral eurozone countries, are being monitored closely and in a timely fashion.

The primary risk associated with the life settlements exposure is that the funding provided cannot be repaid according to plan if the individuals insured live longer than forecast. The longevity risks in the portfolio are regularly analysed by actuarial advisors and monitored closely by the EAA.

The requirements for risk-bearing capacity pursuant to section AT 4.1 MaRisk are not relevant for the EAA. Instead, the EAA performs a quarterly analysis of the development of its equity to the end of the planning period using the wind-up plan as well as updated variables and market parameters. This involves, in particular, the effects of changed framework conditions on equity in 2027. As scheduled, a new wind-up plan was prepared as at 31 December 2015. This wind-up plan shows positive equity capital as at the end of the planning period. This means that as of the end of the planning horizon for the wind-up plan, the only possibility that a loss could occur which would require utilisation of the EAA’s liability mechanism would be if adverse scenarios were to materialise which, from today’s perspective, are unlikely to occur.

In summary, the EAA perceives the risks it has assumed to be adequately covered, given its capital resources as well as the existing guarantee, equity instruments and loss-offset obligations of the liable stakeholders and the FMS.

The EAA will continue to place a special focus on sustainable and consistent risk management.

Opportunities report

The creditworthiness of eurozone countries is at the core of the European sovereign debt crisis because banks in the eurozone invested heavily in euro government bonds prior to the outbreak of the debt crisis. The deterioration in the credit quality of these economies very rapidly affected the creditworthiness of the banking sector in general. Only the affluent countries in the core of the eurozone could afford to provide support for their banks. The elevated and growing indebtedness of many periphery states made it impossible for them to recapitalise and stabilise stricken or faltering banks.

Consequently, the credit quality of the banks also deteriorated, because it became less likely that governments would bail out their banks in the event of a crisis. A country risk premium (risk surcharge over German government bonds), like the one seen in the markets for government bonds, became increasingly prevalent in the pricing of bank bonds, corporate bonds, covered bonds and loans, too. This led to further adverse effects and created a need for additional write-downs at banks, triggering an additional expansion in spreads.

The ECB underscored its determination even further with its bond-buying programme for euro corporate bonds in June 2016. In 2014 it had already begun to purchase securitisations and covered bonds, and it has been buying large volumes of government bonds since March 2015. In order to achieve its target for total assets of around EUR 3 trillion, the ECB has been buying about EUR 80 billion in securities every month. As of 24 June 2016 the ECB has purchased euro government bonds with a volume of EUR 868.9 billion.

It has thereby eased the supply of liquidity to the capital markets even more. This purchase programme will supplement the other mechanisms already in place, such as the ECB's OMT programme and TLTROs. These measures are seen as a reason why the resurgence of the Greek crisis in 2015 did expand into a major crisis. Evidence of contagion, such as higher yields and risk premiums, appeared to only a very limited extent among other peripheral issuers from Portugal, Spain or Italy.

Growth rates within the eurozone continue to converge as well. Although the average pace of growth is considerably below the levels seen before the global financial crisis, it appears that the recession has been overcome in most eurozone countries. Italy is likely to report rising economic output again in 2016. Former crisis-hit countries such as Spain or Ireland are once again among the fastest-growing economies in the eurozone in 2016.

This benefits the valuations of euro government bonds of the periphery as well as other financial products. The process is not limited to just exchange-listed products; it also affects other segments of the euro credit markets such as promissory notes, traditional loans and project financing. The EAA's portfolios benefit from this normalisation process because the reversal or "pricing out" of an additional country risk premium means that prices will recover considerably. Going forward, this process will probably continue to bolster financial markets in 2016.

The ECB's OMT programme and its purchases have created new confidence in the euro periphery. At the same time, the euro crisis was a key catalyst for the region. Structural problems in Spain and Portugal, such as rigid labour and product markets, a retirement age that is too low and an inadequate export mix, have been resolved, thereby increasing competitiveness. The combination of these developments enables the euro periphery states to finance their debt servicing and new borrowing relatively easily. If nothing else, this has led to a marked recovery of the securities issued by these countries and the companies established there. However, the low interest rate policy also has its drawbacks. Yields that have fallen to very low levels overall mean that many companies can currently finance their operations at better terms. This is why an increasing number of loans are currently being repaid early, which is leading to negative effects on the EAA's wind-up plan.

Besides exposure to the euro periphery, the EAA also has significant commitments in the USA. These exposures perform relatively independently to the US economy. US property prices in particular have largely recovered in the course of the economic recovery and are now only about 9% below the high of July 2006. This was already taken into account in the evaluation of the exposure, so the positive effect of the continued economic recovery in the USA should be limited.

The EAA anticipates that these developments will have a fundamentally beneficial effect on the portfolio (please also refer to the section "Forecast report" for more information).

Forecast report

The wind-up plan represents the EAA's key forecasting tool. Active measures and contractual maturities are expected to reduce the notional volume of the banking book by around 17% to about EUR 30 billion in 2016.

To date, the original plan for the wind-up of the total portfolio has been met or exceeded. The holdings in the banking book are likely to be higher than planned at the end of the year, largely due to an unscheduled extension in the Phoenix portfolio.

The EAA's objective is to wind up around 80% of the banking book's portfolio as at 31 December 2011 (including the exposures held by subsidiaries and the refill) by the end of 2017. As in previous years, the EAA's wind-up activities will focus on advance portfolio-reducing measures and active participation management.

For 2016 the plan calls for a reduction in the notional volume of the trading portfolios by around 19% to about EUR 277 billion compared with the previous year. The EAA continues to target a more than 78% reduction in the notional volume by the end of 2017 since the transfer in 2012. The book values are set to decrease to the same extent during this period – depending on market valuations. The EAA will continue to analyse to what extent it is possible to accelerate the reduction of the transferred trading portfolios in an effective and cost-efficient manner.

Net interest and net fee and commission income will fall during the 2016 fiscal year in line with the reduced portfolio and likely amount to EUR 159 million (including dividend income). A forecast for the trading result and for the result of risk provisions is difficult due to the imponderables with respect to developments on the global financial markets and other markets. However, the EAA will continue with its strategy of winding up in a value-preserving manner. Losses cannot be ruled out in the next few fiscal years on account of the now substantial reduction of the portfolio and the associated decline in income from ongoing operations. This is taken into account in the EAA's wind-up plans and it also applies to fiscal year 2016.

Further forecasts regarding earnings in the next few fiscal years on the basis of the indicators described are subject to uncertainty and are reliable only to a limited extent. Based on its wind-up planning, the EAA does not foresee the need to utilise the equity draw-down facility or the assumed loss-offset obligations.

For 2016 the EAA has once again defined a sale portfolio as a target. In light of this, a number of exposures in the credit and securities portfolio have been identified that offer potential for sales, terminations or early redemptions. This course of action serves the overriding goal of minimising losses while taking into account expected risk developments. Independent of the sales portfolio for 2016, the EAA pursues an opportunistic approach by conducting regular analyses of market conditions and exit opportunities in order to assess early and profitable wind-up opportunities for all positions of the portfolio.

The new interventions by the ECB (programme to purchase government bonds, covered bonds, securitisations and corporate bonds) and the robust state of the economy in Spain and Portugal appear to have improved the situation in 2016. France and Italy are also reporting a pick-up in activity again, following several quarters of stagnation. Nevertheless, the current economic recovery is very slow compared with previous economic upturns because an attempt to overcome a debt crisis through austerity measures takes a very long time. These efforts are made even more difficult when additional aspects of the economy besides the public sector, such as private households and the corporate sector, also have to cut spending in order to reduce excessive debt. The new governments in Portugal and Spain also mean that the successful reform policies of recent years may not be continued. These reforms have been the central factor behind the recovery of Portugal's and Spain's economies.

Nevertheless, the EAA's ambitious objectives are bolstered by current economic trends. The ECB's programme to purchase euro government bonds should have a particularly positive impact on the EAA's portfolios. During the renewed critical escalation of the situation in Greece, the ECB's purchases and its OMT programme successfully prevented the spread of the problems to other peripheral countries, such as Italy or Portugal. The effect of the ECB's purchases will probably not be limited to just government bonds and will additionally radiate out to other segments. This seems likely because in today's environment of low interest rates and yields, investors are looking for investment alternatives.

Balance sheet

Assets

	Notes	EUR	EUR	30/6/2016 EUR	31/12/2015 EUR
1. Cash reserve					
a) Balances with central banks			1,349,074,679		(3,518)
of which:					
with Deutsche Bundesbank EUR 1,349,074,679 (py: EUR 3,518)					
				1,349,074,679	3,518
2. Loans and advances to banks	4, 28				
a) Payable on demand			6,901,943,615		(5,810,475,286)
b) Other loans and advances			3,387,980,065		(3,853,691,759)
				10,289,923,680	9,664,167,045
3. Loans and advances to customers	5, 6, 15, 28			14,891,585,449	15,066,219,181
of which:					
secured by mortgage charges EUR 304,750,141 (py: EUR 353,030,633)					
Public-sector loans EUR 1,258,713,738 (py: EUR 1,281,840,228)					
4. Bonds and other fixed-income securities	7, 16, 28				
a) Bonds issued by					
aa) public issuers		2,276,451,382			(2,333,706,212)
of which:					
eligible as collateral with Deutsche Bundesbank EUR 1,997,378,236 (py: EUR 1,988,362,403)					
ab) other issuers		11,544,528,953			(13,327,383,624)
of which:					
eligible as collateral with Deutsche Bundesbank EUR 1,188,540,665 (py: EUR 1,165,299,097)					
			13,820,980,335		(15,661,089,836)
b) Own bonds Notional value: EUR 50,807,000 (py: EUR 132,924,675)			51,207,544		(136,088,750)
				13,872,187,879	15,797,178,586
5. Equities and other non-fixed-income securities	8			2	285,976
5a. Trading portfolio	9			31,057,571,100	27,148,168,184

	Notes	EUR	EUR	30/6/2016 EUR	31/12/2015 EUR
6. Long-term equity investments	10			74,779,058	95,289,395
of which:					
in banks EUR 12,421,102 (py: EUR 12,421,102)					
7. Shares in affiliates	11			895,505,166	778,291,621
of which:					
in banks EUR 455,568,467 (py: EUR 452,806,288)					
in financial service providers EUR 42,939,886 (py: EUR 16,736,565)					
8. Trust assets	12			26,034	26,626
of which:					
trust loans EUR 26,034 (py: EUR 26,626)					
9. Intangible assets					
a) Paid concessions, trademarks and similar rights and values such as licenses in such rights			4,635,717		(4,857,699)
				4,635,717	4,857,699
10. Tangible fixed assets				236,657	256,979
11. Other assets	13			53,409,062	67,051,964
12. Prepaid expenses/accrued income	14			52,254,036	46,374,981
Total assets				**72,541,188,519**	**68,668,171,755**

Liabilities and equity

	Notes	EUR	EUR	30/6/2016 EUR	31/12/2015 EUR
1. Deposits from banks	14, 17				
a) Payable on demand			2,674,837,187		(2,865,358,433)
b) With an agreed maturity or withdrawal notice			654,945,918		(757,411,932)
				3,329,783,105	3,622,770,365
2. Deposits from customers	14, 18				
other deposits					
a) Payable on demand			292,630,266		(140,400,864)
b) With an agreed maturity or withdrawal notice			4,403,860,740		(3,952,435,756)
				4,696,491,006	4,092,836,620
3. Debt securities in issue	14, 19				
a) Bonds			17,413,357,560		(18,920,288,732)
b) Other debt securities in issue			15,832,091,174		(15,313,243,645)
of which:					
money market instruments EUR 15,832,091,174 (py: EUR 15,313,243,645)					
				33,245,448,734	34,233,532,377
3a. Trading portfolio	20			29,614,699,561	25,383,746,584
4. Trust liabilities	21			26,034	26,626
of which:					
trust loans EUR 26,034 (py: EUR 26,626)					
5. Other liabilities	22			646,289,483	295,030,126
6. Accruals/deferred income	23			22,681,170	14,868,334
7. Provisions	24				
a) Tax provisions			828,715		(828,715)
b) Other provisions			350,190,652		(392,962,969)
				351,019,367	393,791,684

	Notes	EUR	EUR	30/6/2016 EUR	31/12/2015 EUR
8. Equity	25				
a) Called capital					
Subscribed capital		500,000			(500,000)
less uncalled outstanding capital		0			(0)
			500,000		(500,000)
b) Capital reserves			3,013,237,214		(3,013,237,214)
c) Revenue reserves					
Other revenue reserves		2,431,408			(2,431,408)
			2,431,408		(2,431,408)
d) Net retained losses			-2,381,418,563		(-2,384,599,583)
				634,750,059	631,569,039
Total liabilities and equity				**72,541,188,519**	**68,668,171,755**
1. Contingent liabilities	30				
a) Liabilities from guarantees and warranties			7,624,758,500		(9,870,795,153)
				7,624,758,500	9,870,795,153
2. Other obligations	30				
a) Irrevocable loan commitments			3,128,746,539		(3,188,268,112)
				3,128,746,539	3,188,268,112

Income statement

	Notes	EUR	EUR	1/1 - 30/6/2016 EUR	1/1 - 30/6/2015 EUR
1. Interest income from	26				
a) Lending and money market transactions		162,906,707			(205,808,232)
b) Fixed-income securities and debt register claims		105,745,178			(109,197,082)
			268,651,885		(315,005,314)
2. Interest expense			200,950,958		(255,195,701)
				67,700,927	59,809,613
3. Current income from	26				
a) Equities and other non-fixed-income securities			25,409		(193,085)
b) Long-term equity investments			18,278,083		(18,369,314)
c) Shares in affiliates			4,313		(2,801,673)
				18,307,805	21,364,072
4. Fee and commission income	26		21,237,671		(40,432,975)
5. Fee and commission expense			11,770,963		(10,960,118)
				9,466,708	29,472,857
6. Net trading result				-26,408,630	-12,097,225
7. Other operating income	26, 27			1,515,924	3,810,491
8. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		10,230,054			(9,747,475)
ab) Compulsory social security contributions and expenses for pensions and other employee benefits		1,239,160			(1,159,615)
of which					
for pensions EUR 341,498 (py: EUR 310,475)					
			11,469,214		(10,907,090)
b) Other administrative expenses			103,235,543		(138,096,962)
				114,704,757	149,004,052

	Notes	EUR	EUR	1/1 - 30/6/2016 EUR	1/1 - 30/6/2015 EUR
9. Depreciation and write-offs on intangible assets and tangible fixed assets				242,303	234,849
10. Other operating expenses	27			2,312,835	2,223,819
11. Income from reversals of write-offs on loans and advances and certain securities and from reversals of loan loss provisions	24, 28			16,139,401	11,450,018
12. Income from appreciations of long-term equity investments, shares in affiliates and long-term securities	28			34,140,996	47,694,852
13. Expenses from loss assumption	28			51,000	0
14. Result from ordinary activities				3,552,236	10,041,958
15. Taxes on income and earnings	29			312,008	334,044
16. Other taxes not reported under item 10				59,208	1,435,457
17. Net profit for the year				3,181,020	8,272,457
18. Net retained losses brought forward				-2,384,599,583	-2,397,738,401
19. Net retained losses				-2,381,418,563	-2,389,465,944

Cash flow statement

			1/1 - 30/6/2016 EUR	1/1 - 30/6/2015 EUR
1.	+/-	Result for the period	3,181,020	8,272,457
		Non-cash items included in net loss for the period and reconciliation to cash flows from operating activities		
2.	+/-	Allowances for losses on loans and advances and write-offs on certain securities, depreciation, amortisation on tangible fixed assets and long term financial assets as well as the reversal thereof	-5,169,275	28,974,157
3.	+/-	Increase/decrease in provisions	-42,772,317	-30,060,110
4.	+/-	Other non-cash income/expense	591,212,044	-841,180,812
5.	+/-	Gain/loss on disposal of long-term financial assets	-45,851,219	-86,941,134
6.	=	Subtotal	500,600,253	-920,935,442
		Change in operating assets and liabilities		
7.	+/-	Increase/decrease of loans and advances to banks (no trading portfolio)	-468,859,171	4,089,928,475
8.	+/-	Increase/decrease of loans and advances to customers (no trading portfolio)	197,620,193	-3,065,268,338
9.	+/-	Increase/decrease of securities (no financial assets and no trading portfolio)	1,934,701,861	-720,968,977
10.	+/-	Trading assets	-205,854,559	84,050,688
11.	+/-	Increase/decrease of other operating assets	7,282,966	77,671,106
12.	+/-	Increase/decrease of deposits from banks (no trading portfolio)	-290,968,338	-82,581,366
13.	+/-	Increase/decrease of deposits from customers (no trading portfolio)	594,561,150	-1,202,164,406
14.	+/-	Increase/decrease of debt securities in issue	-974,147,568	574,916,101
15.	+/-	Trading liabilities	-63,807,424	192,758,068
16.	+/-	Increase/decrease of other operating liabilities	367,010,140	-50,872,670
17.	+/-	Interest expenses/interest income	-86,008,733	-81,173,685
18.	+/-	Tax expenses/tax income	312,008	334,044
19.	+	Interest payments and dividend payments received	285,559,256	303,175,198
20.	-	Interest paid	-211,796,498	-296,294,823
21.	+/-	Income tax payments	-3,755,686	-4,972,469
22.	=	Cash flows from operating activities (sum of 6 to 21)	1,582,449,850	-1,102,398,496
23.	+	Proceeds from disposal of long-term financial assets	53,323,100	1,106,211,077
24.	-	Purchase of long-term financial assets	-130,122,931	-28,717,381
25.	-	Purchase of tangible fixed assets	0	-43,020
26.	-	Purchase of intangible assets	0	-39,632
27.	=	Cash flows from investing activities (sum of 23 to 26)	-76,799,831	1,077,411,044
28.	+/-	Changes in other capital (net)	0	0
29.	=	Cash flows from financing activities (sum of 28)	0	0
30.		Net change in cash funds (sum of 22, 27, 29)	1,505,650,019	-24,987,452
31.	+	Cash funds at beginning of period	8,073,446	54,972,869
32.	=	Cash funds at end of period (sum of 30 to 31)	1,513,723,465	29,985,417

The cash flow statement is prepared in accordance with the new DRS 21. The cash funds include the current accounts maintained at HSBC and Deutsche Bundesbank (demand deposits). Further cash funds as defined by DRS 21 do not exist at the present time.

Statement of changes in equity

	Balance as of 1/1/2016 EUR	Appropriation of the result EUR	Balance as of 30/6/2016 EUR
Called capital	500,000	0	500,000
Capital reserves	3,013,237,214	0	3,013,237,214
Other revenue reserves	2,431,408	0	2,431,408
Net retained losses	-2,384,599,583	3,181,020	-2,381,418,563
Equity under HGB	**631,569,039**	**3,181,020**	**634,750,059**

	Balance as of 1/1/2015 EUR	Appropriation of the result EUR	Balance as of 30/6/2015 EUR
Called capital	500,000	0	500,000
Capital reserves	3,013,237,214	0	3,013,237,214
Other revenue reserves	2,431,408	0	2,431,408
Net retained losses	-2,397,738,401	8,272,457	-2,389,465,944
Equity under HGB	**618,430,221**	**8,272,457**	**626,702,678**

Condensed notes

For the period from 1 January to 30 June 2016

General disclosures

1. Legal framework of the EAA

The EAA is a structurally and commercially independent public law entity with partial legal capacity operating under the umbrella of the Financial Market Stabilisation Authority (Bundesanstalt für Finanzmarktstabilisierung – FMSA). It has its registered office in Düsseldorf. The EAA was set up by the FMSA on 11 December 2009, and entered into the commercial register of the District Court of Düsseldorf (HRA 20869) on 23 December 2009.

The EAA is winding up the risk exposures and non-strategic business units transferred from the former WestLB and its domestic and foreign subsidiaries. When doing so, it proceeds in a value-preserving and risk-minimising manner so as to stabilise the financial market. The risk exposures and non-strategic business units of the former WestLB were transferred to the EAA in the years 2009 and 2010 (first fill) as well as in 2012 (refill) using several different methods. The method that was chosen in each case was based on the respective national, legal, supervisory and tax provisions. There is an ongoing process of legally and fully transferring exposures from Portigon's balance sheet to the balance sheet of the EAA where originally only the economic risk was transferred by way of guarantee without a legal transfer of the exposures themselves. For further information on the transfer methods, please refer to the "Operating activities of the EAA" section in the 2015 annual report.

The EAA manages its business according to commercial and economic principles, in consideration of its winding-up objectives and the principle of minimising risks. It is not classified as a credit institution for the purposes of the German Banking Act (Kreditwesengesetz – KWG), nor does it carry out activities requiring a permit for the purposes of EU Directive 2006/48/EC dated 14 June 2006. It is subject to regulation by the FMSA. It is supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) with regard to those provisions of banking law that are applicable to the EAA.

2. Preparation of the interim financial statements

In accordance with section 8a (1) sentence 10 in conjunction with section 3a (4) of the FMStFG and the additional guidance of the EAA's charter, these interim financial statements have been prepared under the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) for large public companies and the German Ordinance on Accounting for Banks and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV). In particular, the condensed financial statements comply with the requirements of DRS 16 as updated with German Accounting Amendment Standard No. 7 (half-year financial reporting).

The information contained in this interim report should be read in conjunction with the disclosures contained in the published and audited financial statements for the fiscal year from 1 January to 31 December 2015. All facts were considered up to the time these interim financial statements were prepared.

3. Accounting and valuation principles

The same accounting and valuation principles were applied to the interim financial statements as to the financial statements for the fiscal year from 1 January to 31 December 2015.

The assumptions and estimates required, in particular in connection with illiquid portfolios, are based on subjective management judgement and are subject to forecast uncertainties. Even if, in the scope of the estimates, the available information, historical experience and other evaluation factors have been relied upon, actual future events may differ from the estimates. This may also have a material impact on the net assets, financial position and results of operations. In the EAA's opinion, the parameters used are appropriate and acceptable.

Notes on the balance sheet

4. Loans and advances to banks

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**10,289.9**	**9,664.2**
of which:		
- to affiliates	747.8	972.3
payable on demand	6,901.9	5,810.5
due		
- within 3 months	3,221.5	3,601.1
- 3 months to 1 year	97.3	176.3
- 1 to 5 years	37.5	43.3
- after 5 years	31.7	33.0

5. Loans and advances to customers

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**14,891.6**	**15,066.2**
of which:		
- to affiliates	1,695.9	1,583.7
- to long-term equity investments	11.5	15.7
due		
- within 3 months	3,266.0	1,929.1
- 3 months to 1 year	1,003.6	2,274.9
- 1 to 5 years	2,760.2	3,246.1
- after 5 years	7,861.8	7,616.1

6. Loans and advances secured by mortgages

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**304.8**	**353.0**
Loans and advances to customers due		
- within 3 months	7.4	12.0
- 3 months to 1 year	9.0	22.9
- 1 to 5 years	39.9	42.7
- after 5 years	248.5	275.4

7. Bonds and other fixed-income securities

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**13,872.2**	**15,797.2**
of which:		
Amounts due in the following year	915.1	705.6
Breakdown		
- Bonds issued by public issuers	2,276.5	2,333.7
- Bonds issued by other issuers	11,544.5	13,327.4
- Own bonds	51.2	136.1
Breakdown by marketability		
- Marketable securities	13,872.2	15,797.2
of which:		
- listed	3,988.4	4,164.6
- unlisted	9,883.8	11,632.6
Breakdown by type		
- Liquidity reserve	208.4	290.9
- Investment securities	13,663.8	15,506.2

The bonds and other fixed-income securities in the amount of EUR 13.7 billion (previous year: EUR 15.5 billion) of the investment securities portfolio are included in long-term financial assets. As at the reporting date, investment securities with a book value of EUR 10.5 billion (previous year: EUR 12.1 billion) were valued above their fair value of EUR 9.8 billion (previous year: EUR 11.4 billion) because the EAA expects to receive repayments totalling at least the amount of the book value. This judgement is based on the EAA's long-term wind-up strategy and the expected performance of the investment securities.

This difference is primarily attributable to structured loan products, EUR 0.4 billion of which (previous year: EUR 0.1 billion) relates to bonds that were acquired in connection with asset swaps. The EAA funds the portion of the aforementioned investment portfolio that was not hedged with swaps (EUR 10.1 billion) either with matched funding in terms of maturities and currencies, or it hedges the balance at the portfolio level against changes in value caused by fluctuations in interest rates and currencies.

8. Equities and other non-fixed-income securities

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**-**	**0.3**
Breakdown by marketability		
- Marketable securities	-	0.3
of which:		
- listed	-	0.3
Breakdown by type		
- Liquidity reserve	-	0.3

9. Trading portfolio

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**31,057.6**	**27,148.2**
of which:		
- Derivative financial instruments	31,057.9	27,137.0
- Equities and other non-fixed-income securities	2.2	15.3
- Loans and advances	-	0.1
- Risk allowance pursuant to section 340e (3) sentence 1 HGB	-2.5	-4.2

10. Long-term equity investments

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**74.8**	**95.3**
of which:		
- in banks	12.4	12.4
Breakdown by marketability		
- Marketable securities	26.0	27.2
of which:		
- listed	11.0	11.1
- unlisted	15.0	16.1

11. Shares in affiliates

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**895.5**	**778.3**
of which:		
- in banks	455.6	452.8
- in financial service providers	42.9	16.7
Breakdown by marketability		
- Marketable securities	434.3	434.3
of which:		
- unlisted	434.3	434.3

The increase is due to the addition of EFS and Dritte EAA Anstalt & Co. KG (please also refer in this regard to the “Participation risks” section of the management report).

12. Trust assets

The EAA’s trust assets as at 30 June 2016 comprise loans and advances to customers amounting to EUR 26.0 thousand (previous year: EUR 26.6 thousand).

13. Other assets

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**53.4**	**67.1**
of which:		
- Tax refund claims	35.8	32.5
- Receivables from profit and loss pooling agreements	10.1	17.7
- Guarantee fees and commissions	7.4	15.8

The guarantee fees included in other assets consist of receivables from Portigon totalling EUR 7.2 million (previous year: EUR 15.5 million).

14. Prepaid expenses/accrued income

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**52.3**	**46.4**
of which:		
- Non-recurring payments on swaps	38.7	33.5
- Discounts from issuing business	7.1	8.3
- Discounts from liabilities	3.4	3.4
- Other	3.1	1.2

15. Subordinated assets

Subordinated assets are included in:

	30/6/2016 EUR million	31/12/2015 EUR million
Loans and advances to customers	**752.0**	**737.2**
of which:		
- to affiliates	340.1	306.6
- to long-term equity investments	1.9	1.9
Total	**752.0**	**737.2**

The increase in subordinated assets is primarily due to the provision of liquidity for a subsidiary.

16. Assets sold under repurchase agreements

The carrying amount of the assets sold under repurchase agreements is EUR 0.0 million (previous year: EUR 0.0 million).

17. Deposits from banks

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**3,329.8**	**3,622.8**
of which:		
- Deposits from affiliates	17.9	16.3
Payable on demand	2,674.8	2,865.4
due		
- within 3 months	241.5	289.9
- 3 months to 1 year	7.9	8.5
- 1 to 5 years	203.6	223.7
- after 5 years	202.0	235.3

18. Deposits from customers

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**4,696.5**	**4,092.8**
of which:		
- Deposits from affiliates	38.5	0.1
Other deposits	4,696.5	4,092.8
of which:		
- payable on demand	292.6	140.4
due		
- within 3 months	1,439.1	1,197.6
- 3 months to 1 year	597.2	242.1
- 1 to 5 years	765.6	748.1
- after 5 years	1,602.0	1,764.6

19. Debt securities in issue

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**33,245.4**	**34,233.5**
Bonds	17,413.3	18,920.3
of which:		
Amounts due in the following year	10,069.4	8,460.7
Other debt securities in issue	15,832.1	15,313.2
of which due:		
- within 3 months	11,918.4	13,204.9
- 3 months to 1 year	3,913.7	2,108.3
- 1 to 5 years	-	-
- after 5 years	-	-

20. Trading portfolio

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**29,614.7**	**25,383.7**
of which:		
- Derivative financial instruments	29,614.7	25,383.5
- Liabilities	-	0.2

21. Trust liabilities

The EAA’s trust liabilities as at 30 June 2016 comprise deposits from customers amounting to EUR 26.0 thousand (previous year: EUR 26.6 thousand).

22. Other liabilities

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**646.3**	**295.0**
of which:		
- Currency translation adjustments	642.2	268.6
- Deposits from the assumption of losses	-	11.8
- Obligations from swap transactions	-	0.1
- Other	4.1	14.5

Other liabilities mostly include unpaid invoices.

23. Accrued expenses/deferred income

	30/6/2016 EUR million	31/12/2015 EUR million
Carrying amount	**22.7**	**14.9**
of which:		
- Non-recurring payments on swaps	7.1	8.0
- Premium on issuing business	14.4	5.6
- Premiums for sold interest rate caps and floors	1.1	1.2
- Other	0.1	0.1

24. Provisions

	Balance as of 31/12/2015 EUR million	Additions EUR million	Accumulation EUR million	Utilisation EUR million	Reversals EUR million	Other changes EUR million	Final balance 30/6/2016 EUR million
Taxes	**0.8**	**-**	**-**	**-**	**-**	**-**	**0.8**
Other provisions	**393.0**	**38.6**	**0.8**	**45.9**	**20.2**	**-16.1**	**350.2**
- Loans	229.1	14.9	-	6.7	14.4	-24.1	198.8
- Long-term equity investments	26.7	7.6	0.2	-	5.1	-0.4	29.0
- Legal actions	17.1	0.1	0.1	8.5	0.1	-0.1	8.6
- Personnel	0.4	-	-	-	-	-	0.4
- Other	119.7	16.0	0.5	30.7	0.6	8.5	113.4
Total	**393.8**	**38.6**	**0.8**	**45.9**	**20.2**	**-16.1**	**351.0**

When loans previously guaranteed by the EAA were transferred to the EAA, the provisions that had been recognised until then for the guaranteed holdings had to be converted into allowances for the assumed exposures. This effect is included in the category "Other changes" in the provisions for loans in the table shown above.

Other provisions primarily include amounts for risks that cannot be classified under any other type of provision.

25. Equity

The EAA's subscribed capital amounts to EUR 500,000 as at 30 June 2016.

The capital reserve totalling EUR 3,013.2 million results from the transfer of risk exposures and non-strategic business units of the former WestLB.

Other reserves amount to EUR 2.4 million and originate from the reversal of provisions for which the book values were reduced as a result of the change in the valuation of obligations under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

Net profit for the first half of 2016 amounts to EUR 3.2 million and reduces net retained losses to EUR 2,381.4 million as at 30 June 2016.

Notes on the income statement

26. Geographical breakdown of income components

The key income components of the EAA's income statement were generated in the following geographical markets:

	Interest income	**Current income**	**Fees and commission income**	**Other operating income**
	1/1 - 30/6/2016 EUR million	**1/1 - 30/6/2016 EUR million**	**1/1 - 30/6/2016 EUR million**	**1/1 - 30/6/2016 EUR million**
Germany	199.7	17.8	19.9	1.5
Great Britain	40.7	0.5	1.0	-
Rest of Europe	7.0	-	0.1	-
Far East and Australia	1.5	-	-	-
North America	19.8	-	0.2	-
IS amount	**268.7**	**18.3**	**21.2**	**1.5**

The geographic split of income is based on the operating branch office structure of Portigon in which the transactions were concluded prior to the transfer to the EAA.

Current income also includes the income from profit pooling, profit and loss transfer and partial profit and loss transfer agreements, if such agreements exist.

27. Other operating and prior-period expenses and income

Net other operating expenses and income in the first half of 2016 comprised EUR 2.3 million (previous year: EUR 2.2 million) in expenses and EUR 1.5 million (previous year: EUR 3.8 million) in income.

There were no material prior-period expenses and income in either the first half of 2016 or in the previous year.

28. Risk provision

Write-downs and allowance in accordance with section 340f (3) and section 340c (2) HGB

	1/1 - 30/6/2016 EUR million	1/1 - 30/6/2015 EUR million
Risk provision and financial investment result including loss assumption (pursuant to RechKredV)	**50.1**	**59.1**
Loans and securities income/expense	**16.1**	**11.4**
of which: - Lending operations	15.8	7.2
- Securities	0.3	4.2
Participations and securities income/expenses	**34.1**	**47.7**
of which: - Participations	19.1	53.4
- Securities	15.0	-5.7
Expenses from loss assumption	**-0.1**	**-**
Risk provision and financial investment result including loss assumption (pursuant to risk report)	**50.1**	**59.1**
Result of risk provisions - loans and advances/securities due to credit risk	**15.8**	**11.0**
of which: - Lending operations	6.1	13.9
- Structured securities	9.7	-2.9
Net income from investment securities, participations and loss assumption	**34.3**	**48.1**

The EAA always makes use of the options available under section 340f (3) and section 340c (2) HGB. Under section 340f (3) HGB, income and expenses resulting from the valuation in the lending business may be reported on a net basis with risk provisions for securities and income from the reversal of risk provisions on securities of the liquidity reserve. The net income amounts to EUR 16.1 million (previous year: net income of EUR 11.4 million). According to section 340c (2) HGB, the expenses for long-term equity investments, shares in affiliates and long-term investment securities may be offset against the corresponding income. Overall, the EAA shows a net income of EUR 34.1 million (previous year: net income EUR 47.7 million) as the risk result for participations and securities.

29. Taxes

Taxes on income and earnings amounting to EUR 0.3 million (previous year: EUR 0.3 million) primarily relate to foreign taxes.

In the current fiscal year, the EAA incurred other taxes in the amount of EUR 0.1 million, mainly comprising insurance tax (previous year: EUR 1.4 million, consisting primarily of foreign stamp duties).

Other disclosures

30. Contingencies

Contingent liabilities
Contingent liabilities amounting to EUR 7.6 billion (previous year: EUR 9.9 billion) primarily result from guarantees for Portigon's risk exposures and the liabilities inherited from WestImmo. The volume of these legacy WestImmo liabilities stood at EUR 4.3 billion as at 30 June 2016 (previous year: EUR 5.0 billion). This volume is constantly falling as a result of scheduled and unscheduled repayments. The EAA has also agreed on precautions with the Aareal Group that significantly reduce the likelihood of claims being asserted against the EAA. Firstly, it was decided that the Aareal Group would provide a liquidity facility to WestImmo, and secondly, a profit and loss transfer agreement was concluded between the Aareal Group and WestImmo. The contingent liabilities include obligations from credit default swaps amounting to EUR 111.6 million (previous year: EUR 194.5 million). Regarding these contingent liabilities, the EAA has no detailed knowledge of whether, when or to what extent these specific contingent liabilities will be realised. A provision will be made as soon as there are sufficient indications of probable losses being realised on the contingent liabilities.

Other obligations
The reported volume of EUR 3.1 billion (previous year: EUR 3.2 billion) is due to the lending business. The EAA constantly reviews whether losses from other obligations are to be expected and if a provision needs to be made for impending losses from pending transactions.

31. Forward contracts/derivative financial instruments

As part of its business activities, the EAA enters into the following types of forward contracts and derivative financial instruments:

- **Interest rate-related products**
  Interest rate swaps, interest rate futures, forward rate agreements, interest rate caps, interest rate floors, interest rate collars, swaptions and interest rate options

- **Currency-related products**
  Cross-currency interest rate swaps, forward cross-currency interest rate swaps, forward exchange contracts and currency option contracts

△ **Equity- and other price-related products**
Share options, index options, share and index warrants in issue

△ **Credit derivatives**
Credit default swaps, total return swaps and credit-linked notes

The total volume of forward transactions and derivatives transactions as at the reporting date amounts to EUR 387.6 billion based on notional values (previous year: EUR 436.3 billion). The focus remains on interest-rate-related products, whose share stands at 85.6% (previous year: 84.8%) of the total volume.

If they are exchange-traded, derivative financial instruments are valued at the market price on the balance sheet date. For non-exchange-traded derivatives, market values were determined on the basis of actuarial measurement models as well as valuation parameters available on the market (including interest rates, interest rate volatilities and exchange rates).

Derivative financial instruments – volume as of the balance sheet date

	Notional amount		Positive market values		Negative market values	
	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million
Interest rate-related products	**331,975.7**	**370,046.1**	**29,374.9**	**25,353.5**	**30,096.6**	**25,540.9**
OTC products	327,470.4	363,924.6	29,374.9	25,353.5	30,096.6	25,540.9
Exchange-traded products	4,505.3	6,121.5	-	-	-	-
Currency-related products	**52,654.9**	**62,869.9**	**1,629.1**	**2,074.2**	**1,198.9**	**1,140.8**
OTC products	52,654.9	62,869.9	1,629.1	2,074.2	1,198.9	1,140.8
Equity- and other price-related products	**2,584.8**	**2,666.2**	**200.4**	**127.4**	**200.4**	**146.7**
OTC products	2,479.3	2,443.7	198.0	118.5	195.8	138.9
Exchange-traded products	105.5	222.5	2.4	8.9	4.6	7.8
Credit derivatives	**402.9**	**767.2**	**3.9**	**5.9**	**5.1**	**7.9**
OTC products	402.9	767.2	3.9	5.9	5.1	7.9
Total	**387,618.3**	**436,349.4**	**31,208.3**	**27,561.0**	**31,501.0**	**26,836.3**
OTC products	383,007.5	430,005.4	31,205.9	27,552.1	31,496.4	26,828.5
Exchange-traded products	4,610.8	6,344.0	2.4	8.9	4.6	7.8

The average annual notional volume of forward contracts and derivatives transactions amounted to EUR 410.4 billion in the current fiscal year 2016 (previous year: EUR 472.9 billion).

Derivative financial instruments – average volumes

	Notional amount		Positive market values		Negative market values	
	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million
Interest rate-related products	**349,103.3**	**394,235.7**	**27,526.3**	**28,907.4**	**28,019.0**	**29,121.4**
OTC products	343,142.6	390,185.9	27,526.3	28,907.4	28,019.0	29,121.4
Exchange-traded products	5,960.7	4,049.8	-	-	-	-
Currency-related products	**58,214.3**	**72,111.3**	**1,944.8**	**2,391.1**	**1,306.2**	**1,572.3**
OTC products	58,214.3	72,111.3	1,944.8	2,391.1	1,306.2	1,572.3
Equity- and other price-related products	**2,606.4**	**5,040.6**	**167.2**	**212.1**	**173.2**	**253.1**
OTC products	2,423.5	2,682.1	161.6	136.8	167.2	169.1
Exchange-traded products	182.9	2,358.5	5.6	75.3	6.0	84.0
Credit derivatives	**524.5**	**1,531.1**	**5.1**	**8.9**	**6.5**	**10.9**
OTC products	524.5	1,531.1	5.1	8.9	6.5	10.9
Total	**410,448.5**	**472,918.7**	**29,643.4**	**31,519.5**	**29,504.9**	**30,957.7**
OTC products	404,304.9	466,510.4	29,637.8	31,444.2	29,498.9	30,873.7
Exchange-traded products	6,143.6	6,408.3	5.6	75.3	6.0	84.0

Without exception, forward and derivatives transactions are concluded for hedging purposes.

The received and paid option premiums for derivative financial instruments not included in the trading portfolio are reported in other assets and other liabilities.

Derivative financial instruments – maturities

	Interest rate-related products		Currency-related products		Equity- and other price-related products		Credit derivatives	
	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million	30/6/2016 EUR million	31/12/2015 EUR million
Due								
- within 3 months	47,195.9	43,818.7	15,954.1	17,855.9	189.5	118.3	7.0	363.7
- 3 months to 1 year	38,875.7	51,092.7	7,620.0	12,374.1	150.4	507.5	261.8	34.8
- 1 to 5 years	116,424.3	136,751.1	17,774.3	19,876.0	2,244.9	575.5	111.0	345.0
- after 5 years	129,479.8	138,383.6	11,306.5	12,763.9	-	1,464.9	23.1	23.7
Total	**331,975.7**	**370,046.1**	**52,654.9**	**62,869.9**	**2,584.8**	**2,666.2**	**402.9**	**767.2**

32. Number of employees

The average number of employees (headcount) during the reporting period was as follows:

	Female	Male	Total 1/1 - 30/6/2016	Total 1/1 - 30/6/2015
Number of employees	59	87	146	132

As at 30 June 2016 the EAA employed 140 (previous year: 129) full-time equivalents.

The increase in the number of employees is due to the acquisition of services that Portigon could no longer provide, as well as the necessity to comply with the procurement directives under the German Federal Budget Code (Bundeshaushaltsordnung).

33. Stakeholders of the EAA

	30/6/2016 in %	31/12/2015 in %
State of NRW	48.202	48.202
Rheinischer Sparkassen- und Giroverband	25.032	25.032
Sparkassenverband Westfalen-Lippe	25.032	25.032
Landschaftsverband Rheinland	0.867	0.867
Landschaftsverband Westfalen-Lippe	0.867	0.867
Total	**100.000**	**100.000**

34. Memberships of other bodies held by Managing Board members

The following members of the Managing Board of the EAA are members of a supervisory board or other supervisory bodies of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB. Details of the memberships of other bodies marked with * are provided on a voluntary basis as the companies are not classed as large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

Matthias Wargers
EAA Portfolio Advisers GmbH *
Erste Financial Services GmbH (since 7 April 2016)

Markus Bolder
EAA Portfolio Advisers GmbH *
Erste Financial Services GmbH (since 7 April 2016)

Horst Küpker
Börse Düsseldorf AG *

35. Memberships of other bodies held by employees

The following employees of the EAA are members of a supervisory board or other supervisory bodies of large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB. Details of the memberships of other bodies marked with * are provided on a voluntary basis as the companies are not classed as large public companies pursuant to section 340a (4) No. 1 in conjunction with section 267 (3) HGB.

Dr Ulf Bachmann
Erste Financial Services GmbH (since 7 April 2016)

Gabriele Müller
EAA Covered Bond Bank Plc
EAA Portfolio Advisers GmbH *

Hartmut Rahner
EAA Covered Bond Bank Plc

36. Executive bodies of the EAA

Members of the Managing Board of the EAA

Matthias Wargers (Spokesman)
Markus Bolder
Horst Küpker

Members of the Supervisory Board of the EAA

Dr Rüdiger Messal
Chairman | State Secretary in the Finance Ministry of NRW

Joachim Stapf
Vice Chairman | Undersecretary (Leitender Ministerialrat) in the Finance Ministry of NRW

Dr Karlheinz Bentele (until 30 April 2016)
Former President of the Rheinischer Sparkassen- und Giroverband,
Former member of the Executive Committee (Leitungsausschuss) of the FMSA

Günter Borgel
Member of the Executive Committee (Leitungsausschuss) of the FMSA

Michael Breuer
President of the Rheinischer Sparkassen- und Giroverband

Hans Buschmann (since 16 March 2016)
Deputy Association Director of the Rheinischer Sparkassen- und Giroverband

Rolf Einmahl (since 1 May 2016)
Lawyer,
Member of the Landschaftsversammlung of the Landschaftsverband Rheinland

Henning Giesecke
Managing Director of GSW Capital Management GmbH,
Former Chief Risk Officer of HypoVereinsbank AG and UniCredit Group

Wilfried Groos
Chairman of the Managing Board of the Sparkasse Siegen

Matthias Löb
Director of the Landschaftsverband Westfalen-Lippe

Angelika Marienfeld (since 2 May 2016)
Former State Secretary in the Finance Ministry of NRW

Michael Stölting
Member of the Managing Board of NRW.BANK

Jürgen Wannhoff
Vice President and Member of the Managing Board of the Sparkassenverband Westfalen-Lippe

Dr h.c. Uwe Zimpelmann (until 1 May 2016)
Former Chairman of the Landwirtschaftliche Rentenbank

Stakeholders' Meeting of the EAA
The Stakeholders' Meeting is made up of representatives of the stakeholders (see Note 33).

37. Information on shareholdings

Supplementary disclosures pursuant to section 285 (11) and (11a), and section 340a (4) No. 2 HGB

Shareholdings in a foreign currency converted into EUR using the balance sheet rate
Disclosure of capital share and voting rights in %, amounts in EUR thousand
Disclosure of voting rights only if the percentage share differs from the share of capital

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
1	Achte EAA-Beteiligungs GmbH [14)]	Düsseldorf	100.00		EUR	25	0
2	ANC Handels GmbH & Co. KG [1)]	Mörfelden-Walldorf	1.00			n.s.	n.s.
3	APAX Europe V-C GmbH & Co. KG [1)]	Munich	0.33			n.s.	n.s.
4	Badischer Immobilienfonds 12 BI-Immobilienanlage GmbH & Co. KG Objekte Bielefeld - Offenburg - München [1) 9)]	Düsseldorf	0.46	0.00	EUR	1,391	-344
5	Badischer Immobilienfonds 14 BI-Immobilienanlage GmbH & Co. KG Objekte Hannover - Göppingen - Freiburg [1)9)]	Düsseldorf	0.05		EUR	6,196	384
6	Badischer Immobilienfonds 18 BI-Immobilienanlage GmbH & Co. KG Objekte Berlin-Leer i.L. [1) 9)]	Düsseldorf	0.11	0.00	EUR	1,436	-1
7	Badischer Immobilienfonds 19 S BI-Immobilienanlage GmbH & Co. KG Objekte Hamburg - Offenbach - Berlin i.L. [1) 9)]	Düsseldorf	0.09	0.00	EUR	355	-10
8	Badischer Immobilienfonds 23 BI-Immobilienanlage KG Objekt Sindelfingen [1) 9)]	Düsseldorf	0.07	0.00	EUR	13,028	568
9	Badischer Immobilienfonds 6 - BI - Immobilienanlage KG - Objekte Hamburg i.L. [1) 9)]	Düsseldorf	0.08	0.00	EUR	253	-11
10	Börse Düsseldorf AG [14)]	Düsseldorf	21.95		EUR	52,747	473
11	Castello di Casole Agricoltura S.r.l. società agricola [1) 14)]	Casole d'Elsa, Italy	100.00		EUR	50	-17
12	Castello di Casole S.r.l. [14)]	Casole d'Elsa, Italy	100.00		EUR	2,308	11,287
13	Castello Resort Villas S.r.l. [14)]	Casole d'Elsa, Italy	100.00		EUR	391	-259
14	CBAL S.A. [2) 13)]	Brussels, Belgium	100.00		EUR	1,305	330
15	CLS Group Holdings AG [14)]	Lucerne, Switzerland	0.47		CHF	521,759	-1,608
16	COREplus Private Equity Partners GmbH & Co. KG [1) 9)]	Düsseldorf	36.52	0.00	EUR	28,760	5,240
17	COREplus Private Equity Partners II - Diversified Fund, L. P. [14)]	Wilmington, USA	24.75	0.00	USD	36,780	3,814
18	Corsair III Financial Services Capital Partners L.P.	Wilmington, USA	1.84	0.00		n.s.	n.s.
19	Corsair III Financial Services Offshore Capital Partners L.P.	George Town, Cayman Islands	1.84	0.00		n.s.	n.s.
20	Deutsche Anlagen-Leasing Service & Co. Objekt ILB Potsdam KG [1) 14)]	Mainz	59.83	59.58	EUR	3,134	2,975
21	Dritte EAA Anstalt & Co. KG [2)]	Düsseldorf	100.00			n.s.	n.s.
22	Düsseldorfer Börsenhaus GmbH [14)]	Düsseldorf	5.00		EUR	815	48
23	Dusskapital Zwanzig Beteiligungsgesellschaft mbH [14)]	Düsseldorf	100.00		EUR	33	5
24	EAA Charity LLP [1)]	Wilmington, USA	100.00			n.s.	n.s.
25	EAA Covered Bond Bank Plc [14) 15)]	Dublin 1, Ireland	100.00		EUR	471,006	-299,641
26	EAA DLP I LLP [1) 14)]	Wilmington, USA	100.00		USD	107,301	27,118

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
27	EAA DLP II LLP [1) 14)]	Wilmington, USA	100.00		USD	125,483	11,975
28	EAA DLP III LLP [1) 14)]	Wilmington, USA	100.00		USD	156,225	30,048
29	EAA do Brasil Participacoes, Representacoes e Negocios Ltda. [9)]	Sao Paulo, Brazil	100.00		BRL	2,939	170
30	EAA Europa Holding GmbH [4) 14)]	Düsseldorf	100.00		EUR	12,706	0
31	EAA Greenwich LLP [1)]	Wilmington, USA	100.00			n.s.	n.s.
32	EAA Japan K.K. [3) 14)]	Tokyo, Japan	100.00		JPY	43,604	-750
33	EAA LAT ABC LLP [1) 14)]	Wilmington, USA	100.00		USD	183,787	-1,715
34	EAA LAT II LLP [1) 14)]	Wilmington, USA	100.00		USD	205,333	-13,669
35	EAA LS Holdings LLC [1) 14)]	Wilmington, USA	100.00		USD	118	n.s.
36	EAA PF LLP [1) 14)]	Wilmington, USA	100.00		USD	138,454	14,033
37	EAA Portfolio Advisers GmbH [14)]	Düsseldorf	100.00		EUR	8,253	1,228
38	EAA Portfolio Advisers LLC [1) 14)]	New York, USA	100.00		USD	79	15
39	EAA Spyglass Holdings LLC [1) 14)]	Wilmington, USA	100.00		USD	16,765	-8
40	EAA Triskele LLP [1) 14)]	Wilmington, USA	100.00		USD	210,846	-4,666
41	EAA US Holdings Corporation [14)]	Wilmington, USA	100.00		USD	26,392	770
42	ECIP Europcar S.a.r.l [14)]	Luxembourg, Luxembourg	4.09		EUR	79,761	8,380
43	EMG Projekt Gewerbepark Ludwigsfelde/Löwenbruch GmbH [9)]	Berlin	47.50		EUR	316	-199
44	Entertainment Asset Holdings C.V. [1) 7)]	Amsterdam, Netherlands	36.36		USD	0	0
45	EQT III GmbH & Co. KG [1)]	Munich	1.18			n.s.	n.s.
46	Erste EAA-Beteiligungs GmbH [4) 14)]	Düsseldorf	100.00		EUR	16	0
47	Erste Financial Services GmbH [14)]	Düsseldorf	100.00		EUR	102,744	668
48	Eurazeo Partners SCA, SICAR [14)]	Luxembourg, Luxembourg	5.43	0.00	EUR	278,007	61,826
49	Europcar Groupe S.A. [1) 14)]	Guyancourt, France	0.00		EUR	562,356	-55,758
50	GKA Gesellschaft für kommunale Anlagen mbH [1) 14)]	Düsseldorf	100.00		EUR	129	582
51	Immobiliengesellschaft Objekte Essen und Magdeburg Bernhard Becker KG [1) 9)]	Düsseldorf	0.14		EUR	-1,332	146
52	Immobiliengesellschaft Objekte Essen, Hürth und Ratingen Bernhard Becker KG i. L. [1) 9)]	Düsseldorf	0.06		EUR	1,485	297
53	Immobiliengesellschaft Objekte Plaza Potsdam und Wiesbaden Karlheinz Sternkopf GmbH & Co. KG [1) 9)]	Düsseldorf	6.39	6.42	EUR	9,729	880
54	Indigo Holdco LLC [1) 9)]	New York, USA	100.00		USD	2,539	n.s.
55	Indigo Land Groveland LLC [1)]	New York, USA	100.00			n.s.	n.s.
56	Indigo Land Progresso Lofts, LLC [1)]	New York, USA	100.00			n.s.	n.s.
57	Indigo Real Estate, LLC [1) 5)]	New York, USA	100.00		USD	11,419	n.s.
58	KA Deutschland Beteiligungs GmbH & Co KG [1) 14)]	Düsseldorf	100.00		EUR	4,748	774
59	Kassiterit Beteiligungs GmbH [1) 14)]	Düsseldorf	100.00		EUR	0	-9
60	KB Zwei Länder Beteiligungs- und Verwaltungs GmbH & Co. KG [1) 9)]	Düsseldorf	100.00		EUR	674	-9
61	KB Zwei Länder Beteiligungsgesellschaft mbH [1) 9)]	Düsseldorf	100.00		EUR	423	-17

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
62	Leasing Belgium N.V. [1) 14)]	Antwerp, Belgium	100.00		EUR	452	-36
63	Life.Value Properties GmbH [1) 14)]	Düsseldorf	100.00		EUR	369	42
64	Liquiditäts-Konsortialbank Gesellschaft mit beschränkter Haftung i.L. [1) 8)]	Frankfurt am Main	6.55		EUR	236,224	7,629
65	MCC Bradley LLC [1) 14)]	East Hartford, USA	100.00		USD	677	-416
66	MCC Diamond Point LLC [1) 14)]	Wilmington, USA	100.00		USD	546	-314
67	MCC Divot Place LLC [1) 14)]	Wilmington, USA	100.00		USD	n.s.	31
68	MCC Lake Unity LLC [1) 14)]	Wilmington, USA	100.00		USD	4	455
69	MCC Paris LLC [1) 14)]	Wilmington, USA	100.00		USD	2,135	-101
70	MCC SB Condo LLC [1) 14)]	Wilmington, USA	100.00		USD	1,368	-1,591
71	MCC Tern Landing LLC [1) 14)]	Wilmington, USA	100.00		USD	1,034	345
72	MCC WK Commercial LLC [1) 14)]	Wilmington, USA	100.00		USD	620	-105
73	MCC WK Residential LLC [1) 14)]	Wilmington, USA	100.00		USD	332	-76
74	Meritech Capital Partners II L.P. [1)]	Palo Alto, USA	0.06			n.s.	n.s.
75	Methuselah Life Markets Limited [9)]	London, Great Britain	100.00		GBP	1,115	12
76	MFC AOLS LLC [1)]	New York, USA	100.00			n.s.	n.s.
77	MFC CMark LLC [1) 14)]	New York, USA	100.00		USD	n.s.	-68
78	MFC Eagle Realty LLC [1)]	New York, USA	100.00			n.s.	n.s.
79	MFC Holdco, LLC [1) 14)]	New York, USA	100.00		USD	9,698	-3,582
80	MFC New Paradigm LLC [1)]	New York, USA	100.00			n.s.	n.s.
81	MFC Pinecrest LLC [1)]	New York, USA	100.00			n.s.	n.s.
82	MFC Real Estate LLC [1) 14)]	New York, USA	100.00		USD	2,981	-1,741
83	MFC Waterfront LLC [1)]	Wilmington, USA	100.00			n.s.	n.s.
84	Mod CapTrust Holding LLC [1) 14)]	Dover, USA	100.00		USD	-10	3,363
85	Monolith Grundstücksverwaltungsgesellschaft mbH [1) 9)]	Mainz	100.00		EUR	98	6
86	Monolith Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Neubau Sparkassen-Versicherung Sachsen OHG [1) 6)]	Mainz	5.00	76.00	EUR	20,889	1,504
87	Nephelin Grundstücksverwaltungsgesellschaft mbH [1) 9)]	Mainz	100.00		EUR	-51	-3
88	Neunte EAA-Beteiligungs GmbH	Düsseldorf	100.00			n.s.	n.s.
89	New NIB Partners LP [14)]	New York, USA	1.59	0.00	EUR	984,538	28,201
90	Nine Entertainment Co Holdings Limited [11)]	Willoughby, Australia	1.13		AUD	725,434	-397,213
91	ParaFin LLC [1) 14)]	New York, USA	100.00		USD	-7	-7
92	Pathos Bay LLC [14)]	Dover, USA	100.00		USD	-602	-2,841
93	PE Projekt-Entwicklungsgesellschaft mbH [1) 14)]	Düsseldorf	100.00		EUR	30	4
94	PM Portfolio Management GmbH [1) 14)]	Düsseldorf	100.00		EUR	64	1
95	Projekt Carrée am Bahnhof GmbH & Co. Bürozentrum KG in Insolvenz [1) 5)]	Bad Homburg	51.00		EUR	-3,572	-117
96	Projekt Carrée am Bahnhof Verwaltungs GmbH in Insolvenz [1) 5)]	Bad Homburg	51.00		EUR	-13	0
97	Rheinische Treuhandservice GmbH [1)]	Düsseldorf	100.00			n.s.	n.s.

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
98	Rheinisch-Westfälische Immobilien-Anlagegesellschaft Fonds 25 Dr. Steiger GmbH & Co. KG [1) 9)]	Düsseldorf	0.25		EUR	0	-170
99	Rheinisch-Westfälische Immobilien-Anlagegesellschaft Fonds 34 Adolf Meyer GmbH & Co. KG [1) 9)]	Düsseldorf	0.44	0.10	EUR	1,967	2,564
100	Rheinisch-Westfälische Immobilien-Anlagegesellschaft Fonds 40 Hugo Boegemann GmbH & Co. KG - Fonds Kreissparkasse Köln i.L. [1) 9)]	Düsseldorf	0.96	0.10	EUR	1,745	-43
101	Rheinisch-Westfälische Immobilien-Anlagegesellschaft Fonds 43 Dr. Alfred Steiger GmbH & Co. KG i. L. [1) 9)]	Düsseldorf	0.32		EUR	1,035	32
102	Rheinisch-Westfälische Immobilien-Anlagegesellschaft Fonds 47 Dr. Paul Spelsberg GmbH & Co. KG i. L. [1) 9)]	Düsseldorf	1.00		EUR	1,459	-50
103	S-Chancen-Kapitalfonds NRW GmbH i.L. [14)]	Haan	50.00		EUR	2,065	-39
104	Sechste EAA-Beteiligungs GmbH [14)]	Düsseldorf	100.00		EUR	11	-9
105	SI Immobilienfonds Beteiligungsgesellschaft mbH & Co. KG - Objekt Berlin, Carnotstrasse i.L. [1) 5)]	Mannheim	0.03		EUR	726	-2,345
106	Siebte EAA-Beteiligungs GmbH [14)]	Düsseldorf	100.00		EUR	25	0
107	Signa 05/HGA Luxemburg Objekt Ikaros Immobilienfonds GmbH & Co. KG [1) 6)]	Düsseldorf	0.37		EUR	44,356	1,670
108	Special PEP II GP Investors, L.L.C. [14)]	Wilmington, USA	50.00	0.00	USD	274	-307
109	Special Private Equity Partners II, L.P. [14)]	Wilmington, USA	18.79	0.00	USD	26,901	-1,503
110	Stadtkrone Ost Entwicklungsgesellschaft mbH & Co. KG [14)]	Dortmund	10.00		EUR	2,600	753
111	ThyssenKrupp Aufzugswerke GmbH [12)]	Neuhausen auf den Fildern	0.50		EUR	13,951	0
112	ThyssenKrupp Electrical Steel GmbH [12)]	Gelsenkirchen	0.42		EUR	96,622	0
113	thyssenkrupp Materials Services GmbH [12)]	Essen	0.16		EUR	745,235	0
114	ThyssenKrupp Rasselstein GmbH [12)]	Andernach	0.50		EUR	247,021	0
115	ThyssenKrupp Stahl-Service-Center GmbH [12)]	Krefeld	0.42		EUR	57,903	0
116	True Sale International GmbH [14)]	Frankfurt am Main	7.69	9.09	EUR	4,763	71
117	Welsh, Carson, Anderson & Stowe IX GmbH & Co. KG [1)]	Munich	2.90			n.s.	n.s.
118	West Equity Fonds GmbH [14) 16)]	Düsseldorf	100.00		EUR	25	0
119	West Life Markets GmbH & Co. KG [4) 14)]	Düsseldorf	100.00		EUR	1,312	0
120	West Merchant Limited [9)]	London, Great Britain	100.00		GBP	60	40
121	West Zwanzig GmbH [4) 14)]	Düsseldorf	100.00		EUR	25	0
122	Westdeutsche ImmobilienHolding GmbH [4) 14)]	Düsseldorf	94.60		EUR	5,539	0
123	WestFonds 3 Berlin Allende-Center GmbH & Co. KG i.L. [1) 9)]	Düsseldorf	0.08	0.45	EUR	816	126
124	WestFonds 3 Düsseldorf, Tiefenbroicher Weg GmbH & Co. KG [1) 9)]	Düsseldorf	6.29	7.86	EUR	3,690	655
125	WestFonds 4 Gera Arcaden GmbH & Co KG i.L. [1) 9)]	Düsseldorf	17.06	17.17	EUR	1,908	-27
126	WestFonds 5 Büropark Aachen Laurensberg KG [1) 9)]	Düsseldorf	49.16	49.01	EUR	3,320	390
127	WestFonds 5 Palazzo Fiorentino Frankfurt KG i.L. [1) 9)]	Düsseldorf	45.66	45.53	EUR	2,239	-61
128	WestFonds 5 Walle-Center Bremen KG i.L. [1) 9)]	Düsseldorf	46.07	45.94	EUR	4,259	-108

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
129	WestFonds 6 Hotel am Büsing Palais Offenbach GmbH & Co. KG [1) 9)]	Düsseldorf	7.35	7.40	EUR	9,398	-5,681
130	WestFonds BI-Management GmbH [1) 9)]	Düsseldorf	100.00		EUR	22	-5
131	WestFonds Dachfonds Schiffe GmbH [1) 9)]	Düsseldorf	100.00		EUR	-109	5
132	WestFonds Fondsvermögensverwaltungs GmbH [1) 9)]	Düsseldorf	100.00		EUR	20	-6
133	WestFonds Geschäftsführungsgesellschaft 1 mbH [1) 9)]	Düsseldorf	100.00		EUR	74	-16
134	WestFonds Geschäftsführungsgesellschaft 2 mbH i.L. [1) 10)]	Düsseldorf	100.00		EUR	0	-4
135	WestFonds Gesellschaft für geschlossene Immobilienfonds mbH [1) 9)]	Düsseldorf	100.00		EUR	57	-4
136	WestFonds Holland Grundstücksgesellschaft Voorburg und s'Hertogenbosch mbH [1) 9)]	Düsseldorf	100.00		EUR	-18	-9
137	WestFonds Immobilien Gesellschaft Objekt Halle/Saale Charlottenstraße mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	4,530	10
138	WestFonds Immobilien-Anlagegesellschaft mbH [4) 14)]	Düsseldorf	94.90		EUR	4,302	0
139	WestFonds Immobiliengesellschaft Objekt Essen Schnieringshof 10-14 mbH [1) 9)]	Düsseldorf	100.00		EUR	2,520	329
140	WestFonds Management GmbH & Co KG i.L. [1) 9)]	Düsseldorf	94.90		EUR	74	-1
141	WestFonds MP Hotels Deutschland GmbH & Co. KG [1) 9)]	Düsseldorf	6.13	6.94	EUR	9,333	522
142	WestFonds MP Hotels Holland GmbH & Co. KG [1) 9)]	Düsseldorf	6.52	6.96	EUR	7,586	267
143	WestFonds Premium Select Management GmbH [1) 9)]	Düsseldorf	100.00		EUR	24	-2
144	WestFonds Premium Select Verwaltung GmbH [1) 9)]	Düsseldorf	100.00		EUR	43	1
145	WestFonds Verwaltung GmbH [1) 9)]	Schönefeld	100.00		EUR	115	28
146	WestFonds-PHG Gesellschaft RWI-Fonds 125 mbH [1) 9)]	Düsseldorf	100.00		EUR	21	-5
147	WestFonds-PHG Gesellschaft RWI-Fonds 140 mbH [1) 9)]	Düsseldorf	100.00		EUR	26	-4
148	WestFonds-PHG Gesellschaft RWI-Fonds 43 mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	18	-5
149	WestFonds-PHG Gesellschaft RWI-Fonds 47 mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	22	-5
150	WestFonds-PHG Gesellschaft WestFonds 2 D mbH [1) 9)]	Düsseldorf	100.00		EUR	27	-3
151	WestFonds-PHG Gesellschaft WestFonds 2 H mbH [1) 9)]	Düsseldorf	100.00		EUR	27	-3
152	WestFonds-PHG Gesellschaft WestFonds 5 Aachen mbH [1) 9)]	Düsseldorf	100.00		EUR	24	-5
153	WestFonds-PHG Gesellschaft WestFonds 5 Frankfurt mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	21	-5
154	WestFonds-PHG-Gesellschaft BI-Fonds 12 mbH [1) 9)]	Düsseldorf	100.00		EUR	27	-3
155	WestFonds-PHG-Gesellschaft BI-Fonds 14 mbH [1) 9)]	Düsseldorf	100.00		EUR	28	-3
156	WestFonds-PHG-Gesellschaft BI-Fonds 18 S mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	25	-3
157	WestFonds-PHG-Gesellschaft BI-Fonds 19 S mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	23	-5
158	WestFonds-PHG-Gesellschaft BI-Fonds 23 mbH [1) 9)]	Düsseldorf	100.00		EUR	22	-5
159	WestFonds-PHG-Gesellschaft KA Deutschland Beteiligungsgesellschaft mbH [1) 9)]	Düsseldorf	100.00		EUR	27	-4
160	WestFonds-PHG-Gesellschaft KB Zwei Länder Beteiligungsgesellschaft mbH [1) 9)]	Düsseldorf	100.00		EUR	28	-4

Other shareholdings

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
161	WestFonds-PHG-Gesellschaft RWI-Fonds 25 mbH [1) 9)]	Düsseldorf	100.00		EUR	74	-4
162	WestFonds-PHG-Gesellschaft RWI-Fonds 34 mbH [1) 9)]	Düsseldorf	100.00		EUR	48	-10
163	WestFonds-PHG-Gesellschaft RWI-Fonds 40 mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	22	-5
164	WestFonds-PHG-Gesellschaft WestFonds 3 Berlin mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	22	-5
165	WestFonds-PHG-Gesellschaft WestFonds 3 Düsseldorf mbH [1) 9)]	Düsseldorf	100.00		EUR	29	-4
166	WestFonds-PHG-Gesellschaft WestFonds 4 mbH i.L. [1) 9)]	Düsseldorf	100.00		EUR	21	-5
167	WestFonds-PHG-Gesellschaft WestFonds 6 mbH [1) 9)]	Düsseldorf	100.00		EUR	35	-1
168	WestGKA Management Gesellschaft für kommunale Anlagen mbH [2) 4) 14)]	Düsseldorf	100.00		EUR	642	0
169	WestInvest Gesellschaft für Investmentfonds mbH [9)]	Düsseldorf	0.00		EUR	11,339	0
170	WestLB Asset Management (US) LLC [14)]	Wilmington, USA	100.00		USD	26,380	476
171	WestLB Trust GmbH & Co. Trust Drei KG - Premium Immobilienbeteiligungen [1)]	Düsseldorf	0.01			n.s.	n.s.
172	WestLB Trust GmbH & Co. Trust Drei KG - Premium Private Equity [1)]	Düsseldorf	0.01			n.s.	n.s.
173	WestLeasing International GmbH [1) 9)]	Düsseldorf	100.00		EUR	182	-9
174	WestLeasing Westdeutsche Leasing Holding GmbH [4) 14)]	Düsseldorf	94.90		EUR	11,625	0
175	WestProject & Consult Gesellschaft für Projektentwicklung und Consulting mbH i.L. [1) 14) 17)]	Düsseldorf	100.00		EUR	276	0
176	WestVerkehr Beteiligungsgesellschaft mbH [1) 14)]	Düsseldorf	100.00		EUR	102	-10
177	Winoa Steel Co. S.A. [14)]	Luxembourg, Luxembourg	3.12		EUR	1,423	-119
178	WIV GmbH & Co. Beteiligungs KG [9)]	Frankfurt am Main	5.10		EUR	12,870	770
179	WLB CB Holding LLC [1) 14)]	New York, USA	100.00		USD	-9	1,048
180	WMB Beteiligungs GmbH [1) 14)]	Düsseldorf	100.00		EUR	10	-8

Interest greater than 5% (large corporations)

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
181	AKA Ausfuhrkredit-Gesellschaft mbH [14)]	Frankfurt am Main	5.02		EUR	212,967	16,035
182	Banco Finantia S.A. [14)]	Lisbon, Portugal	8.57		EUR	348,369	27,629

Other companies for which the EAA assumes unlimited liability

No.	Name	Location	Capital share	Voting rights	CCY	Equity	Result
183	GbR Industrie- und Handelskammer Rheinisch-Westfälische-Börse	Düsseldorf	5.88	5.00	EUR	n.s.	n.s.
184	GLB GmbH & Co. OHG	Frankfurt am Main	15.47		EUR	n.s.	n.s.

[1] Indirect shareholdings.
[2] Including indirectly held shares.
[3] A letter of comfort exists.
[4] A profit and loss transfer agreement is in place with this company.
[5] Data as at 31 December 2009.
[6] Data as at 31 December 2013.
[7] Data as at 30 June 2014.
[8] Data as at 31 July 2014.
[9] Data as at 31 December 2014.
[10] Data as at 31 March 2015.
[11] Data as at 30 June 2015.
[12] Data as at 30 September 2015.
[13] Data as at 31 October 2015.
[14] Data as at 31 December 2015.
[15] A global guarantee exists.
[16] The EAA is the economic owner of the company; a profit and loss transfer agreement is in place between the company and Portigon.
[17] A profit and loss transfer agreement is in place between the company and its immediate parent; a profit and loss transfer agreement is also in place between the parent company and the EAA.

The list of shareholdings was expanded based on the amendment to section 285 (11) HGB as required under the German Accounting Directive Implementation Act (Bilanzrichtlinie Umsetzungsgesetz – BilRUG). The list now includes companies in which the EAA holds an interest of less than 20%. The resulting first-time inclusion of a company in the list of shareholdings does not mean, however, that the equity investment was actually made after 31 December 2015. Under section 286 (3) HGB, the reporting of shareholdings and affiliated enterprises was occasionally waived where these are of minor importance for the presentation of the net assets, financial position and results of operations of the company.

Subsequent events

The EAA disposed of its stake in WestFonds to HCI Capital AG on 8 July 2016. The closing was at the end of July 2016 after all official approvals were obtained. The sale of the stake in WestFonds marked an important step towards further reducing the complexity of the EAA portfolio and swiftly completing the task of winding up the former WestLB portfolio. The restructuring of WestFonds undertaken in conjunction with the sale, in particular the transfer of pension and other personnel obligations to the newly founded Neunte EAA-Beteiligungs GmbH, and the sales proceeds were already included in the valuation of the EAA's investment in WestFonds as at 30 June 2016.

Furthermore, the EAA is pursuing initiatives to dispose of other subsidiaries within the framework of its wind-up mandate. These negotiations did not impact the valuation of the subsidiaries.

No other significant events requiring disclosure have occurred after the reporting date.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for the interim report, the interim financial statements give a true and fair view of the assets and financial position as well as the earnings situation of the institution, and the interim management report includes a fair review of the development and performance of the business and the position of the institution, together with a description of the material opportunities and risks associated with the expected development of the institution for the remainder of the fiscal year.

Düsseldorf, 18 August 2016

Erste Abwicklungsanstalt

Matthias Wargers
Spokesman
of the Managing Board

Markus Bolder
Member
of the Managing Board

Horst Küpker
Member
of the Managing Board

Review report

To the Erste Abwicklungsanstalt, Düsseldorf

We have reviewed the condensed interim financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim management report of Erste Abwicklungsanstalt, Düsseldorf for the period from 1 January to 30 June 2016, which are part of the half-year financial report pursuant to section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim financial statements in accordance with German commercial law and of the interim management report in accordance with the provisions of the WpHG applicable to interim management reports is the responsibility of the institution's Managing Directors. Our responsibility is to issue a review report on the condensed interim financial statements and on the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany or IDW). These standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed interim financial statements have not been prepared, in all material respects, in accordance with German commercial law and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim management reports. A review is limited primarily to inquiries of institution's personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim financial statements have not been prepared, in all material respects, in accordance with German commercial law nor that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim management reports.

Düsseldorf, 19 August 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Peters	ppa. Ralf Scherello
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

List of abbreviations

ABS	Asset backed securities
ALM	Asset liability management
APAC	Asia, Pacific and Japan
AT	General part (Allgemeiner Teil)
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
BGH	German Supreme Court (Bundesgerichtshof)
BilMoG	German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz)
BilRUG	German Accounting Directive Implementation Act (Bilanzrichtlinie Umsetzungsgesetz)
Bp	Basis points
CCY	Currency code
CDS	Credit default swaps
CVA	Credit valuation adjustments
DAX	German Equities Index (Deutscher Aktienindex)
DBRS	Dominion Bond Rating Service
DRS	German Accounting Standard (Deutscher Rechnungslegungsstandard)
EAA	Erste Abwicklungsanstalt, Düsseldorf
EAA CBB	EAA Covered Bond Bank Plc, Dublin/Ireland
EAA GW	EAA Global Watchlist
EAA KK	EAA Japan K.K., Tokyo/Japan
EaD	Exposure at default
EC	European Community
ECB	European Central Bank
EEC	European Economic Community
EFS	Erste Financial Services GmbH, Düsseldorf (until 28 June 2016 Portigon Financial Services GmbH)
EMEA	Europe, Middle East and Africa
EPA	EAA Portfolio Advisers GmbH, Düsseldorf
EU	European Union
EURO STOXX	European Stock Index
EUSS	European Super Senior Notes
FED	Federal Reserve
Fitch	Fitch Ratings
FMS	German Financial Market Stabilisation Fund (Finanzmarktstabilisierungsfonds)
FMSA	German Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung – FMSA)
FMStFG	German Financial Market Stabilisation Fund Act (Finanzmarktstabilisierungsfondsgesetz)
FX effect	Foreign exchange effect
GDP	Gross domestic product
HGB	German Commercial Code (Handelsgesetzbuch)
HRA	Commercial register department A (Handelsregister Abteilung A)
HSBC	HSBC Trinkaus & Burkhardt AG, Düsseldorf
IS	Income statement
IT	Information technology

KWG	German Banking Act (Kreditwesengesetz)
LLP	Limited liability partnership
MaRisk	Statutory German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement)
Moody´s	Moody´s Investors Service
MtM	Mark to market
Muni GIC	Municipal guaranteed investment contracts
NPL	Non-performing loans
N.R.	Not rated
NRW	North Rhine-Westphalia
n.s.	Not specified
OMT	Outright Monetary Transactions
OPEC	Organisation of Petroleum Exporting Countries
OTC	Over the counter
Portigon	Portigon AG, Düsseldorf (until 2 July 2012 WestLB AG)
RechKredV	German Ordinance on Accounting for Banks and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute)
S&P	Standard and Poor's Corporation
S.R.	Special rating
SSA	Sub-Sovereigns, supranationals, agencies
TLTRO	Targeted Long Term Refinancing Operations (of the ECB)
VaR	Value at Risk
WestFonds	WestFonds Immobilien-Anlagengesellschaft mbH, Düsseldorf
WestImmo	Westdeutsche ImmobilienBank AG, Mainz
WestLB	WestLB AG, Düsseldorf (since 2 July 2012 Portigon AG)
WTI	West Texas Intermediate

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