Erste Abwicklungsanstalt

1 January 2011 to 30 June 2011

Interim report

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Preface

Ladies and Gentlemen,

Erste Abwicklungsanstalt (EAA) in Düsseldorf was able to reduce the transferred portfolio in the first half-year of 2011 by a nominal value of approx. €6.7 billion. In July, the reduction volume increased by an additional 430 million, to a total of €7.2 billion. EAA has clearly exceeded its goals, made in the execution plan for the first half-year, and, as developments in July show, the portfolio reduction speed remains high.

After almost a year and a half of operation, EAA has reduced the portfolio, taken over from WestLB, by a total of €21 billion. More than a quarter of the original transferred package of €77.5 billion has been handled. Based on constant exchange rates (31/12/2009), the nominal volume accounted for €56.5 billion at the end of July.

In the first half-year of 2011, EAA reduced credit amounts by €4.4 billion. The portion of this engagement was due during the first months of the year; the larger amounts, however, could be reduced by active measurements. EAA sold a large number of international corporate loans. Also, the particularly risky inventory of structured securities—these are mainly the so-called Phoenix-Portfolio—were reduced by €1.3 billion.

The operative result of EAA has been further stabilized in the first half-year of 2011. It was approximately €61.5 million, and despite continued reduction of the portfolio, it reached the same size as in the second half-year of 2010 (short fiscal year 2010). Since results for the first and the second short fiscal year of EAA was characterized by high risk prevention for the loan inventory, and the structured securities portfolio, there was no considerable additional need for correction in 2011. Market development, along with sales measures, led in certain cases to a reversal of the impairment losses.

Therefore, the first half-year had positive results in the amount of approx. €67 million. In keeping with the recommendations of the Institute of Public Auditors in Germany (IDW), however, EAA has made a value adjustment in the amount of €242.5 million for its Greece engagement, which exclusively contains terms until 2020. This corresponds to a deduction of 21%. However, details of the debt conversion for the South European country, and effects on clearing and settlement agencies as public institutions have not yet been conclusively clarified. This means, it is open whether and in what form EAA will participate in the debt conversion measures; today's value correction may possibly be oversubscribed, and may possibly be reduced over time. Under consideration of preventative measures for the Greece exposure, the first half-year of 2011 shows a total deficit of €175.6 million.

It is hard to predict how results for 2011 will develop, based on the current turbulences in markets that are important to EAA. Our goal remains however, to expedite the increased reduction of the portfolio. In the second half-year of 2011, EAA will especially strengthen its international refinancing strategy. In the first six months, we have extended market activities in this regard, among other things by a first benchmark emission in euro and a commercial paper program in the US and Europe.

Sincerely,

Matthias Wargers
Member of the board

Markus Bolder
Member of the board

Interim management report

for the time from 1 January 2011 until 30 June 2011

Wind-up report

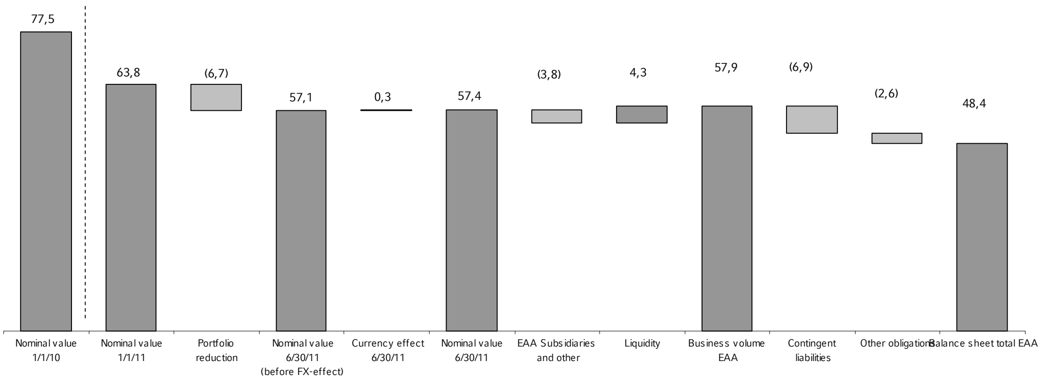
Values and developments, explained in this and the 'risk report' chapter, are regularly reported within the guidelines of prudential supervision by the Erste Abwicklungsanstalt (EAA) to the Bundesanstalt für Finanzmarktstabilisierung (FMSA), as well as committees of EAA. They refer to the entire transferred risk portfolio, regardless whether these values are recorded on or off the balance sheet of the EAA financial statement, or whether corresponding risk positions are held by subsidiaries (look-through approach). Risk positions held by subsidiaries are included, based on monthly reports by the companies.

In the first half-year of 2011, the nominal volume of €63.8 billion as of 31 December 2010 was reduced to €57.1 billion as of 30 June 2011 (per exchange rates from 31 December 2009; included also, are nominal values of risk positions, guaranteed and held by EAA subsidiaries, including contingent liabilities, and other obligations). At current exchange rates, the volume amounts to €57.9 billion.

Since the establishment of EAA, the portfolio was reduced by €20.4 billion, or 26.3%.

The development of nominal values of the portfolio since 1 January 2011, and the transition to the balance sheet total of EAA as of 30 June 2011 can be seen in the following overview:

Transition of the transferred nominal volume to the balance sheet total as of 30 June 2011
in billion EUR



EAA control logic provides for the determination of the settlement success, by the achieved reduction of the nominal volume before exchange rate effects (i.e. at constant exchange rates per 31 December 2009) as well as relating to achieved effects on the settlement plan. Anticipated sales revenue, book values, loss expectations, interest, and refinancing expenses will be considered for these risk positions.

In the first half-year of 2011, EAA has a positive settlement plan effect of €129.0 million from sales and premature returns. Successful exits in the leveraged loan and asset securitization portfolios, as well as partial refunds in the Phoenix-Portfolio have, among other things, contributed to this.

Based on non-variable exchange rates (per 31 December 2009), EAA has achieved a reduction of the nominal volume by €6.7 billion (-10.6%), to €57.1 billion in the first half-year of 2011. This puts the achieved nominal reduction at 40% above the planned reduction for the first half-year of 2011. From the current year reduction, approx. €4.1 billion were reduced by actively made transactions—like sales or premature returns. The remaining amount results from maturities on schedule. After consideration of exchange rate effects, the nominal volume amounts to €57.4 billion as of 30 June 2011.

The following chart shows the transferred portfolio with asset classes, on 30 June 2011 and 31 December 2010, and differentiates whether these are guaranteed, held directly by EAA, or held by subsidiaries.

		Nominal volume (at exchange rates per 12/31/2009)			Nominal volume (at exchange rates per 6/30/2011)	
Sub-portfolio	Nominal 6/30/2011 Mio. €	Nominal 12/31/2010 Mio. €	Change as of 12/31/2010 Mio. €	in %	Nominal 6/30/2011 Mio. €	FW effect[1] Mio. €
Credits	**16,757**	**21,156**	**(4,399)**	**(20.8)%**	**16,978**	**221**
Public finance	9,775	10,078	(303)	(3.0)%	9,889	113
Other tradable securities	4,945	5,709	(764)	(13.4)%	4,986	41
Tradable securities	**14,720**	**15,787**	**(1,067)**	**(6.8)%**	**14,874**	**154**
Phoenix	20,000	21,112	(1,113)	(5.3)%	19,955	(45)
EUSS[2]	2,411	2,486	(75)	(3.0)%	2,411	0
ABS	3,190	3,274	(84)	(2.6)%	3,182	(8)
Structured credits	**25,601**	**26,873**	**(1,272)**	**(4.7)%**	**25,548**	**(53)**
Total	**57,078**	**63,816**	**(6,737)**	**(10.6)%**	**57,401**	**323**
thereof EAA[3]	42,311	48,444	(6,133)	(12.7)%	42,231	(80)
thereof EAA subsidiaries	9,813	10,083	(269)	(2.7)%	9,908	95
thereof guaranteed	4,954	5,289	(335)	(6.3)%	5,262	308

[1] Nominal volume changes, caused by exchange rate effects
[2] European Super Seniors
[3] Not comparable with business volume, or EAA balance sheet total, since these also contain non-portfolio related assets

In the sub-portfolio, under credits, a considerable reduction in the clusters real estate, asset securitization, financial institutions, and leveraged loans is recorded. The nominal reduction in the cluster Phoenix is attributable to partial refunds of A1- (EUR and USD), B and X notes.

Operating and Financial Review

Economic environment

The strong growth of the economy in the first quarter has slowed down in the second quarter of 2011, and for the remainder of the year more slowdowns are expected. This applies particularly to the US, the euro zone, and Germany.

Initiatives of the EU and other supranational organizations, like the International Monetary Fund (IMF) could not prevent the uncertainty in capital markets from remaining high, or even increasing, so that risk surcharges for interest on government bonds were raised in the second quarter, particularly for periphery countries of the euro zone. The rating downgrade of the US by one of the three large international rating agencies at the beginning of August 2011 further increased this trend.s

Results of Operations

In the first half-year of 2011, the profit situation of EAA is characterized by a positive interest result of €107.3 million, and a provisioning result of €53.0 million.

The provisioning result was shaped by the dissolution of the structure House of Europe II, and subsequent auction of the underlying securities. Of the nominal values, 15.3% were bought by third parties, the rest by EAA; due to the favorable market trend, the value correction established in December 2010 in this regard could be dissolved in the amount of €55.5 million, however, for those structures, new provisions in the amount of €10.4 million were necessary. The evaluation of Phoenix required additional write-offs in the amount of €36.9 million so that structured securities contributed a total of €8.2 million to the half-year results.

Provisions for the classic credit business were also shaped by liquidation effects, and contributed positively to annual results with €1.5 million on balance.

Write-offs for demands to Greece, required by the Institute of Public Auditors Germany (IDW), are €253.1 million. Under consideration of the global value correction to be calculated, net expenses of €242.5 million lead to a net loss of €175.6 million. Without the value corrections for Greece, a positive result in the amount of €66.9 million would have been recorded as of 30 June 2011.

In the following, the success calculation is presented in a format that is also used in the internal control of the EAA. Therefore, write-offs on securities of the financial inventory and investments, resulting from the default risk of the issuer, are shown as part of the risk prevention for acute credit risks.

Income statement from 1 January to 30 June, 2011

	1.1.-30.6.2011	1.7.-31.12.2010	Change	
	Million €	Million €	Million €	in %
Net interest income	107,3	121,3	-14,0	-11,5
Fees and commissions	11,9	9,8	2,1	21,4
Other operating income/expenses	-2,2	7,7	-9,9	>-100.0
Staff costs	-3,9	-2,1	-1,8	85,7
Other administrative expenses	-60,1	-67,1	7,0	-10,4
thereof: costs for service level agreements with WestLB	-43,1	-52,1	9,0	-17,3
Impairment losses	-235,8	-655,9	420,1	-64,0
Result from financial and equity investments	8,5	-11,0	19,5	>100.0
Extraordinary result	-	-0,1	0,1	100,0
Result before taxes	**-174,3**	**-597,4**	**423,1**	**-70,8**
Tax charge	-1,3	-2,2	0,9	-40,9
Net loss	**-175,6**	**-599,6**	**424,0**	**-70,7**
Loss carried forward from previous year	-1.647,6	-1.048,0	-599,6	57,2
Balance sheet loss	-1.823,2	-1.647,6	-175,6	10,7

Financial position and funding activities

Current funding volume

After successful placement of the first euro benchmark emission in March 2011, EAA made its debut on US capital markets. Within the US commercial paper program (USCP) it placed €0.5 billion until the end of June 2011, as well as US$4.4 billion. The global commercial paper program has a total volume of €8 billion, and serves EAA for short term liquidity control.

Balance Sheet

Balance sheet item – assets

	30/6/2011	31/12/2010	Change	
	Billion €	Billion €	Billion €	in %
Loans and advances to banks	10,9	10,2	0,7	6,9
Loans and advances to customers	10,4	13,3	-2,9	-21,8
Securities	25,5	24,0	1,5	6,3
Investments/holdings in subsidiaries	0,9	0,7	0,2	28,6
Other assets	0,7	1,1	-0,4	-36,4
Total Assets	**48,4**	**49,3**	**-0,9**	**-1,8**

Balance sheet item – liabilities

	30/6/2011	31/12/2010	Change	
	Billion €	Billion €	Billion €	in %
Liabilities to banks	6,7	9,8	-3,1	-31,6
Liabilities to customers	4,4	4,5	-0,1	-2,2
Securitized liabilities	34,9	31,6	3,3	10,4
Provisions	0,1	0,1	0,0	0,0
Other liabilities	1,0	1,8	-0,8	-44,4
Capital and reserves	1,3	1,5	-0,2	-13,3
Total liabiliteis and shareholders' capital	**48,4**	**49,3**	**-0,9**	**-1,8**
Contingent liabilities	6,9	7,0	-0,1	-1,4
Other liabilities/lending commitments	2,6	4,5	-1,9	-42,2
Business volume	**57,9**	**60,8**	**-2,9**	**-4,8**

The EAA balance sheet total is €48.4 billion as of 30 June 2011 (€49.3 billion on 31/12/2010). The business volume, also containing off-balance-sheet components, is around €57.9 billion (€60.8 billion on 31/12/2010).

Demands towards credit institutions have slightly risen from 31 December 2010 to 30 June 2011, since especially short-term excessive liquidity is invested in time deposits until used to pay obligations that are due.

The decline of demands towards customers, compared to the end of the previous year, reflects the settlement success of the first half-year of 2011. The portfolio reduction also affects the item securities, in which refunds of the Phoenix structure of over €1 billion were recorded; the balance increase resulted from the return of borrowed securities at year's end, which economically, however, has to be attributed to EAA at this point in time.

Obligations towards credit institutes have decreased as of 30 June 2011, due to a smaller extent on securities repurchase agreements. Contrary to this is the increase of securitized liabilities, which did increase, particularly because of the successfully placed euro benchmark emission in March 2011, and the global commercial paper program started in June.

The clear decline of payment obligations from irrevocable lending commitments is mainly a result of expired or closed credit lines. This significant reduction reflects the active efforts of EAA, to also reduce off-balance-sheet components in the business volume.

The same applies to contingent liabilities, which, adjusted by safeguard transactions with EAA Covered Bond Bank plc, Dublin (EAA CBB), have also decreased by €0.6 billion.

For additional details concerning these changes, please see chapter 'wind-up report.'

Credit business

The credit business consists of demands, payment obligations from irrevocable lending commitments, and guarantees. Contingent liabilities also contain risk positions of WestLB AG (WestLB), which were transferred via 'guarantee.'

Demands also contain registered and other non-transferable bonds. Demands further contain time deposits and collaterally secured loans from the private client business.

Credit business

	30/6/2011	31/12/2010	Change	
	Billion €	Billion €	Billion €	in %
Loans and advances to banks	10,9	10,2	0,7	6,9
Loans and advances to customers	10,4	13,3	-2,9	-21,8
Contingent liabilities	6,9	7,0	-0,1	-1,4
Other liabilities/lending commitments	2,6	4,5	-1,9	-42,2
Credit business	**30,8**	**35,0**	**-4,2**	**-12,0**

Summary

As of 30 June 2011, the total net loss amounts to €175.6 million. Without write-offs for the demands of Greece, a positive annual surplus after taxes in the amount of €66.9 million would have been recorded. Despite the now stable positive contribution of the result before provisions, the total result remains shaped by changes within provisions. Hence, current developments (e.g. Greece) show that risk prevention will continue to be shaped by external events, and therefore, a continuous linear result development is not expected in the next quarters.

The financial standing of EAA is in order; equity amounts to €1.3 billion as of 30 June 2011. Liquidity was sufficiently available at all times.

Risk report

Risk management overview

Mutual goal of the liability participants and EAA is to minimize the strategic settlement risk.

EAA has made additional progress during the reporting period, in realizing the settlement plan. In the center of settlement activities was the reduction of the risk portfolio acquired from WestLB , and to further minimize risks.

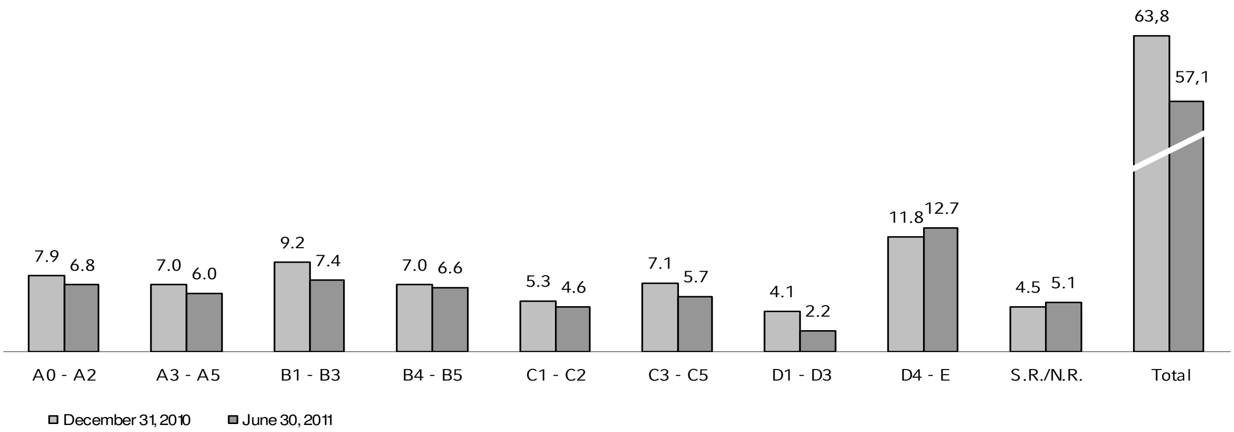
The board determines guidelines for risk policy and risk control and discusses these with the risk committee of the supervisory board. EAA's framework for risk control constitutes the entire risk strategy. It contains risk management guidelines, defines essential risk types, and names core elements of risk management processes. The total risk strategy will be made concrete by specific individual risk strategies, including related reduction strategies. This means essentially that EAA determines individual strategies for the five risk classes: credit, market, liquidity, operational, and other risks.

Credit risks

Credit business from the portfolio view[1]

In the first half-year of 2011, the nominal volume of the total portfolio has decreased by €6.7 billion, to €57.1 billion (based on non-varying exchange rates as of 31 December 2009). EAA itself holds 83% of the total nominal volume; the remaining 17% fall to the subsidiaries. Detailed information for the settlement success can be found in the chapter 'wind-up report'.

Nominal volume distribution by internal rating classes
in billion EUR[1]



[1] Without consideration of exchange rate effects
[2] Special rating/not rated

The total portfolio quality is, among other things, reflected in an investment rating share of approx. 55%; about 22% of the nominal volume has a very good rating (A0-A5), and approx. 33% belong to the medium rating classes, B1-C2. EAA strives for the reduction throughout all rating classes. Changes compared to year end of 31 December 2010 are mainly attributable to the reduction of the portfolio; rating category changes were mainly

[1] All information for non-variable exchange rates as of 31 December 2009

a result of the rating downgrades for Portugal (from B2 to B5), and Greece (from B5 to E), as well as acquired provisions that trigger a change in the E-rating. The change in category 'S.R./N.R.' in the first half-year of 2011 is mainly caused by a liquidity position increase within the Phoenix structure. The weaker rating classes include mostly subordinated tranches of the structured credits, Phoenix and EUSS.

Transition of internal to external ratings can be seen in the charts below:

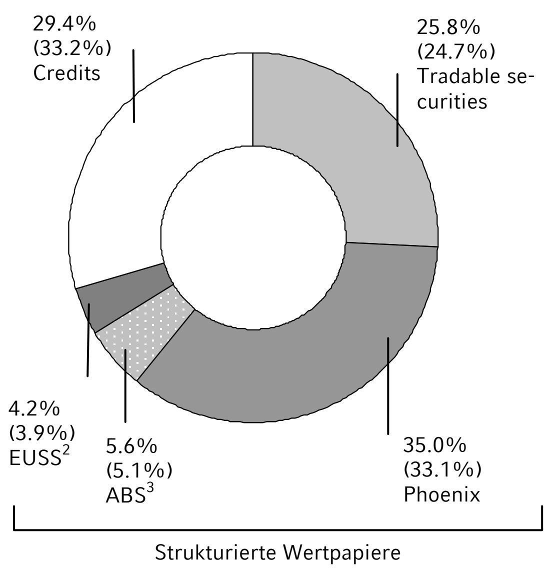
INTERN	EXTERN		
EAA	Moody's	S&P	Fitch
A0	Aaa	AAA	AAA
A1	Aaa	AAA	AAA
A2	Aa1	AA+	AA+
A3	Aa2	AA	AA
A4	Aa3	AA-	AA-
A5	A1	A+	A+
B1	A1	A+	A+
B2	A2	A	A
B3	A3	A–	A–
B4	Baa1	BBB+	BBB+
B5	Baa1	BBB+	BBB+
C1	Baa2	BBB	BBB
C2	Baa3	BBB-	BBB-
C3	Ba1	BB+	BB+
C4	Ba2	BB	BB
C5	Ba3	BB-	BB-
D1	B1	B+	B+
D2	B2	B	B
D3	B2	B	B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

EXTERN			INTERN
Moody's	S&P	Fitch	EAA
Aaa	AAA	AAA	A1
Aa1	AA+	AA+	A2
Aa2	AA	AA	A3
Aa3	AA-	AA-	A4
A1	A+	A+	B1
A2	A	A	B2
A3	A-	A-	B3
Baa1	BBB+	BBB+	B5
Baa2	BBB	BBB	C1
Baa3	BBB-	BBB-	C2
Ba1	BB+	BB+	C3
Ba2	BB	BB	C4
Ba3	BB-	BB-	C5
B1	B+	B+	D1
B2	B	B	D3
B3	B-	B-	D4
Caa1 bis C	CCC+ bis C	CCC+ bis C	D5
D	D	D	D5

Sub portfolios by nominal volume as of 30 June 2011

100% = 57.1 billion EUR[1]

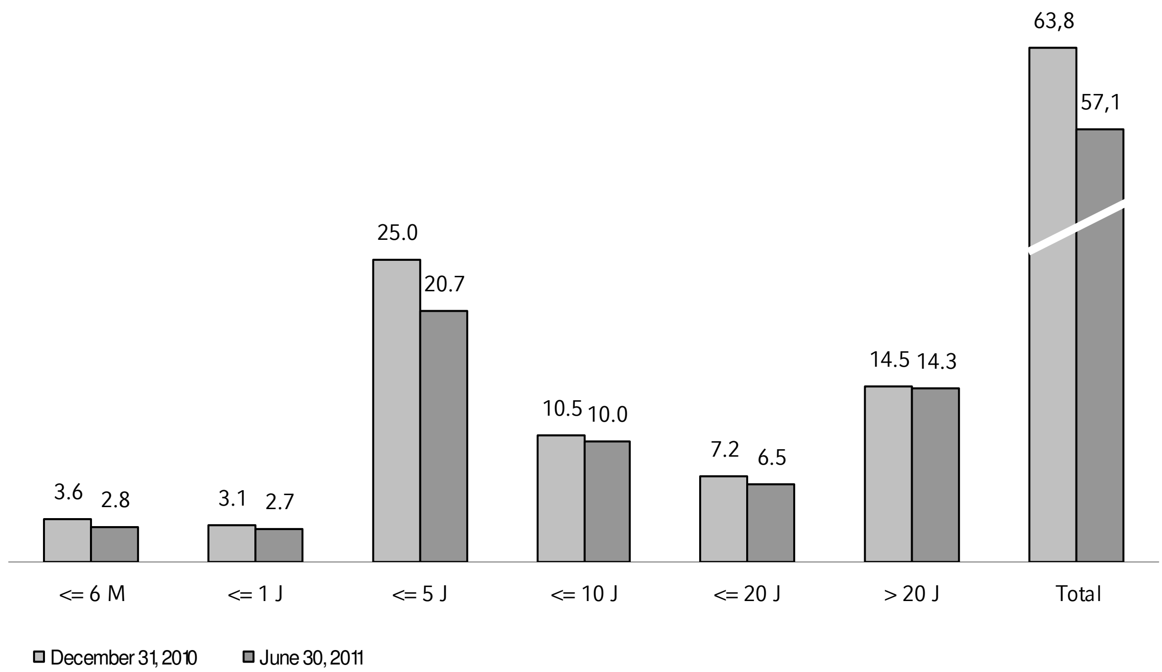
(in parentheses: values from 31 December 2010)



[1] Without consideration of exchange rate effects
[2] European Super Senior
[3] Asset-backed securities

The portfolio of the EAA group consists of three partial portfolios: structured credits (45%), credits (29% - thereof 27% in real estate, 13% in transport, 11% in industrial clients, and 10% in leverage financing), and tradable securities (26%). The largest partial portfolio of the structured credits is Phoenix, with a total share of 35% (for further details, see section 'Phoenix').

Nominal volume by per legal terms
in billion EUR[1]

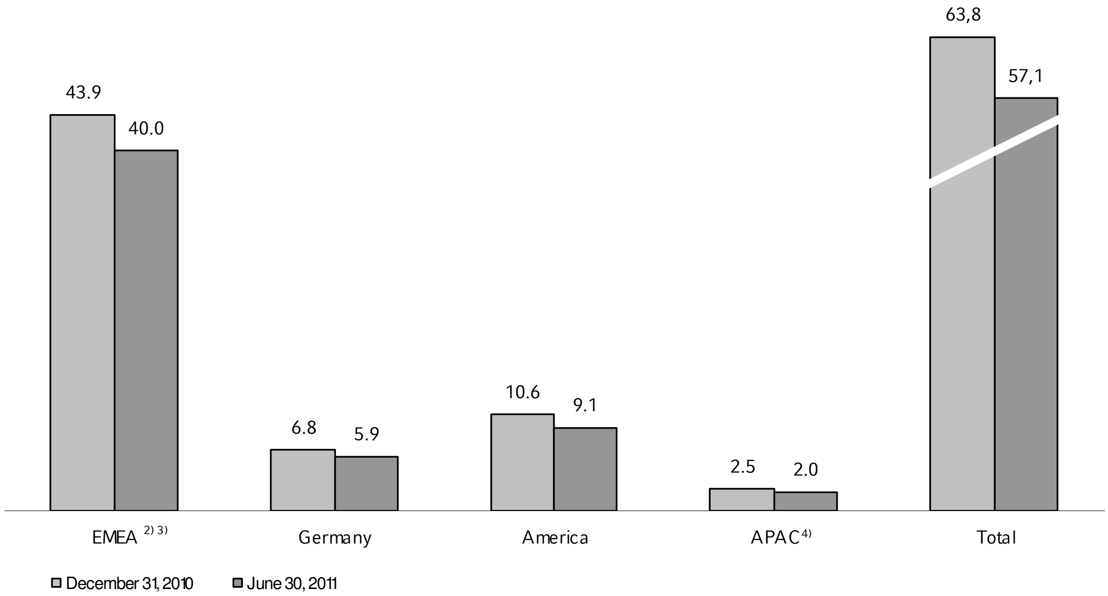


[1] Without consideration of exchange rate effects

Medium-term engagements with legal terms of up to five years constitute a share of 46% , and the main focus of the portfolio. These are mostly credit engagements (especially industrial clients, leverage financing, and public clients). Increased reduction of the maturity bands for 1 to 5 years is mainly based on portfolio reductions in the partial portfolios, credits and tradable securities.

Other changes within the maturity bands reflect portfolio measures that were made in the first half-year of 2011. During the reporting period, partial refunds of several Phoenix tranches with a total volume of €1.1 billion have been made (based on non-variable exchange rates as of 31 December 2009).

Nominal volume by region
in billion EUR[1]



[1] Without consideration of exchange rate effects; regional distribution, based on borrowers or guarantors
[2] Europe, Middle East and Africa; without Germany
[3] Contains €4.4 billion for the Phoenix B-note, guaranteed by the state of NRW
[4] Asia, Pacific, and Japan

Nominal volume distribution by region reflects the portfolio reduction in the first half-year of 2011. More than two thirds of the nominal volume is assigned to the EMEA region – Europe (without Germany), the Middle East and Africa. Included are the Irish subsidiaries of EAA, particularly EAA CBB, who invested a large share in US American business, as well as the Phoenix portfolio. An additional 10% of the nominal volume constitutes German borrowers, or guarantors. The far east APAC region is of relatively minor importance with barely 4%.

Phoenix

An essential part of the EAA structured credit portfolios are 10 tranches of the Phoenix Light SF Ltd securitization.

The largest portion of the portfolio securitized by Phoenix (approx. 84%) is denominated in US dollars, and constitutes US American risks with an emphasis on the US real estate market. Since Phoenix Light SF Ltd is located in Dublin, the engagement is designated as part of the EMEA region.

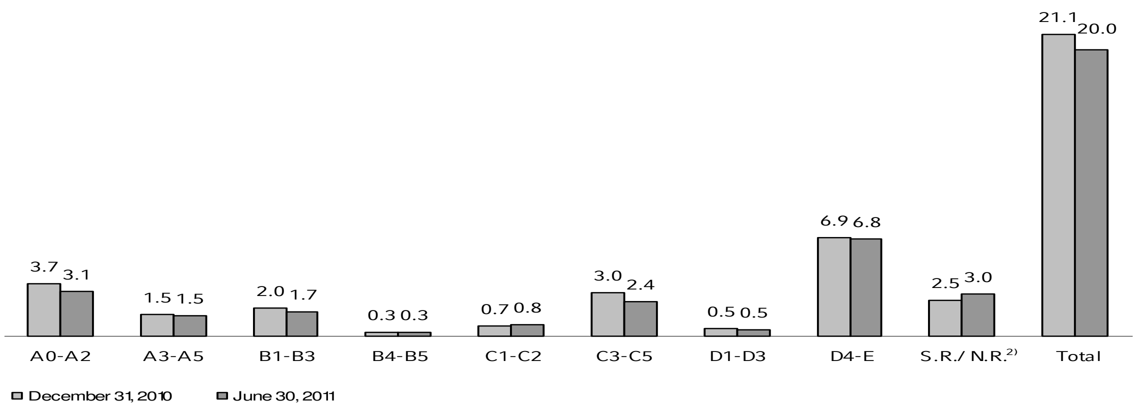
Partial refunds during the reporting period have led to a decrease of the Phoenix nominal volume designated in Euros, to €20.0 billion as of 30 June 2011 (based on non-variable exchange rates per 31 December 2009).

Capital structure Phoenix notes
in million

Tranches	Amount as of 06/30/2011		S&P Rating	Legal maturity	Average remaining life
Class X	53	Euro	A-	2/9/2015	1.81
Class A1	12,322	USD	A-	2/9/2091	2.51
	785	Euro	A-	2/9/2091	2.14
Class A2	3,102	USD	B-	2/9/2091	5.49
	226	Euro	B-	2/9/2091	4.94
Class A3	2,387	USD	CCC-	2/9/2091	8.86
	701	Euro	CCC-	2/9/2091	7.46
Class A4	1,909	USD	CCC-	2/9/2091	12.28
	181	Euro	CCC-	2/9/2091	8.33
Class B	4,365	Euro	no rating	2/9/2091	5.79

Ratings of the EAA Phoenix portfolio are twofold. 37% consist of risk positions with an investment grade rating, and therefore have a minimal default likelihood. The rest of the portfolio was downgraded significantly in the ratings over the past three years, and therefore represents a large share of the Phoenix default risk. Changes in the category 'S.R./N.R.' in the first half-year of 2011 were caused by an increase of the liquidity position within the Phoenix structure.

Internal rating distribution for Phoenix assets
in billion EUR[1]



[1] Without consideration of exchange rate effects
[2] Special rating / not rated

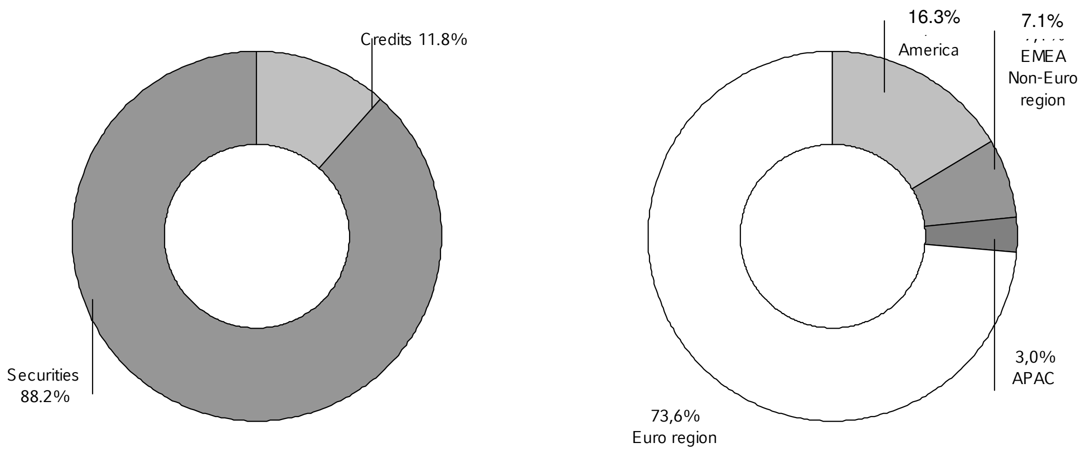
Regarding this central portfolio, EAA is currently discussing future actions with the parties involved in Phoenix. The Phoenix structure is supposed to be simplified and aligned to framework conditions that were changed after the transfer to EAA. Selling opportunities will also be analyzed together with the Phoenix portfolio manager, and may be realized during the course of the year 2011.

Public Finance

As of 30 June 2011, engagements from the public sector constitute a face value of €11.1 billion. Compared to the close of 31 December 2010, the volume has therefore decreased by €0.5 billion.

With 88% of the total volume, engagement in the public sector consists mainly of tradable securities, particularly loans from EU states. These are in part held by EAA directly, and in part by the Irish subsidiary EAA CBB. The remaining 12% are mostly comprised of credit business with state, city, or other community institutions in North America.

Public finance exposure distribution by product and region as of 30 June 2011
100% = 11.1 billion EUR[1]



[1] Without consideration of exchange rate effects; regional distribution based on borrowers or guarantors

Greece and other EU countries

The engagement of EAA in Greece (including state, and other public and private borrowers) amounts to €1.2 billion as of 30 June 2011. The EU summit of 21 July 2011 had the goal to allow Greece the orderly adjustment and return of its debts within the competency of its economic power. As a result, the international currency fund, as well as EU states via the European Financial Stability Facility (EFSF), have granted Greece financing for a total of €109 billion.

Aside from that, the Institute of International Finance, Inc. (IIF) has published an offer by which private banks and insurances will exchange Greek bonds they are currently holding, discounted for new loans with a term of up to 30 years. The loss of value through these exchanges is on average 21% of the face value.

IDW used the summit results to comment on the balancing of Greek bonds on 29 July 2011, and considers a write-off of Greek bonds in the amount of 21% as necessary.

EAA was and is in close agreement with legal authorities in this matter. Currently, it remains to be seen whether or to which extent EAA will participate as a partially legal entity in the IIF offer of private creditors and suffer losses from the restructuring of Greece's liabilities. It is for this reason, that the EAA has, by carrying out respective write-offs, taken into account the effects that management according to the IDW would have on the portfolio for private creditors .

The total Greece risk amounts to a nominal value of €1.2 billion for EAA, mainly government bonds or demands with federal guarantees. EAA is holding assets in the face value of €820.8 million; an additional €384.4 million are held by EAA CBB. All demands are due before 2020. EAA has created a 21% discount for the entire portfolio—under consideration of face values—so that the EAA profit and loss statement was burdened with net expenses of €242.5 million.

Hereby should be considered that, due to missing details for the drafting of the offer, booked write-offs can overdraw actual effects.

The entire engagement of EAA and its subsidiaries towards Greece, Ireland, Italy, Portugal, and Spain can be reviewed in the following chart:

Country[1]	Borrower group	Nominal in million EUR
Greece	Financial Institutions	117
	Public Finance [2]	1.088
Greece		1.205
Ireland	Corporates	129
	Financial Institutions	77
	Public Finance	80
Ireland		286
Italy	Corporates	305
	Financial Institutions	663
	Public Finance	2.160
Italy		3.128
Portugal	Corporates	62
	Financial Institutions	165
	Public Finance	1.588
Portugal		1.815
Spain	Corporates	544
	Financial Institutions	1.093
	Public Finance	1.214
Spain		2.851
Total result		9.286
thereof	Corporates	1.041
thereof	Financial Institutions	2.115
thereof	Public Finance	6.130

1) Economic review may vary from the legal location of the borrower (for corporates and financial institutions)

2) Contains €235 million of federally guaranteed emission of Hellenic Railways

Impairment

Net impairment result – Credit business/securities due to credit risks

	Impairment charges Million €	Impairment releases Million €	Net impairment Million €	Other risk Million €	Net impairment result Million €
Individually assessed impairment	**-620,4**	**458,7**	**-161,7**	**-92,3**	**-254,0**
Credit risk	-443,4	457,8	14,4	0,9	15,3
Country risk	-1,2	0,9	-0,3	0,0	-0,3
Country risk Greece	-175,8	0,0	-175,8	-77,3	-253,1
Other risk	0,0	0,0	0,0	-15,9	-15,9
Latent impairment	**-18,2**	**36,4**	**18,2**	**0,0**	**18,2**
	-638,6	**495,1**	**-143,5**	**-92,3**	**-235,8**

Market risk

Based on the portfolio structure, there are interest change and foreign currency risks (especially towards the US dollar), which are mostly secured according to specifications of the settlement plan. All option risks in the portfolio were closed through micro-hedging so that a simple linear risk profile is at hand.

Short-term credit spread changes have no immediate influence on the Abwicklungsanstalt, due to the long-term perspective of EAA and the applicable accounting standards. Explicit control of credit spread risks does not occur due to the temporary character of a (clean) spread expansion (without changes in credit worthiness) in connection with the basic intention to hold. EAA considers credit spread risks to be credit rating risks. Therefore, assumed default risks for specific valuation allowances are shown. All essential credit engagements are individually monitored. Affected positions will be reduced, if necessary. Spread risks will not be limited.

According to the settlement plan, market price risks— if economically rational—are to be eliminated. Hedging activities of EAA are focused—according to the risk profile—mainly on securing interest-induced risks, and foreign currency risks.

The interest change risk will be hedged by congruent refinancing, or derivative business. Foreign currency risks will be hedged by respective hedging transactions, and currency-congruent refinancing. Interest and currency positions will be continuously controlled by the treasury area, and monitored and analyzed daily by market risk management.

Liquidity risk

In terms of liquidity risks, EAA distinguishes tactical and strategic liquidity risks:

Tactical liquidity risk is the risk to not be able to generate sufficient liquidity to meet contractual payment obligations for a short term— a period of up to one year.

Strategic liquidity risk is a risk, not to be able to realize, or fully realize, necessary refinancing measures in the market, which are outlined in the refinancing plan. In liquidity planning and management, associated companies of EAA will be actively involved to guarantee optimum liquidity supply.

Through the contractual duty to offset loans by liability participants, and the current credit worthiness of the guarantors, EAA is positively recognized in capital markets. Hence, there is less of a material risk for EAA-specific refinancing possibilities in the markets, but rather a systemic illiquidity of the market.

Summary of the risk situation

EAA was established to take over risk positions from WestLB and conduct a lasting, value-friendly reduction, according to the settlement plan. Value variations that occur in the meantime are of lesser importance.

For this purpose, settlement agencies were released—according to section 8a of the Financial market stabilization fund law (FMStFG)—from equity regulations, the obligation to create a consolidated financial statement, as well as other legal requirements which apply to business banks. EAA is therefore primarily set up for the acquisition of credit risks. In terms of capital for risk coverage, it is equipped with equity that was ascertained based on stressed expected losses. Additionally, there is the contractual duty to offset loans by liability participants.

For risk control, EAA strives to reduce the credit risk resulting from the settlement. Settlement success, or the divergence from the settlement plan, is continuously monitored and will be aligned to its specifications (see also chapter 'wind-up report').

The net dissolution of provisions shows that from a current perspective, risks contained in the credit and securities portfolio were for the most part provisioned. Special events, like the restructuring of federal debt (e.g. Greece), or a significant worsening of the US real estate market could however make additional substantial provisions necessary in the future.

The liquidity risk will further diminish, as soon as EAA begins with the acquisition of term and currency- congruent refinancing on the capital market. Due to its good rating, EAA has a stable refinancing situation.

Market and currency risks however are, to a great extent, limited.

EAA has stringent service provider control, and has introduced an internal control system to manage operational risks.

EAA will continue its special focus on sustainable and consequent risk management.

Post Balance Sheet Events

After 30 June, 2011, the EU decided on measures for the restructuring of Greek federal debt. We have reported about the effects in the section 'Greece and other EU states'.

Additionally, the US credit rating was lowered by Standard & Poor's, one of the three largest international rating agencies, by one notch. We will analyze the potential effects on our portfolio, and take any necessary steps.

Aside from this, no other events are newsworthy, concerning risk positions transferred to, and guaranteed by EAA.

Outlook

Based on imminent changes in the economic outlook, the further development of results is open according to EAA. Results achieved at the half-year mark of 2011 cannot be projected in a linear way for the entire year, since special circumstances of the settlement portfolio and current economic developments (e.g. Greece, down grading of the US) can cause significant result volatility.

EAA is anxious to increasingly reduce the nominal volume, adjusted for exchange rate, by additional settlement successes.

After successful placement of the first euro benchmark emission, as well as the debut on the US market, EAA plans a continued presence in international capital markets in the second part of 2011, to secure appropriate liquidity.

On 28 June, 2011, the restructuring agreement of WestLB was signed according to which risk positions and strategic business areas that are not transferred to the Verbundbank of S-Finanzgruppe, or sold to third parties by 30 June, 2012, are transferred to EAA.

The actual extent of additional assets is currently not determined. WestLB is supposed to outsource a Sparkassenverbundbank by 30 June, 2012, and sell as many other business divisions of the current Landesbank as possible. Remaining risk positions and business areas will be taken over by EAA. The extent of assets and liabilities to be transferred is guided by the concrete tailoring of the Verbundbank, and business divisions sold by 30 June, 2012.

The transition can occur on the side of EAA, based on the FMStFG and the status of EAA, whereby an additional acquisition of portfolios of the WestLB is generally possible. A corresponding application for refilling has already been submitted by WestLB to the FMSA in Frankfurt.

EAA will assume all positions for risk adequate book values, and will create a separate business plan for the second portfolio, which must show a loss-free settlement. This corresponds to the FMStFG, and makes it generally possible to fulfill the settlement assignment without using additional public means. Further, EAA shall be involved in selling activities of WestLB, provided that these pose risks and charges for EAA after the transition deadline of 30 June, 2012.

Due to liability mechanisms, EAA is insolvency-strong. It is therefore in a position to service all liabilities in a timely fashion. The planned provision of additional liability in the amount of €1 billion by the Finanzmarktstabilisierungsfonds (FMS) adds additional strength to the liability cascade, in the course of refilling.

The organizational setup of EAA is completed. EAA finds itself in a position to reduce, by using synergies, even a larger portfolio with a resource building that is significantly under-proportional to the portfolio growth. So today, EAA is designed as a lean control unit that plans flexible outsourcing; meaning, it uses the services of

WestLB , as well as other market partners to implement its settlement assignment. This structure allows a management of even a larger portfolio. The concrete acquisition of additional assets is currently being prepared by a project team.

Basically, EAA will take over a second portfolio, however, no personal obligations. EAA will continue to use services from WestLB, or the newly to be established service and portfolio management bank; these will be delivered based on corresponding contracts, and paid according to market standards. In this framework, today's portfolio exit group of WestLB (PEG) still has great importance: this unit with approximately 85 employees is already working exclusively for EAA.

Just like the owners of WestLB, EAA anticipates that state aid proceedings of the European commission against WestLB will come to a conclusion through current decisions for the restructuring of WestLB, so that EAA will not be called into question, in terms of European legislation, and can fulfill its assignment as planned.

Erste Abwicklungsanstalt
Interim report as of 30 June 2011

Balance Sheet
as of 30 June, 2011

Assets

	see Note No.	€	30.6.2011 €	31.12.2010 €	31.12.2010 T€
1. Loans and Advances to Banks	3, 23				
a) repayable on demand		4.299.311.414,16		(1.442.546.783,18)	(1.442.547)
b) other Loans and Advances		6.610.728.827,56		(8.721.359.875,17)	(8.721.360)
			10.910.040.241,72	10.163.906.658,35	10.163.907
2. Loans and Advances to Customers	4, 5, 12, 23		10.370.624.258,15	13.312.855.031,62	13.312.855
of which:					
Mortgages					
€ 497.355.116,94 (PY.: € 584.642.252,52)					
Loans to or guaranteed					
€ 402.169.167,37 (PY.: € 444.543.723,42)					
3. Debt Securities	12, 13, 23				
Bonds and Notes					
a) of public-sector issuers		2.039.319.327,23		(2.163.234.013,55)	(2.163.234)
of which:					
eligible as collateral for Deutsche Bundesbank					
€ 1.990.025.282,59 (PY.: € 2.101.783.615,85)					
b) of other issuers		23.443.645.310,74		(21.815.095.474,45)	(21.815.095)
of which:			25.482.964.637,97	23.978.329.488,00	23.978.329
eligible as collateral for Deutsche Bundesbank					
€ 3.109.557.888,38 (PY.: € 4.102.371.164,72)					
4. Shares and other variable-yield securities	7		17.400.620,86	24.284.517,19	24.285
5. Participating Interstes	8		113.305.757,50	134.907.721,03	134.908
of which:					
in banks					
€ 15.517.912,50 (PY.: € 15.517.912,50)					
in financial services institutions					
€ 0,00 (PY.: € 0,00)					
6. Subsidiaries	9		749.845.165,69	561.806.620,25	561.807
of which:					
in banks					
€ 670.896.379,32 (PY.: € 498.237.850,52)					
in financial services institutions					
€ 9.616.191,04 (PY.: € 9.616.191,04)					
7. Tangible Assets			19.650,19	14.402,37	14
8. Other Assets	10		142.657.964,89	327.139.693,06	327.140
9. Prepayments and Accrued Income	11		627.670.664,79	787.651.536,80	787.651
Total Assets			**48.414.528.961,76**	**49.290.895.668,67**	**49.290.896**

Liabilities

	see Note No.	€	€	30/6/2011 €	31/12/2010 €
1. Bank Deposits	11, 14				
a) repayable on demand			315.442.531,36		(31.679.560,52)
b) other Deposits			6.404.087.430,23		(9.815.112.040,60)
				6.719.529.961,59	9.846.791.601,12
2. Customer Deposits	11, 15				
other Deposits					
a) repayable on demand			40.800.376,10		(11.775.749,24)
b) other Deposits			4.366.203.105,21		(4.474.746.526,04)
				4.407.003.481,31	4.486.522.275,28
3. Debt Securities in Issue	11, 16				
a) issued Securities			17.289.131.999,12		(20.375.151.481,12)
b) other securitised Liabilities			17.603.524.357,45		(11.201.736.504,25)
of which:				34.892.656.356,57	31.576.887.985,37
Money Market Instruments					
€ 5.462.460.930,07 (PY.: € 0,00)					
4. Other Liabilities	17			352.423.626,59	982.941.446,31
5. Accruals and deferred Income	18			649.667.905,16	811.529.654,06
6. Provisions	19				
other Provisions			76.519.165,40		(93.937.993,43)
				76.519.165,40	93.937.993,43
7. Capital and Reserves	20				
a) Called-up Capital					
Subscribed Capital		500.000,00			(500.000,00)
less not called-up					
Capital		0,00			(0,00)
			500.000,00		(500.000,00)
b) Capital Reserve			3.137.006.319,58		(3.137.006.319,58)
c) Retained Earnings					
other Retained Earnings		2.431.408,07		1.316.728.465,14	(2.431.408,07)
			2.431.408,07		(2.431.408,07)
d) Loss carried forward			-1.823.209.262,51		(-1.647.653.014,55)
					1.492.284.713,10
Total Liabilities and Equity				**48.414.528.961,76**	**49.290.895.668,67**
1. Contingent Liabilities and	26				
Guarantees			6.876.524.062,63		(6.987.939.905,00)
				6.876.524.062,63	6.987.939.905,00
2. Other Commitments	26				
Undrwawn other commitments to lend			2.597.408.973,30		(4.517.917.932,72)

Income statement

for the time from 1 January until 30 June, 2011

	see Note No.	€	€	1.1.-30.6.2011 €	1.7.-31.12.2010 €
1. Interest income from	21				
a) credit and money market transactions		374.466.205,14			(400.151.252,00)
b) fixed-income securities					
and government-inscribed debt		228.293.628,88			(234.903.860,19)
			602.759.834,02		(635.055.112,19)
2. Interest payable			498.008.637,29		(514.091.427,09)
				104.751.196,73	120.963.685,10
3. Current income from	21				
a) Stocks and other					
variable-yield securities			2.253.414,22		(0,00)
b) Shareholdings			314.012,61		(324.921,76)
				2.567.426,83	324.921,76
4. Commissions receivable	21		26.143.517,23		(20.386.223,97)
5. Commissions payable			14.200.162,68		(10.573.788,77)
				11.943.354,55	9.812.435,20
6. Other operating income	21, 22			36.704,83	8.572.840,60
7. Administrative expenses					
a) staff expenses			3.919.161,82		(2.159.373,44)
b) other administrative expenses			60.103.538,56		(67.083.691,68)
				64.022.700,38	69.243.065,12
8. Depreciation and amortization of intangible assets and tangible assets				948,63	1.900,41
9. Other operating expenses	22			2.205.164,29	865.860,51
10. Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for possible loan losses	19, 23			0,00	753.790.195,84
11. Income from value readjustments of to claims and certain securities as well as additions to provisions for possible loan losses	19, 23			58.348.918,79	0,00
12. Write-downs of and value adjustments of shareholdings, shares in associated companies, and securities treated as fixed assets	23			285.670.407,69	0,00
13. Income from value readjustments of shareholdings, shares in associated companies, and securities treated as fixed assets	23			0,00	86.887.555,15
14. Profit or loss from ordinary activities				-174.251.619,26	-597.339.584,07
15. Extra-ordinary expenses	24		0,00		(54.762,96)
16. Extraordinary result	24			0,00	-54.762,96
17. Tax charge	25			1.304.628,70	2.211.192,81
18. Net loss				-175.556.247,96	-599.605.539,84
19. Loss carried forward from previous year				-1.647.653.014,55	-1.048.047.474,71
20. Accumulated loss				**-1.823.209.262,51**	**-1.647.653.014,55**

Cash flow statement

for the time from 1 January until 30 June, 2011

			1.1.-30.6.2011 €	1.7.-31.12.2010 €	1.7.-31.12.2010 Thousand €
1.		**Result before exceptionals**	-175.556.247,96	-599.605.539,84	-599.606
		Non-cash positions in profit and transition to net cash from operating activities contained in result			
2.	+/–	Depreciation, value adjustments and amortization of demands, equipment and financial assets	226.591.415,67	647.606.771,16	647.607
3.	+/–	Increase/decrease of provisions	-17.418.828,03	-26.457.408,19	-26.457
4.	+/–	Other non-cash expenses/income	0,00	0,00	-
5.	–/+	Profit/loss from the sale of financial assets and equipment	-1.261.070,44	-267.699,52	-268
6.	–/+	Other adjustments (balance)	-106.013.994,86	-119.073.888,26	-119.074
7.	=	Sub-total	-73.658.725,62	-97.797.764,65	-97.798
		Change of assets and liabilities from operating activities			
8.		Demands			
8a.	+/–	– towards credit instituts	-515.025.991,45	5.457.183.445,98	5.457.184
8b.	+/–	– towards clients	2.990.398.956,62	1.785.923.352,95	1.785.923
9.	+/–	Securities	-1.690.606.342,15	-4.931.304.118,48	-4.931.304
10.	+/–	Other assets from operating activities	195.434.225,52	105.247.392,23	105.247
11.		Liabilities			
11a.	+/–	– towards credit institutes	-3.036.703.527,32	-1.635.671.039,66	-1.635.671
11b.	+/–	– towards clients	-73.746.091,16	-256.674.751,82	-256.675
12.	+/–	Securitized liabilities	3.475.732.778,63	-937.430.902,34	-937.431
13.	+/–	Other liabilities from operating activities	-631.805.417,00	141.967.025,95	141.967
14.	+	Interest and dividends received	451.000.337,47	473.596.924,25	473.597
15.	–	Interest paid	-536.076.113,37	-290.366.724,42	-290.367
16.	+	Extraordinary deposits	0,00	0,00	-
17.	–	Extraordinary payments	0,00	0,00	-
18.	+/–	Income tax payments	-1.303.310,43	-2.209.640,12	-2.209
19.	=	**Cash flow from operating activities**	**553.640.779,74**	**-187.536.800,13**	**-187.537**
20.		Cash inflow from the disposal of			
20a.	+	– financial assets	17.834.622,12	7.357.670,90	7.358
20b.	+	– intangible fixed assets	0,00	0,00	-
21.		Payments for investments in			
21a.	–	– financial assets	-271.157.981,16	-4.105.851,45	-4.106
21b.	–	– intangible fixed assets	-6.196,45	-16.302,78	-16
22.	+	Deposits from the sale of consolidated companies and other business units	0,00	0,00	-
23.	–	Payments from the acquisition of consolidated companies and other business units	0,00	0,00	-
24.	+/–	Changes in cash from other investment activities (balance)	0,00	0,00	-
25.	=	**Cash flow from investment activities**	**-253.329.555,49**	**3.235.516,67**	**3.236**
26.	+	Deposits from equity contributions	0,00	0,00	-
27.		Payments to company owners and minority shareholders			
27a.	–	– dividend payments	0,00	0,00	-
27b.	–	– other payments	0,00	0,00	-
28.	+/–	Changes in cash from other capital (balance)	0,00	0,00	-
29.	=	**Cash flow from financing activities**	**0,00**	**0,00**	**-**
30.		Changes in cash and cash equivalents (total from 19, 25, 29)	300.311.224,25	-184.301.283,46	-184.301
31.	+/–	Exchange rate, consolidation and valuation related changes in cash and cash equivalents	0,00	0,00	-
32.	+	**Cash and cash equivalents at the beginning of the period**	1.080.976,40	185.382.259,86	185.382
33.	=	**Cash and cash equivalents at the end of the period**	**301.392.200,65**	**1.080.976,40**	**1.081**

The cash fund shown only includes ongoing clearing accounts (demand deposits) at WestLB. Additional financial resources according to DRS 2.16 ff do currently not exist.

Statement of shareholders' equity

for the time from 1 January until 30 June, 2011

	as of 1.1.2011 €	capital changes €	earnings €	as of 30.06.2011 €
Called-up capital	500.000,00	0,00	0,00	500.000,00
Capital reserves	3.137.006.319,58	0,00	0,00	3.137.006.319,58
Other profit reserves	2.431.408,07	0,00	0,00	2.431.408,07
Loss Carried Forward	-1.647.653.014,55	0,00	-175.556.247,96	-1.823.209.262,51
Shareholders' capital	**1.492.284.713,10**	**0,00**	**-175.556.247,96**	**1.316.728.465,14**

	Inventory as of 1.7.2010 €	Other capital changes €	Use of earnings €	Inventory as of 31/12/2010 €
Called-up capital	500.000,00	0,00	0,00	500.000,00
Capital reserves	3.137.006.319,58	0,00	0,00	3.137.006.319,58
Other profit reserves	0,00	2.431.408,07	0,00	2.431.408,07
Loss Carried Forward	-1.048.047.474,71	0,00	-599.605.539,84	-1.647.653.014,55
Shareholders' capital	**2.089.458.844,87**	**2.431.408,07**	**-599.605.539,84**	**1.492.284.713,10**

Condensed notes

for the time from 1 January until 30 June, 2011

General information

1. Accounting principles

The EAA interim report was created pursuant to section 8a, (1), sentence 10, in connection with section 3a, (4) FMStFG, and the complementary rules of the EAA statute, according to regulations of the code of commercial law (HGB) for large corporations, and the bylaw on accounting of credit institutes and financial services institutes (RechKredV). The condensed notes comply with the demands of the German accounting standard no. 16 (interim report).

Information in this interim report has to be read in connection with the statements in the published and attested financial statements for the short fiscal year from 1 July until 31 December, 2010. All facts were considered up to the time of creating the interim financial statement by the board on August 11, 2011.

For the balance and income statements, reviewed numbers from the short fiscal year of 1 July until 31 December, 2010, serve as reference values.

The interim report was reviewed by the EAA auditor.

2. Basis of Preparation

For the interim financial statement, the same balancing and evaluation principles were generally applied as in the financial statement for the short fiscal year, from 1 July to 31 December, 2010.

On 31 March, 2011, premiums received from warrants of certain products in the amount of €170.2 million were designated under other liabilities for the first time; as of 31 December, 2010, these were included in securitized liabilities. Until 30 June, 2011, the amount of received premiums from these warrants was reduced to €15.8 million.

For the evaluation of structured securities, prices of an external market data supplier were used as usual, with a partial regulatory character for the US insurance economy, made plausible by appropriate procedures. Within the framework of plausibility of the prices received for the Phoenix transaction, a change of assumption occurred regarding the payment date of a guarantee from the state NRW to EAA, from the Phoenix class B note. This was clearly moved up in time, as the optional dissolution of the structure before the legal due date in the year 2091 now seems to be sufficiently safe, based on new information about the advantage for involved parties. The resulting reversal of an impairment loss of the class B note, in the amount of €160.0 million, was clearly overcompensated by opposing effects from the market data, updated on 30 June, 2011, and resulting in a total value decrease of the entire Phoenix structure in the amount of €36.9 million, compared to 31 December, 2010.

Required assumptions and evaluations, particularly in connection with illiquid portfolios, are based on subjective assessments by the management, and are inevitably afflicted by forecasting uncertainties. Even if available information, historical experiences, and other evaluation factors are used during the course of evaluation, actual events in the future may cause a divergence from the estimate. This may not be inconsiderable affecting the asset, finance, and revenue situation. According to EAA, the used parameters are proper and justifiable.

Balance explanations

3. Loans and advances to banks

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**10,910.0**	**10,163.9**
including:		
- to associated companies	1,345.6	1,035.3
- to companies with whom a shareholder relationship exists	-	-
due daily	4,299.3	1,442.5
with a residual maturity of		
- up to 3 months	4,768.5	6,497.1
- more than 3 months up to 1 year	204.4	326.3
- more than 1 year up to 5 years	1,111.6	1,250.1
- more than 5 years	526.2	647.9

4. Loans and advances to customers

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**10,370.6**	**13,312.9**
including:		
- to associated companies	425.6	576.6
- to companies, in which participating interests are held	4.6	4.8
with residual maturity of		
- up to 3 months	892.3	360.7
- more than 3 months to 1 year	1,203.7	1,763.8
- more than 1 year to 5 years	4,179.5	6,219.3
- more than 5 years	3,625.9	4,349.7
Demands with undetermined maturity	469.2	619.4

5. Mortgages

	30/6/2011 Million €	31/12/2010 Million €
Demands towards clients with residual maturities		
- up to 3 months	41.2	2.5
- more than 3 months to1 year	21.6	120.8
- more than 1 year to 5 years	127.9	142.0
- more than 5 years	306.7	319.3
Balance sheet statement	**497.4**	**584.6**

6. Debt securities

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**25,483.0**	**23,978.3**
including:		
Amounts due in the following year	1,863.6	1,435.3
Composition		
- loans and bonds of public issuers	2,039.3	2,163.2
- loans and bonds of other issuers	23,443.7	21,815.1
Composition by eligibility to go public		
- marketable securities	25,483.0	23,978.3
including:		
- listed	6,039.5	6,924.5
- not listed	19,443.5	17,053.8
Composition by type		
- Financial investments	25,483.0	23,978.3
Composition by group affiliation		
- securities from associated companies	-	-
- securities from companies in which participating interests are held	-	-

7. Shares and other variable-yield securities

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**17.4**	**24.3**
Composition by eligibility to go public		
- marketable securities	17.4	24.3
including:		
- listed	17.4	24.3
- not listed	-	-
Composition by type		
- liquidity reserve	17.4	24.3
- financial investments	0.0	0.0

8. Participating interests

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**113.3**	**134.9**
including:		
- to credit institutes	15.5	15.5
- to financial services institutes	-	-
Composition by eligibility to go public		
- marketable securities	26.2	34.0
including:		
- not listed	26.2	34.0

9. Subsidiaries

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**749.8**	**561.8**
including:		
- to credit institutes	670.9	498.2
- to financial services institutes	9.6	9.6
Composition by eligibility to go public		
- marketable securities	671.3	498.7
of these:		
- not listed	671.3	498.7

The holdings increase in associated companies is essentially based on a capital reserve deposit of the Irish subsidiary EAA CBB in the amount of €250.0 million, in compliance with local supervisory prescriptions concerning equity. Due to write-offs on demands to Greece, a write-off on the carrying amount of €77.3 million was made, based on EAA CBB held assets. In July 2011, an additional €250.0 million was deposited into the capital reserve of EAA CBB. A special purpose vehicle was also received as a result of the restructuring of credits.

10. Other assets

	30/6/2011 Million €	31/12/2010 Million €
Balance sheet	**142.7**	**327.1**
includes:		
- premiums for option rights	90.7	267.8
- surety provisions	46.8	56.7
- demands from swap transactions	2.1	0.9
- tax refund claims	0.8	0.9

11. Prepayments and accrued income

	30/6/2011 Million €	31/12/2010 Million €
Up front payments for swaps	564,2	711,9
Discount from issued securities	57,4	68,8
Discount from liabilities	5,0	6,5
Other	1,1	0,5
Balance sheet	**627,7**	**787,7**

12. Subordinated assets

Subordinated assets are contained in:

	30/6/2011 Million €	31/12/2010 Million €
Loans and advances to customers	32,9	66,6
of these: towards associated companies	31,0	32,6
of these: towards companies in which participating interests are held	-	-
Bonds and other fixed-interest securities	7,8	11,6
of these: towards associated companies	-	-
of these: towards companies in which participating interests are held	-	-
Total	**40,7**	**78,2**

13. Assets pledged as collateral

The book value of Assets pledged as collateral on the balance sheet amounts to €1,778.3 million (4,091.8 on 12/31/2010).

14. Bank deposits

	30/6/2011 Million €	31/12/2010 Million €
due daily	315.4	31.7
with maturities of		
- up to 3 months	1,964.0	5,640.9
- more than 3 months to 1 year	1,142.0	759.5
- more than 1 year to 5 years	3,200.8	3,267.4
- more than 5 years	97.3	147.3
Balance sheet	**6,719.5**	**9,846.8**
of these:		
- Liabilities towards the associated companies	81.3	28.0
- Liabilities towards companies in which participating interests are held	-	-

15. Customer Deposits

	30/6/2011 Million €	31/12/2010 Million €
Other liabilities	4.407,0	4.486,5
of these:		
- due daily	40,8	11,8
with maturities of		
- up to 3 months	130,0	127,9
- more than 3 months to 1 year	209,0	253,5
- more than 1 year to 5 years	2.830,3	3.756,2
- more than 5 years	1.196,9	337,1
Balance sheet	**4.407,0**	**4.486,5**
including:		
- liabilities towards associated companies	-	17,7
- liabilities towards companies in which participating interests are held	-	-

16. Debt securities in issue

	30/6/2011 Million €	31/12/2010 Million €
Debt securities issued	17,289.1	20,375.2
of these:		
Amounts due in the following year	10,294.8	8,216.5
Other securitized liabilities	17,603.6	11,201.7
with maturities of:		
- up to 3 months	2,804.5	184.7
- more than 3 months to 1 year	3,553.2	175.3
- more than 1 year to 5 years	11,245.9	10,841.7
- more than 5 years	-	-
Balance sheet	**34,892.7**	**31,576.9**
including:		
- towards associated companies	-	-
- towards companies in which participating interests are held	-	-

17. Other liabilities

	30/6/2011 Million €	31/12/2010 Million €
Balance sheets	**352,4**	**982,9**
including:		
- adjustment item from the foreign exchange evaluation	283,4	927,9
- premiums from option transactions	67,1	52,5
- fees payable from syndication business	1,6	1,3
- obligations from swap transactions	0,3	0,9

18. Accurals and deferred income

	30/6/2011 Million €	31/12/2010 Million €
One-time payments from swaps	639,3	805,2
Guarantee provisions received in advance	5,5	-
Premiums on debt securities in issue	3,1	4,1
Premiums for sold interest rate caps and interest rate floors	1,6	1,8
Other	0,2	0,4
Balance sheet	**649,7**	**811,5**

19. Provisions

	Inventory 31/12/2010 Million €	Allocation Million €	Accumulation Million €	Use Million €	Termination Million €	Other changes Million €	Final inventory 30/6/2011 Million €
Other provisions	93,9	16,7	1,0	26,6	5,7	-2,8	76,5
- for loans	78,8	2,0	1,0	22,5	5,7	-2,2	51,4
- in the personnel area	0,1	0,3	-	0,1	-	-	0,3
- other	15,0	14,4	-	4,0	-	-0,6	24,8
Total	**93,9**	**16,7**	**1,0**	**26,6**	**5,7**	**-2,8**	**76,5**

EAA is not currently expecting any threatening losses from legal risks.

Provisions for necessary loss assumptions, for investments and rendered but not yet invoiced services, are included under other provisions.

20. Capital and Reserves

As of 30 June, 2011, the subscribed capital of EAA amounts to €500,000.

From the transfers, EAA received deliveries for the capital reserve in the amount of €3,137.0 million.

Other reserves in the amount of €2.4 million have resulted from the dissolution of provisions, whose valuation was minimized due to changed evaluation of liabilities according to the German Accounting Law Modernization Act (BilMoG).

The net loss of EAA for the first half-year of 2011 amounts to €175.6 million, and increases the balance sheet loss to €1,823.2 million, as of 30 June, 2011.

Income statement explanations

21. Income by Geography

1.1.-30.6.2011 Million €	Interest	Ongoing revenue	Commissions receivable	Other operating income
Düsseldorf	491.4	2.6	26.1	0.0
London	69.3	-	-	-
New York	42.1	-	-	-
Profit and loss statement	**602.8**	**2.6**	**26.1**	**0.0**

Geographical distribution of revenue occurs depending on EAA company codes.

22. Other operational and out-of-period income and expenses

The balance of other operational expenses and revenues in the first half-year of 2011, in the amount of €2.2 million (€7.7 million on 12/31/2010) consists of expenses in the amount of €2.2 million (€0.9 million on 12/31/2010), and revenues in the amount of €37,000 (€8.6 million on 12/31/2010). In other company expenses, a currency conversion in the amount of €2.2 million (0.2 on 12/31/2010) is included. In the previous year, a currency conversion in the amount of €8.2 million was part of other company revenues.

Significant out-of-period expenses and revenues have occurred neither in the first half-year of 2011, nor in the previous year.

23. Impairment

Write-offs and value adjustments pursuant to sections 340f (3) and 340c (2) HGB

	1.1.-30.6.2011 Million €	1.7.-31.12.2010 Million €
Credits and securities return/expense	58.4	-753.8
including:		
- Credits	46.7	-756.0
- Securities	11.7	2.2
Shareholdings and securities return/expense	-285.7	86.9
including:		
- Shareholdings	-88.9	-32.8
- Securities	-196.8	119.7
Risk results	**-227.3**	**-666.9**
including:		
- credits	1.5	-578.0
- structured securities	8.2	-77.9
- other securities	-168.2	-
- shareholdings because of Greece	-77.3	-
Risk provision result - credit business/securities/shareholdings because of credit risks	-235.8	-655.9
Result from financial investments and shareholdings	8.5	-11.0

EAA generally uses the options pursuant to sections 340f (3) and 340c (2) HGB. According to section 340f (3), revenues and expenses from the evaluation of credit business can be designated as compensated, with write-offs

to securities, and revenues from attributions to liquidity reserve securities. The net revenue is €58.3 million (net expenses 753.8 on 12/31/2010). Pursuant to section 340c (2) HGB, expense compensation may occur for investments, holdings in associated companies, and securities of investment holdings with respective revenues. EAA shows a total expense amount of €285.7 million (revenue 86.9 on 12/31/2010) as a risk result for investments and securities.

24. Extraordinary result

The extraordinary result from the previous year in the amount of €-55,000 r the supply of a provision, whose valuation increased, due to changing liability evaluations per BilMoG. In the first half-year of 2011, no extraordinary result was recorded.

25. Tax charge

Taxes in the amount of €1.3 million (2.2 on 12/31/2010), are made up exclusively by non-deductible withholding taxes.

Other information

26. Contingent liabilities

Contingent liabilities

Contingent liabilities in the amount of €6.9 billion (7.0 on 12/31/2010) have mainly originated from guarantees for risk positions of WestLB. Included therein are liabilities from credit default swaps in the amount of €1,423.7 million (968.7 on 12/31/2010). The increase was caused by the EAA strategy implementation, in the framework of a unified efficient market appearance and efficient investment control, to take over a conveyance function for OTC derivatives of the subsidiaries, and to handle all existing and new derivative hedging business of the subsidiaries through EAA. Through novation agreements, EAA has entered into all EAA CBB derivatives, in place of WestLB, and has made respective opposing derivatives with the market. EAA has made hedging agreements with all market opponents, with daily margin calls to safeguard the opponent risk.

For these contingent liabilities, EAA does not know in detail if, when, and in which amount a drawdown will occur. If sufficient concrete knowledge about a loss from an expected drawdown develops, provisions will be made accordingly.

Other obligations

The recorded volume in the amount of €2.6 billion (4.5 on 12/31/2010) is based on the credit business. EAA constantly reviews whether losses from other obligations are a threat, and whether provisions for imminent losses from executory contracts must be created.

27. Number of employees

During the reporting period, the average number of employees was:

Number of employees	female	male	Total 1.1.-30.6.2011	Total 1.7.-31.12.2010
	15	29	44	24

28. EAA shareholders

	30/6/2011 in %	31/12/2010 in %
State of North-Rhine Westphalia	48.202	48.202
Rheinischer Sparkassen- und Giroverband (RSGV)	25.032	25.032
Sparkassenverband Westfalen-Lippe (SVWL)	25.032	25.032
Landschaftsverband Rheinland (LVR)	0.867	0.867
Landschaftsverband Westfalen-Lippe (LWL)	0.867	0.867
Total	**100.000**	**100.000**

29. Board member mandates

EAA board members have not made use of any mandates in the first half-year of 2011, in a supervisory board or other controlling bodies of large corporations pursuant to section 340a (4) no. 1 in connection with section 267 (3) HGB.

30. Employee mandates

The following EAA employees have made use of mandates in the first half-year of 2011, in a supervisory board or other controlling bodies of corporations, pursuant to section 340a (4) no. 1, in connection with section 267 (3) HGB.

Sven Guckelberger
Basinghall Finance Plc

Gabriele Müller
EAA Covered Bond Bank plc
EAA Corporate Services plc (formerly EAA Bank Ireland plc)
Basinghall Finance Plc

Hartmut Rahner
EAA Covered Bond Bank plc
EAA Corporate Services plc (formerly EAA Bank Ireland plc)

31. Bodies of EAA

EAA board members

Matthias Wargers
Markus Bolder

EAA supervisory board members

Dr. Rüdiger Messal
Chairman
State Sec. of finance of the state North Rhine-Westphalia

Joachim Stapf
Vice Chairman
Undersecretary of the ministry of finance of the state North Rhine-Westphalia

Dr. Karlheinz Bentele
Former president of Rheinischer Sparkassen- and Giroverband and
former management board member of Bundesanstalt für Finanzmarktstabilisierung

Ralf Fleischer
Managing director of Rheinischer Sparkassen- and Giroverband

Henning Giesecke
Managing director of GSW Capital Management GmbH
Former risk manager of HypoVereinsbank AG and UniCredit Group

Wilfried Groos
Chief executive of Sparkasse Siegen

Professor Michael Ilg
Board member of Sparkassenverband Westfalen-Lippe

Dr. Wolfgang Kirsch
Director of Landschaftsverband Westfalen-Lippe

Michael Stölting
Board member of NRW.BANK

Adolf Terfloth
Chief executive of Sparkasse Düren

Dr. Uwe Zimpelmann
Former spokesperson for the board of Landwirtschaftliche Rentenbank

EAA owners' meeting

The owners' meeting is composed of representatives of the concerned parties (see note no. 28).

Düsseldorf, 11 August, 2011

Erste Abwicklungsanstalt

The board

Matthias Wargers Markus Bolder

Responsibility statement

To the best of our knowledge we assure that, according to applicable accounting principles for the interim report, the interim statement is presented in a way that reflects current conditions of the asset, finance, and revenue situation of the agency, and that business and agency operations, including business results, are presented in the interim statement as a clear picture, corresponding to actual conditions for significant opportunities and risks in the foreseeable development of the agency for the remainder of the fiscal year.

Düsseldorf, 11 August, 2011

Erste Abwicklungsanstalt

The board

Matthias Wargers

Markus Bolder

Review report

We have reviewed the condensed interim financial statements - comprising the balance sheet, income statement, statement of cash flows, statement of changes in equity and selected explanatory notes - and the interim management report of Erste Abwicklungsanstalt for the period from January, 1 to June, 30, 2011 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). 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 German Securities Trading Act 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) (IDW). Those 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 German Securities Trading Act applicable to interim management reports. A review is limited primarily to inquiries of institution 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 German Securities Trading Act applicable to interim management reports.

Düsseldorf, 12 August, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Clemens Koch	ppa. Susanne Beurschgens
German Public Auditor	German Public Auditor

List of abbreviations

ABS
Asset Backed Securities

APAC
Asian-Pacific economic area

DRS
German Accounting Standard

EAA
Erste Abwicklungsanstalt

EAA CBB
EAA Covered Bond Bank plc, Dublin

EFSF
European Financial Stability Facility

EMEA
Economic area of Europe, Middle East and Africa

EU
European Union

EUSS
European Super Senior Notes

FMSA
Federal Institute for the Stabilization of Financial Markets

FMStFG
Financial market stabilization fund law

FW-Effekt
Exchange rate effect

GuV
Income statement

HGB
Commercial Code

IDW
German Institute of Public Accountants

IIF
Institute of International Finance, Inc

IT
Information technology

LVR
Landschaftsverband Rheinland

LWL
Landschaftsverband Westfalen-Lippe

N.R.
Not rated

NRW
North-Rhine Westphalia

Phoenix Light SF Ltd
ABS special purpose vehicle, location Dublin/Ireland

RechKredV
Accounting regulation for credit and financial institutes

RSGV
Rheinischer Sparkassen- und Giroverband

S-Finanzgruppe
Sparkassen-Finanzgruppe

SoFFin
Special fund for the financial market stabilization

S.R.
Special rating

SVWL
Sparkassenverband Westfalen-Lippe

USCP
US Commercial Paper Program

WestLB
WestLB AG