

Governing Law of Landwirtschaftliche Rentenbank

in the version of the announcement dated December 12, 2013 (Federal Gazette I page 4120), as amended by Article 14 paragraph 7 of the Act dated July 17, 2017 (Federal Gazette I page 2446)

Section 1 Legal form, head office

(1) Landwirtschaftliche Rentenbank, hereinafter the Bank, is a direct federal institution under public law.

(2) The Bank has its head office in Frankfurt am Main. It does not have any branch offices.

Section 1a Guarantee of the Federal Republic

The Federal Republic guarantees all obligations of the Bank in respect of loans extended to and debt securities issued by the Bank, fixed forward transactions or options entered into by the Bank and other credits extended to the Bank as well as credits extended to third parties inasmuch as they are expressly guaranteed by the Bank.

Section 2 Capital

(1) The capital stock of the Bank amounts to 135 million Euro.

(2) A principal reserve is to be formed in order to strengthen its capital base. At least half of the annual net income remaining after allocation to the guarantee reserve (paragraph 3) is to be allocated to it.

(3) A special guarantee reserve is to be formed in addition to the principal reserve (paragraph 2); such guarantee reserve is designed to provide further security for the secured debentures issued by the Bank. The guarantee reserve may not exceed 5 per cent of the nominal value of secured debentures issued at any given time. Not more than 50 per cent of the annual net profit may be allocated to it.

Section 3 Business responsibilities

(1) The Bank serves to promote agriculture and the rural areas, whereby the national and state responsibilities are to be taken into consideration. To fulfil its responsibilities, the bank may undertake development measures in accordance with the more specific stipulation of its statutes, in particular by financial instruments, in the following areas:

1. agriculture industry, including forestry, horticulture and fishing, as well as upstream and downstream areas,
2. sales and warehousing of agricultural and food products, including development and consolidation of markets in member states of the European Union and in other states which are parties to the Agreement on the European Economic Area,
3. agriculture related environmental protection, the promotion of renewable energies and renewable raw materials from agriculture, the expansion of ecological farming, protection of animals within the agriculture industry,
4. the improvement of the infrastructure in predominantly rural areas,
5. agriculture related consumer protection.

The Federal Ministry of Food and Agriculture may in agreement with the Federal Ministry of Finance, assign to the Bank the realisation of development measures within the framework of its legal mandate against an appropriate fee.

(2) To fulfil its responsibilities, the Bank may use all banking instruments at its disposal, in particular loans, grants and other financial means, furnish guarantees and enter into participations. Loans should as a rule be granted via or together with other banks. In relation to other banks, the Bank shall observe the common non-discrimination rule.

(3) Within the scope of its responsibilities according to paragraph 1, the Bank may, in accordance with the more detailed regulations in its statutes, also grant loans and other financing forms to regional authorities and public sector special purpose associations.

(4) To the extent that these are projects of common interest which are co-financed by the European Investment Bank or similar European financing institutions the Bank may grant other financing in the interest of German and European agriculture or rural areas, in accordance with the more detailed regulations in its statutes.

(5) To procure necessary funds, the Bank may raise loans, issue covered and uncovered bonds, underwrite guarantees and use all other standard bank financing instruments.

Section 4 Other transactions

(1) The Bank may furthermore conduct all transactions and services which are directly connected with the performance of its responsibilities. In this context, it may, in particular, buy and sell debt and securities and conduct transactions and measures to ensure its financial liquidity (Treasury Management) and all transactions necessary for diversifying risks.

(2) For the Bank, securities trading, the deposit business and payment services within the meaning of section 1 para. 1 sentence 2 of the Act on the Supervision of Payment Services (*Zahlungsdiensteaufsichtsgesetz*) are only permitted on its own account and only to the extent that they are directly connected to its public development functions.

Section 5 Official bodies

(1) Executive bodies of the Bank are

1. the Board of Management
2. the Board of Supervisory Directors
3. the General Meeting.

(2) The responsibilities and powers of authority of the official bodies of the institution shall be governed by its statutes unless otherwise provided for by law.

Section 6 The Board of Management

(1) The Board of Management comprises at least two members. The board members are appointed and dismissed by the Board of Supervisory Directors with a majority of two thirds of its members. The appointment requires the approval of the supervisory authority (Section 11 para. 1).

(2) The Board of Management shall be responsible for conducting the business of the Bank unless such responsibility is allocated to another official body of the institution by law or under the terms of its statutes.

(3) The Board of Management represents the Bank in court and out of court. The authority to represent the Bank as well as the form for declaration of intention of the authorised representatives is regulated by the statutes. If a declaration of intention is to be submitted to the Bank, the submission to a member of the Board of Management will suffice. The provisions valid for public limited companies are to be applied accordingly to the representation of the Bank with regard to its executive bodies.

Section 7 Board of Supervisory Directors

(1) The Board of Supervisory Directors comprises

1. eight representatives of agricultural and food organisations, of which six shall be appointed by the Deutscher Bauernverband e.V. (German Farmers' Union), one by the Deutscher Raiffeisenverband e.V. (Farmers' Cooperative Association) and one as a representative of the food industry (trade and industry) by food associations;

2. three agricultural ministers from states, who shall be appointed by the Bundesrat (Federal Council) for a period still to be determined, or their permanent deputies;
3. a representative of the trade unions;
4. the Federal Minister of Food and Agriculture; representation in the meetings of the Board of Supervisory Directors and its committees by a permanent deputy or by a departmental manager is permitted;
5. one representative in each case from the Federal Ministry of Food and Agriculture and the Federal Ministry of Finance; the ministries may also be represented by other experts;
6. three representatives from credit institutions or other credit experts, who shall be proposed by the Federal Government and co-opted by the other members of the Board of Supervisory Directors.

(2) The Chairman of the Board of Supervisory Directors shall be elected by the Board of Supervisory Directors from the ranks of the members of the German Farmers' Union. His/her deputy is the Federal Minister of Food and Agriculture.

(3) Members of the General Meeting may not belong to the Board of Supervisory Directors.

(4) The Board of Supervisory Directors monitors the business conduct of the Board of Management and makes decisions regarding its discharge; it may issue to the Board of Management general and specific instructions.

(5) The Board of Supervisory Directors decides on the annual accounts, the allocation to the principal reserve and the guarantee reserve as well as on the division of the net profit for the year between the promotional fund (Section 9 para. 2) and the special-purpose fund (Section 9 para. 3); it shall forward its proposal for the appropriation of profits as per Section 9 para. 2 to the General Meeting for a final decision.

(6) The Board of Supervisory Directors decides on the statutes and their amendments. These require the authorisation of the supervisory authority (Section 11 para. 1).

Section 8

General Meeting of the institution

(1) The General Meeting of the institution shall be made up of representatives of the owners and lessors of properties encumbered with the Rentenbank land charge.

(2) The General Meeting comprises 28 members, of which two members in each case shall be appointed by the states of Baden-Württemberg, Bavaria, Brandenburg, Hessen, Mecklenburg-West Pomerania, Lower Saxony, North Rhine Westphalia, Rhineland-Palatinate, Saxony, Saxony-Anhalt, Schleswig-Holstein and Thuringia and one member in each case by the states of Berlin, Bremen,

Hamburg and Saarland. During the selection of the representatives, the individual agro-business size-categories, in particular family farms, are to be taken into consideration appropriately.

(3) The General Meeting receives the reports of the Board of Management on the business activities of the Bank and the Board of Supervisory Directors on the resolutions it has passed and advises the Bank in matters of the promotion of agriculture and rural areas as well as on general agricultural and business policy issues. It decides on the appropriation of profits in accordance with Section 9 para. 2.

Section 9 Appropriation of profits

(1) The net profit for the year may only be used for the promotion of agriculture and rural areas, in compliance with general interest.

(2) At most half of the amount to be distributed is allocated to a promotional fund, the appropriation of which is decided by the General Meeting in accordance with guidelines, which it is to draw up.

(3) At least half of the amount to be distributed shall be allocated to the special-purpose fund of the Federal Republic as stated by the Act on the Special-Purpose Fund of the Federal Republic at Landwirtschaftliche Rentenbank as of August 12, 2005 (Federal Gazette I, 2363) provided that this is managed by the Bank and provided that the Bank is exempted of all taxes on assets, net income and commercial enterprise.

Section 10 Specific duty of the executive bodies

The duty of care and responsibility of the members of the Board of Management and the Board of Supervisory Directors comply with the relevant provisions for management board and supervisory board members of public limited companies.

Section 11 Supervision

(1) The Bank is subject to the supervision of the Federal Ministry of Food and Agriculture (supervisory authority), which makes its decisions in agreement with the Federal Ministry of Finance. The supervisory authority ensures that the business operation of the Bank complies with public interest in particular in the promotion of agriculture and rural areas as well as with the laws and its Statutes.

(2) The supervisory authority is empowered to request information from the executive bodies of the Bank on all business matters, to view any books and correspondence of the Bank and to participate in meetings of the Board of

Supervisory Directors and its committees as well as in the General Meeting, and to raise motions; its representatives must be admitted to the floor at all times.

(3) The supervisory authority is also authorised to request the calling of meetings of the executive bodies and the announcement of subjects to be decided as well as to prohibit the implementation of directives or resolutions, which contravene public interest in particular the promotion of agriculture and rural areas or are in breach of the laws or the Bank's statutes.

(4) Otherwise, the Bank is independent with regard to its administration and management, likewise in the appointment of personnel.

Section 12 Official seal and public documents

The Bank is entitled to hold an official seal. Section 39a of the Notarisation Act (*Beurkundungsgesetz*) shall apply accordingly. Bank declarations, which are duly signed and given the stamp of the official seal have the character of officially authenticated public documents.

Section 13 Covered bonds

(1) The Bank may issue covered bonds according to paragraphs 2 to 4.

(2) The total amount of the bonds issued by the Bank must be covered to the amount of the nominal value and the interest at all times. The following are permitted as cover

1. covered bonds which are issued in accordance with Section 1 para. 3 of the German Covered Bond Act (*Pfandbriefgesetz*),
2. loans to domestic statutory corporations and such federal institutions under public law to which a maintenance obligation (*Anstaltslast*) or guarantee obligation by law (*Gewährträgerhaftung*) or a governmental refinancing guarantee apply, or which are legally entitled to levy fees and other charges, or loans granted under acceptance of the complete guarantee by such a statutory corporation or institution under public law, or other loans of the Bank for which sufficient collateral exists which meets the requirements of the German Covered Bond Act (*Pfandbriefgesetz*) for the coverage of mortgage bonds or bottomry bonds.
3. loans granted by the Bank for which sufficient collateral exists in accordance with the policies of the Bank.

The appropriate cover prescribed in clause 2 may be replaced temporarily by credit deposits at Deutsche Bundesbank and at suitable banks (substitute cover).

(3) The assets determined for covering the bonds, including the substitute cover, as well as assets to the amount of principal reserves as per Section 2 para. 3 are to be entered individually into a register by the Bank. Section 5 para. 1 and 2 of the German Covered Bond Act (*Pfandbriefgesetz*) apply accordingly, provided that instead of the Federal Authority, the supervisory authority named in Section 11 para. 1 supersedes.

(4) After consultation with the Bank, the supervisory authority (Section 11 para. 1) nominates a trustee and a deputy. It is the responsibility of the trustee to ensure that the issuing, administration and cover of bonds comply with the legal and regulatory conditions and terms and conditions of the bonds. Section 7 para. 3 and 4 and Sections 8 to 11 of the German Covered Bond Act (*Pfandbriefgesetz*) apply accordingly, provided that instead of the Federal Authority, the supervisory authority named in Section 11 para. 1 supersedes.

Section 13a

Eligibility for the investment of ward money

Bonds issued by the Bank which are not denominated in foreign currency are eligible for the investment of ward money.

Section 14

Attachments and compulsory executions

Section 29 of the German Covered Bond Act (*Pfandbriefgesetz*) shall apply accordingly to attachments and compulsory executions upon assets which are entered in the register of covered bonds as per Section 13 para. 3.

Section 15

Special provision for refinancing loans

Credit institutions may request in advance an undertaking to pay interest on overdue interest in each case they grant a loan from funds received from the Bank.

Section 16

Dissolution

(1) Insolvency proceedings with respect to the Bank's assets are inadmissible. The Bank may only be dissolved by law. Such law shall determine the application of assets. They may only be used for the promotion of agriculture or agricultural research in the interests of the public at large.

(2) In the event of dissolution, creditors of covered bonds shall rank before other creditors of the Bank in relation to the assets entered in the register of covered bonds as per Section 13 para. 3. To the extent that these assets are not required to settle claims of covered bond creditors they are available for the settlement of claims of the remaining creditors of the Bank.

Section 17

Transitional rules

The current Bank registers for covered bonds are retained as separate coverage registers in addition to the register as per Section 13 para. 3 when the

fifth law on the amendment of the law governing Landwirtschaftliche Rentenbank comes into force. The duties of the trustee as per Section 13 para. 4 also encompass these coverage registers.

Section 18

(omitted)

Section 19

(omitted)

Section 20

(coming into force)