



rentenbank

## Press release

August 24, 2011

*First half of 2011:*

### **Favorable investment sentiment in the agricultural sector fuels demand for promotional loans**

- *Special promotional loans: loan commitments continue to rise; growth fueled by biogas, wind turbine installations and public-sector infrastructure measures; promotional loans for farm buildings, machinery and land purchases also increase. Liquidity assistance loans significantly below prior year level.*
- *Issuance activity: three quarters of medium and long-term funding requirements for 2011 have already been raised; U.S. dollar most important currency.*
- *Financial performance: net interest income and operating result (HGB and IFRS) at high prior-year level. IFRS measurement results positive, but remain highly volatile. Core capital ratio 18.0%, total capital ratio 27.2%.*

**In the first half of 2011, the business trend of Landwirtschaftliche Rentenbank, Frankfurt/Main, was characterized by a buoyant demand for special promotional loans granted at low interest rates and a stable income. In its half-year financial report published today, Rentenbank underlines the continuing growth of loan commitments for biogas plants, farm buildings and land purchases in the first six months of fiscal 2011. Promotional loans for wind turbine installations also fueled growth. Financings of public-sector infrastructure measures rose by a considerable extent as well. At the same time, demand for liquidity assistance loans from the agricultural sector fell to €20.2 million (€438.7 million) due to the more favorable economic conditions. These promotional loans were mainly used to bridge financing gaps following dioxin-contaminated feed. In aggregate, Rentenbank granted low-interest special promotional loans of €2.9 billion in the first six months of 2011 (€2.8 billion). The portfolio of this promotional segment had a volume of €24.3 billion at the end of June 2011 (€23.0 billion), up 5.7% (8.7%) over the figure at the end of the prior year. Special promotional loans accounted for 37.3% (34.6%) of the total promotional lending volume, which amounted to €65.2 billion (€66.5 billion). "Our special promotional loans, which primarily emphasize agricultural and food industry, renewable energies, and rural development, are becoming more and more important within the framework of our promotional strategy. The broad range of possibilities supports the future-oriented, sustainable and integral development of the agricultural sector and rural areas, making an important contribution to low financing costs and stable financing conditions in the entire agricultural sector," said Dr. Horst Reinhardt, member of the Board of Managing Directors of Rentenbank responsible for promotional lending.**

### ***Stable financial performance***

The positive development in earnings continued in the first half of 2011. Both net interest income and operating result were slightly above the high levels achieved in the prior-year period. The operating result before valuation adjustments reached €179.5 million (€179.2 million) in accordance with HGB. Taking into account the valuation adjustments, Rentenbank reported an interim net income of €147.5 million (€131.4 million), in its HGB separate financial statements.

### ***IFRS financial statements: operating result slightly higher, measurement results positive, but highly volatile***

In accordance with IFRS, the operating result increased by 2.1% in the first half of 2011 to €144.0 million (€141.0 million). Taking into account the result from fair value measurement and from hedge accounting of €9.2 million (€-20.1 million), the group's interim net income under IFRS came to €153.2 million (€120.9 million). In line with the accounting provisions of IFRS, measurement-based corrections in the amount of €25.2 million (€-245.6 million) were recorded in the revaluation reserve not affecting net income. Total comprehensive income, including all measurement-based corrections, amounted to €178.4 million (€-124.7 million). "The persistent financial market crisis has the effect that market parameters remain highly volatile. However, the positive measurement results in the first half year partly relate to measurement losses reported in previous years. Measurement results cannot be predicted. Operating results will continue to return to normal levels and, based on our projections for 2011, are expected to marginally exceed the figures set out in the annual operating plan," said Hans Bernhardt, member of the Board of Managing Directors of Rentenbank responsible for finance.

### ***Total assets at €74.0 billion***

In spite of the fact that the volume of special promotional loans had risen by the end of June 2011, total assets (HGB) fell by 5.7% to €74.0 billion (€78.5 billion), due to such factors as the reduced portfolio volume within money market business and a smaller securities portfolio. Accordingly, the decline of loans and advances to banks to €46.1 billion (€49.5 billion) on the asset side of the balance sheet primarily reflects the reduction of short-term loans and advances. At the end of June, the securities portfolio amounted to €25.7 billion (€26.9 billion).

### ***Securitized liabilities reflect lower commercial paper portfolio***

On the liabilities side of the balance sheet, the volume of securitized liabilities fell to €59.8 billion (€62.1 billion) in the first half of 2011, due partly to the fact that the commercial paper portfolio had decreased from €10.1 billion at year-end 2010 to €5.1 billion by the end of June 2011. In contrast, the issuance activity in the medium and long-term maturity ranges was very strong. By the end of June, three quarters of the expected funding requirement of €10 billion had already been placed. To finance its lending activities, Rentenbank took out

€7.5 billion (€6.7 billion) in new medium and long-term capital market funds in the first six months of the current fiscal year, of which €4.2 billion (€4.9 billion) relate to the Euro Medium Term Note (EMTN) program. The placed volume of global bonds that are registered with the U.S. Securities and Exchange Commission (SEC), and the volume of bonds for the Australian domestic market (Kangaroo bonds) were increased significantly. SEC registered global bonds were the second most important funding instrument, with a volume of €1.8 billion (€1.0 billion). In the first half of 2011, Rentenbank placed Kangaroo bonds in an equivalent value of €1.4 billion (€0.8 billion). The U.S. dollar continued to be the most important issue currency with a share of 42.1% (51.8%), followed by the euro with 26.4% (27.4%). The share of the Australian dollar rose to 19.4% in the first six months of 2011 (13.2%).

### **Higher capital ratios**

Total capital as reported on the balance sheet (including subordinated liabilities) was €3.0 billion as of June 30, 2011 (€3.1 billion). Both total capital ratio (first half of 2011: 27.2%; year-end 2010: 24.5%) and core capital ratio (first half of 2011: 18.0%; year-end 2010: 15.5%), as calculated in accordance with the German Solvency Regulation, improved compared to year-end 2010, and were again significantly above the regulatory requirements.

---

The complete half-yearly financial report can be found at: [www.rentenbank.de](http://www.rentenbank.de)

### **For further information, please contact:**

Dr. Karin Gress, Phone: 069/2107-393, Fax: 069/2107-6447, email: [gress@rentenbank.de](mailto:gress@rentenbank.de)

### **Service:**

*Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness. Within the framework of its legal promotional mandate, the bank provides low-interest loans for agriculture-related investments via other banks in line with its competitive neutrality. The appropriation of profits is subject to the promotional mandate as well. Rentenbank is a public law institution whose capital was formed by contributions paid by the German agricultural and forestry sector. The bank mainly raises funds in international capital markets and is one of the few Triple A-rated banks in Germany.*

**Forward-Looking Statements:** This press release contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of Rentenbank's management and currently available information. Such statements include, in particular, statements about our plans, strategies and prospects. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Except as required by law, Rentenbank does not have any intention or obligation to update publicly any forward-looking statements after they are made, whether as a result of new information, future events or otherwise.