



rentenbank

Press release

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Rentenbank in 2021: Strong growth in the Agriculture and Renewable Energy lines

Frankfurt. 2021 was another good year for the promotional lending business of Landwirtschaftliche Rentenbank. New lending in the Agriculture and Renewable Energy lines increased sharply. In the Agriculture line, the increase was especially driven by the Agriculture Investment Programme of the German Federal Ministry of Food and Agriculture (BMEL), whereas the increase in the Renewable Energy line was driven by strong demand for wind power financing. Due to the uncertainty surrounding long-term investments in the sector, there was a slight decrease in the overall volume of new, low-interest special promotional loans, which came to EUR 5.6 billion (2020: EUR 6.0 billion). Capital ratios improved slightly from an already high level.

Strong growth in the Agriculture and Renewable Energy lines

Again in 2021, the Agriculture line accounted for the largest share of new special promotional loans granted. New lending increased by 18.3% to EUR 2.5 billion (2020: EUR 2.1 billion). The strong growth was driven by the BMEL's Agriculture Investment Programme. "We are very pleased with the strong demand because it shows the great willingness of agricultural enterprises to make a positive contribution to the protection of climate, environment and nature. We still see enormous potential in this area," said Nikola Steinbock, Speaker of Rentenbank's Management Board since the beginning of this year. The Renewable Energy line also saw dynamic growth, increasing by 21.4% to EUR 1.1 billion (2020: EUR 0.9 billion), thanks to strong demand for wind power financing.

Euro is the most important currency of issuance

To fund its promotional lending business, Rentenbank raised EUR 10.7 billion in medium- and long-term funds in the capital market in the 2021 financial year. This volume was somewhat less than in the previous year (2020: EUR 11.4 billion). The euro became the most important currency of issuance, accounting for 62% (2020: 41%) of the total issues, followed by the US dollar at 25% (2020: 47%). The most important investor groups are still commercial banks and central banks, together accounting for 74% (2020: 79%) of the total volume placed.

Lower operating profit

The operating profit before provision for loan losses and valuation came to EUR 187.7 million (2020: EUR 208.9 million). Net interest income declined to EUR 285.8 million (2020: EUR 296.9 million). Thanks to the technical option of passing on negative funding rates available since the middle of 2021, Rentenbank was able to extend a larger amount of interest rate grants compared to the previous year, which reduced the bank's net interest income. Administrative expenses increased to EUR 90.0 million (2020: EUR 75.9 million). This increase is mainly attributable to the implementation of the German federal government programmes, as well as rental expenses for the interim building and the accelerated implementation of major IT projects. The cost/income ratio was 32.9% (2020: 28.2%).

Improved capital ratios

At the end of 2021, Rentenbank improved the capital ratios calculated on the basis of the EU Capital Requirements Regulation (CRR). The Common Equity Tier 1 capital ratio rose slightly to 31.8% (2020: 31.0%). The total capital ratio also rose slightly to 32.0% (2020: 31.5%). Both capital ratios are well above the regulatory requirements applicable to Rentenbank.

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Background information

Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness and rural areas. Under its statutory mandate, Rentenbank promotes agriculture-related projects by granting low-interest rate loans via lending banks on a competitively neutral basis. Rentenbank provides funding to banks, savings banks and local authorities operating in rural areas. The utilization of profits is also governed by the promotional mandate. The Bank is a German federal public law institution whose capital stock was formed by contributions paid by the German agriculture and forestry sectors. It is subject to the German Banking Act (KWG) and is regulated by the Federal Financial Supervisory Authority (BaFin) and the Bundesbank. As one of the few triple-A rated institutions in Germany, Rentenbank raises funds primarily in the capital markets.

This press release contains certain forward-looking statements that are based on current expectations, estimates, forecasts and projections of the Management Board and on the information currently available to it. These statements include, in particular, statements about our plans, strategies and prospects. Such forward-looking statements are identified by words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates' and similar expressions. These statements are not to be understood as guarantees of future performance; instead, they are dependent on factors that involve risks and uncertainties and are based on assumptions that may prove to be incorrect. Unless required by law, we assume no obligation to update forward-looking statements after the publication of the present press release.