



Press release

11 August 2022

Rentenbank: Strong increase in the volume of new special promotional loans granted in the first half of 2022

Frankfurt. Landwirtschaftliche Rentenbank encountered considerably stronger demand for its special promotional loans in the first half of 2022, the volume of which rose by nearly one third to EUR 3.8 billion. The "Renewable Energy" promotional line experienced especially strong growth. The "Rural Development" and "Agribusiness and Food" promotional lines also posted considerable gains. Germany's development agency for agribusiness and rural areas generated a lower operating profit in the first half of 2022. The capital ratios remained at high levels.

"Renewable Energy" promotional line more than doubles the volume of new loans granted

The volume of new loans granted in the "Renewable Energy" promotional line soared to EUR 1 billion (EUR 443 million). Special promotional loans granted to finance wind power increased the most, rising from EUR 291 million to EUR 750 million. Biogas financing loans doubled to EUR 105 million (EUR 52 million). The introduction of a new loan variant featuring fixed interest-rate periods in excess of 10-years in September 2020 continued to yield positive effects in the "Renewable Energy" promotional line. As of early April 2022, Rentenbank now offers loans with long fixed interest-rate periods in all its promotional lines.

Thanks to stronger demand for machinery and equipment financing, the volume of new loans granted in the "Agribusiness and Food" promotional line also increased substantially to EUR 613 million (EUR 432 million).

The "Rural Development" promotional line likewise experienced very dynamic growth, with the volume of new loans rising to EUR 914 million (EUR 587 million). This increase is attributable to stronger demand for Rentenbank's global loans on the part of the German federal states' development banks.

The volume of new loans granted in the "Agriculture" promotional line amounted to EUR 1,104 million in the first half of 2022, that being slightly less than the year-ago comparison figure (EUR 1,301 million). In particular,

agricultural enterprises demanded fewer special promotional loans for farm buildings.

The total volume of special promotional loans granted by Rentenbank rose by 31.6% to EUR 3.8 billion in the first half of 2022 (EUR 2.9 billion).

Increased promotion of innovation and start-ups

Rentenbank promotes innovation in all stages from development to practical implementation and dissemination of pioneering methods and products. It promotes the early-stage financing of specifically agriculture-related start-ups from the "Special-Purpose Fund of the Federal Republic of Germany," which is managed by Landwirtschaftliche Rentenbank. Subordinated loans totalling EUR 1.3 million and EUR 0.1 were granted in the form of Innovation Vouchers to two start-ups in the first half of 2022. Rentenbank also promoted seven project partners with grants totalling EUR 1.6 million from its Innovation Fund.

In February 2022, Rentenbank contributed EUR 25 million to the European Circular Bioeconomy Fund (ECBF). This fund initiated by the European Commission invests in innovative, fast-growing bio-economy enterprises with the goal of reducing the use of fossil fuels, promoting a bio-based circular economy, and contributing to climate-neutral economic development. Funds totalling EUR 3.6 million were already drawn down through the end of June.

Besides providing financial support to agriculture-related start-ups, Rentenbank also supports the entire start-up ecosystem in order to speed up the market introduction of innovative and sustainable ideas. In collaboration with the German Federal Ministry of Food and Agriculture (BMEL), for example, Rentenbank has considerably expanded its offering of special promotional loans in connection with the "Growth Alliance"-Boot Camp. "By participating in the 'Growth Alliance' programs, the start-ups to which we already provide financial support enhance their market prospects considerably. And the programs connect us, in turn, with additional, highly promising start-ups to which we can provide financial support", said Nikola Steinbock, Chairwoman of Rentenbank's Management Board, with regard to the holistic approach to promoting ag-tech and food-tech start-ups.

Euro remains the most important issue currency

To fund its promotional activity, Rentenbank raised EUR 8.2 billion (EUR 6.5 billion) in the capital markets by issuing bonds with terms of more than two years in the first half of 2022. Thus, the Bank has already achieved three

quarters of the EUR 11 billion issue volume planned for 2022. The most important issue currency was the euro, the share of which rose to 70% (51%) of the total issue volume. This includes a 5-year bond for EUR 2 billion, Rentenbank's largest euro area benchmark offering to date. The share of the US dollar fell to 12% (40%). Commercial banks are still the most important investors, accounting for 69% (50%) of the total issue volume. Rentenbank placed 15% (24%) of its bonds with central banks.

Lower operating result

The operating result before loan-loss provisions and valuation effects amounted to EUR 74.3 million in the first half of 2022, that being less than the corresponding figure for the first half of last year (EUR 94.1 million). The decrease resulted particularly from the higher level of interest rate subsidies granted in connection with Rentenbank's special promotional loans, which led to lower net interest income. In addition, administrative expenses rose to EUR 45.6 million (EUR 42.6 million), primarily due to higher investments in IT systems.

Capital ratios remain at high levels

Rentenbank's capital ratios calculated on the basis of the EU Capital Requirements Regulation (CRR) remained at high levels at the end of the first half of 2022. The Common Equity Tier 1 capital ratio came to 30.6% (31/12/2021: 31.8%) and the total capital ratio came to 30.7% (31/12/2021: 32.0%).

Media contact:

Christian Pohl, Tel.: 069 2107-376, Fax: 069 2107-6447, E-mail: pohl@rentenbank.de

Background:

Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness and rural areas. Its promotional mandate covers not only agriculture and forestry, but also the entire food value chain, the increased use of energy from renewable sources, and the promotion of bio-economy solutions. Rentenbank attaches particular importance to the promotion of innovation, including research and development in universities, the early-stage financing of agriculture-related start-ups, and the market introduction and practical use of new technologies and products. Rentenbank's promotional instruments are subsidies, subordinated loans, and special promotional loans. The special promotional loans are granted via the local banks of the ultimate borrowers on a competitively neutral basis. Rentenbank provides funding to banks, savings banks, and local authorities operating in rural areas. The Bank is a federal institution under public law whose capital stock was formed by contributions from 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 in the capital markets.