

Press release

August 7, 2014

First half of 2014

Rentenbank: promotional loans for agriculture remaining at high level

- *Special promotional loans: sharp rise in financings for renewable energies.*
- *Issuance activity: almost three quarters of medium- and long-term capital requirement for 2014 already met.*
- *Tier 1 capital ratio (17.0 percent) and total capital ratio (20.2 percent) based on EU Capital Requirements Regulation (CRR) well above minimum requirements.*

Brisk demand for low-interest special promotional loans for the agricultural sector characterized business at Landwirtschaftliche Rentenbank, Frankfurt am Main, in the first half of 2014. An increased volume of new business in the Renewable Energies promotional line ensured the promotional bank's new business in special promotional loans remaining at a high level, enabling the bank to build on a highly successful 2013.

"Our low-interest promotional loans are creating stable funding conditions for the entire agricultural sector," said Horst Reinhardt, Speaker of the Board of Managing Directors of Rentenbank. "We are helping the agriculture to become more efficient and sustainable and are thereby strengthening the rural areas."

New business in promotional loans slightly above last year's record level

New business in Rentenbank's low-interest special promotional loans came to €3.1 billion in the first six months of 2014, a small year-on-year increase of 0.1 percent. The special promotional loan portfolio thus reached €34.9 billion at the end of June, which was 3.3 percent more than at the end of last year (€33.8 billion). There was a particularly sharp rise in new business in the Renewable Energies promotional line, which climbed by 54.5 percent to €1 041 million (first half of 2013: €673 million). Strong demand for wind power financing made a significant contribution, advancing from €292 million to €726 million.

Euro most important issuance currency

To finance its promotional business, Rentenbank has raised medium- and long-term funding of €7.3 billion in the capital markets during the first six months of 2014 (first half of 2013: €5.6 billion). Three quarters of this funding were generated under the Euro Medium Term Note (EMTN) Program. The promotional bank placed Kangaroo bonds of an amount equivalent to €0.9 billion (€1.4 billion) under its Australian MTN Program. A global bond contributed €0.7 billion to the funding volume. In the first half of the year, the euro was the most important issuance currency with a share of 38 percent (18 percent), followed by the US dollar with a share of 33 percent (33 percent).

Earnings remain satisfactory

In the first half of 2014, Rentenbank's results of operations (in accordance with German Commercial Code, HGB) were again satisfactory. The operating result before provision for loan losses and valuation stood at €125.2 million (first half of 2013: €129.6 million). The main reasons for this decline were higher administrative expenses of €26.8 million (€23.7 million) and the lower level of net interest income of €154.5 million (€156.2 million), which had been anticipated and was attributable to the prevailing low interest rates and narrowing margins.

No change in total assets

At the end of June 2014, total assets (in accordance with HGB) amounted to €78.3 billion and were thus at the same level as at the end of 2013. Loans and advances to banks decreased to €49.3 billion (December 31, 2013: €50.0 billion). Accordingly, they accounted for a smaller share of total assets (June 30, 2014: 63.0 percent; December 31, 2013: 63.9 percent). By contrast, the securities portfolio grew slightly, increasing to €20.7 billion (December 31, 2013: €20.3 billion). Securitized liabilities amounted to €63.4 billion (€61.4 billion), representing the largest single item on the liabilities and equity side of the balance sheet. This equates to a share of 81.0 percent (78.4 percent). Own funds reported on the balance sheet (including subordinated liabilities) were virtually unchanged compared to December 31, 2013 and stood at €4.1 billion as at June 30, 2014.

IFRS financial statements: operating result in line with expectations

The change in operating result calculated in accordance with International Financial Reporting Standards (IFRS) during the first half of the year was within expectations. The operating result declined slightly to €126.0 million (first half of 2013: €128.2 million) due to a lower net interest income and increased administrative expenses, which were the same reasons for a decreased operational in-

come in the HGB financial statements. The Group's total comprehensive income declined year on year to €130.5 million (€346.1 million) in the first six months of 2014. This drop was due not only to the smaller operating result but also, in particular, to the reduction in gains from fair value measurement. "Because market parameters continue to be subject to significant volatility, we cannot reliably predict future gains and losses from fair value measurement," said Hans Bernhardt, member of the Board of Managing Directors responsible for Finance at Rentenbank. "Consolidated net income can be significantly affected by gains or losses from fair value measurement, which means that it also cannot be forecasted accurately."

Capital ratios based on EU Capital Requirements Regulation (CRR) well above minimum requirements

Calculated in accordance with the EU's Capital Requirements Regulation (CRR) for banks, which came into effect on January 1, 2014, Rentenbank's Tier 1 capital ratio was 17.0 percent and the total capital ratio was 20.2 percent as at June 30, 2014. These ratios are much higher than the current regulatory requirements of 5.5 percent and 8 percent respectively.

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

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.