

# Annual Report 2021



## Key figures

<b>Balance sheet in EUR billion</b>	<b>2021</b>	<b>2020</b>
Total assets	95.5	95.3
Loans and advances to banks	65.1	61.8
Loans and advances to customers	7.6	7.0
Bonds and other fixed-income securities	15.1	17.6
Liabilities to banks	1.9	2.2
Securitised liabilities	82.6	81.8
Equity reported on the balance sheet	4.7	4.7

<b>Income statement in EUR million</b>	<b>2021</b>	<b>2020</b>
Net interest income	285.7	296.9
Administrative expenses	90.0	75.9
<b>Operating profit before provision for loan losses and valuation</b>	<b>187.7</b>	<b>208.9</b>
Provision for loan losses and valuation	153.2	175.4
Net income	34.5	33.5
<b>Distributable profit</b>	<b>17.3</b>	<b>16.8</b>
Cost-income ratio (%)	32.9	28.2
Employees (year end)	385	343

<b>Capital ratios (%)</b>	<b>2021</b>	<b>2020</b>
Common Equity Tier 1 capital ratio	31.8	31.0
Tier 1 capital ratio	31.8	31.0
Total capital ratio	32.0	31.5

<b>Rating</b>	<b>Long-term rating</b>	<b>Short-term rating</b>
Moody's Investors Service	Aaa	P-1
Standard & Poor's	AAA	A-1+
Fitch Ratings	AAA	F1+

# Annual Report 2021

# Contents

Foreword by the Management Board .....	3
Brief portrait of Landwirtschaftliche Rentenbank .....	4
About this report .....	5
<b>1. Sustainable corporate governance .....</b>	<b>6</b>
1.1 Strategic framework .....	6
1.2 Sustainability management .....	8
1.3 Business ethics and lawful conduct .....	9
1.4 Corporate Governance Report and Declaration of Conformity .....	10
1.5 Communication and stakeholders .....	14
1.6 Corporate social responsibility .....	15
<b>2. Our promotional activity in fiscal year 2021 .....</b>	<b>17</b>
2.1 Promotional programmes .....	17
2.2 Promotion of innovation .....	20
2.3 Promotional Fund and Rehwinkel-Stiftung .....	20
2.4 Funding .....	22
<b>3. Our employees .....</b>	<b>25</b>
3.1 Personnel policy .....	25
3.2 Diversity and equal opportunity .....	27
3.3 Qualifications .....	27
3.4 Key personnel indicators .....	29
<b>4. Operational ecology and procurement .....</b>	<b>29</b>
4.1 Operational environmental protection .....	29
4.2 Key ecological indicators .....	31
4.3 Sustainable procurement .....	32
<b>Management report .....</b>	<b>33</b>
1. General information about Rentenbank .....	35
2. Economic report .....	37
3. Forecast and opportunities report .....	43
4. Risik report .....	46
5. Financial reporting process .....	59
<b>Financial Statements .....</b>	<b>60</b>
Balance sheet .....	61
Income statement .....	62
Cash flow statement .....	63
Statement of changes in equity .....	64
Notes .....	65
<b>Responsibility Statement from the Management Board .....</b>	<b>84</b>
<b>Reproduction of the Independent Auditor's Report .....</b>	<b>85</b>
<b>Management Bodies .....</b>	<b>91</b>
<b>Report from the Supervisory Board .....</b>	<b>94</b>

## Foreword by the Management Board

Transformation and sustainability: As we understand it, these two terms perfectly characterise the tenor of fiscal year 2021. They accurately describe both our business environment and ourselves as an enterprise.

It was again made clear in the past year that governments and society are increasingly moving in the direction of more sustainable economic activity and lifestyles. This transformation requires great exertions on the part of everyone involved. As a task for society at large, it requires action in all sectors. And it certainly requires substantial investments. Promotional banks like Rentenbank have an especially important role to play in this transformation by offering commensurate services – combined with public funds where necessary.

Moreover, innovation and new business models are needed to achieve the climate protection objectives and successfully manage the transformation process. They can deliver important solutions for more sustainable economic activity and a viable green industry in the future. For this reason, we launched a new initiative to promote start-ups in the past fiscal year, in collaboration with the German Federal Ministry of Food and Agriculture (*Bundesministerium für Ernährung und Landwirtschaft*, BMEL). We offer subordinated loans to satisfy an essential, previously unserved need for capital for the early-stage financing of agriculture-related start-ups.

Other milestones are specifically related to our Bank. For the first time, we published a Sustainability Report meeting the requirements of the German Sustainability Code (GSC) and issued the Bank's first Sustainability Guidelines in 2021.

The most visible symbol of our own transformation is the construction project in the centre of Frankfurt. The preservation of our headquarters building is especially important to us. Apart from our identification with this landmark-status building, sustainability played a major role in making this decision. Since last year, the building is being completely refurbished and modernised in terms of energy efficiency. And more space is being added for our employees.

And so, we are a transformation bank in the truest sense of the word – both inwardly and outwardly.



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

Nikola Steinbock

Dietmar Ilg

Dr. Marc Kaninke

## Brief portrait of Landwirtschaftliche Rentenbank

Rentenbank was founded in 1949 as a central financing institution with a statutory promotional mandate. The German agriculture and forestry contributed the capital stock. The Bank is a federal institution under public law with its registered head office in Frankfurt am Main. The German federal government bears institutional responsibility and guarantees the liabilities of Rentenbank.

Rentenbank's promotional mandate is comprehensive. Besides promoting agriculture and forestry, as well as the entire food value chain, we also promote renewable energy and the bio-economy. And we support private-sector and public-sector investments in rural areas.

We attach particular importance to the promotion of innovation. Our commitment to this objective ranges from 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.

Our promotional instruments are grants, subordinated loans, and special promotional loans.

The special promotional loans are granted via the local banks of the ultimate borrowers as part of the Bank's promotional activity. We also provide funding to banks, savings banks, and local authorities operating in rural areas. The special promotional loans may be combined with budgetary resources of the German federal government in the form of grants or guarantees.

Already today, our tailored offerings support new ways of doing business that are more closely aligned with climate, environmental, and animal protection goals. Above all, these offerings also serve the purpose of realising the potential to reduce greenhouse gases in agriculture and forestry.

We fund our promotional activity by issuing securities and taking out loans in the capital markets. Rating agencies have assigned the highest credit ratings of AAA and Aaa to Rentenbank's long-term obligations.

Rentenbank is subject to banking supervision by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) and the Bundesbank. Legal supervision is provided by the German Federal Ministry of Food and Agriculture (*Bundesministerium für Ernährung und Landwirtschaft, BMEL*) in agreement with the German Federal Ministry of Finance (*Bundesministerium der Finanzen, BMF*).

We are a member of the German Association of Public Banks (*Bundesverband Öffentlicher Banken Deutschlands e.V., VÖB*) and the European Association of Public Banks (EAPB).

## About this report

We are combining our Annual Report with our Sustainability Report in one report for the first time for 2021. Thus, the present report provides a comprehensive account of the economic, ecological, and social performance of Landwirtschaftliche Rentenbank in 2021.

In this report, we explain how we as a bank create value for our ultimate borrowers, employees, and business partners, and above all, how our core activity contributes to the sustainable development of German agriculture. We make it clear that we not only support the turn to sustainability, but also seek to shape this transformation as an essential element of our core activity.

### Structure

This report is divided into two parts: a voluntary part and the legally required financial reporting. The voluntary part addresses the principal sustainability issues of our business and provides other business information. Relevant topics are identified and assessed in the following dimensions: “Internal effects of sustainability-related developments on Landwirtschaftliche Rentenbank” (outside-in) and “External effects of the sustainability-related activities of Landwirtschaftliche Rentenbank” (inside-out).

Non-financial information about our activities is provided in the following chapters:

Content	Chapter
<b>Business model</b>	Brief portrait
<b>Strategy</b>	Chapter 1.1
<b>Adherence to the 1.5-degree target and climate protection</b>	Chapters 1.1, 2.1, 4.1
<b>Sustainability objectives</b>	Chapter 1.2
<b>Dual-track materiality analysis</b>	Chapter 1.1
<b>Inclusion of stakeholder interests</b>	Chapters 1.1 and 1.5
<b>Role of the Management Board in sustainability issues</b>	Chapters 1.2, 1.3, Risk report
<b>Sustainability risks and opportunities</b>	Chapter 1.1, Forecast and opportunities report, Risk report
<b>Effects in the supply chain</b>	Chapter 4.3
<b>Business ethics and anti-corruption</b>	Chapters 1.1, 1.3, Risk report
<b>Operational ecology</b>	Chapters 4.1 und 4.2
<b>Equal opportunity</b>	Chapter 3
<b>Working conditions</b>	Chapter 3
<b>Respect for human rights</b>	Chapters 1.1 and 4.3
<b>Sustainability data</b>	Chapters 2.4, 3.4, 4.2

### Data basis

The reporting period is the 2021 fiscal year. Relevant data for 2021 available at the editorial deadline of 28 February 2022 were considered. Because some consumption data relating to operational ecology were not yet available at the editorial deadline due to different accounting cycles, the outstanding sustainability-related data will be published in our Declaration of Conformity with the German Sustainability Code (GSC) in the autumn of 2022.



Further information on specific issues can be found by following the appropriately labelled links in the electronic version of the report on our website.

## 1. Sustainable corporate governance

### 1.1 Strategic framework

#### Strategic positioning

Sustainable agriculture is the indispensable prerequisite and essential basis for a sustainable society. Agriculture plays a key role in climate and environmental protection because it is a critical part of both the problem and the solution. As a promotional bank, it is our duty to help the agriculture industry further reduce harmful effects on the climate and the environment and extend its role as a producer of ecosystem conservation services and sustainable raw materials.

That is why we promote agribusiness and rural areas on the basis of our statutory mandate. We are especially committed to promoting investments in the progressive and sustainable development of agribusiness. We want to play a role in the development of a sustainable and livable future and support the transformation to a sustainable society.

We support the sustainability goals of the Federal Republic of Germany, the European Union, and the international community. We are committed to the Sustainable Development Goals (SDGs) of the United Nations and the goals of the Paris Climate Agreement and contribute to the attainment of these goals.

#### Corporate values

Our business activity is guided by the following value propositions:

- Customer-focused: Our work is focused on the interests of ultimate borrowers.
- Expert centered: We have profound expertise in agribusiness and agriculture finance.
- Careful: We ensure our ability to continue serving our promotional mandate by carefully managing risks.
- Responsible: All our decisions are made with a view to long-term consequences.
- Committed: We work in a highly professional manner and continuously improve our work.

Our Mission Statement expresses our self-concept and our values. Together with our Code of Conduct and our risk culture, it forms the basis for ethically correct conduct at Rentenbank. The [Code of Conduct](#) can be viewed on Rentenbank's Sustainability Portal.



## Key areas of activity and impacts

We are currently implementing multiple bankwide projects addressing the opportunities and risks of ESG (Environmental, Social, Governance) issues. Our fundamental objective is to reduce the sustainability risks and negative impacts of our banking business and operations. Conversely, we seek to increase and enhance the opportunities and positive impacts related to sustainability.

In this context, we have conducted a materiality analysis to identify relevant sustainability issues, assess the associated opportunities and risks, and prioritise areas of activity. To this end, an internal board of experts has identified the issues that impact Rentenbank's sustainability performance and categorised them according to their importance for both the business model (outside-in) and their direct sustainability impact on the environment and society (inside-out). All management topics determined to be vital, particularly in the context of environmental concerns, employee concerns, social concerns, respect for human rights, and combating corruption and bribery, are discussed in the present report.

Rentenbank has identified the biggest outside-in risks in terms of climate change-induced effects such as extreme weather events that could have an adverse impact on the economic situation of its business partners. A precise description of Rentenbank's management of ESG risks is provided in the Risk Report.

Within the scope of our business activities, our promotional activity (inside-out) has the greatest impact on the environment and society. With the aid of SDG mapping, Rentenbank has transparently identified the contributions made by its promotional products to the UN's Sustainable Development Goals. Based on the stipulated uses of the loans we fund, the quantitative SDG method enables Rentenbank to report the positive contributions of its funding activities to the individual SDGs. A precise description of the results of [SDG mapping](#) and the methodology applied can be found in Rentenbank's Sustainability Portal.

By reason of Rentenbank's business model, the risk of grave violations of environmental and social concerns, as well as human rights and other applicable legal obligations at the Bank's headquarters and across the value chain, are deemed to be minor. By virtue of our statutory mandate as a promotional bank for agribusiness and rural areas, our activities are focused on Germany. Therefore, we rely on relatively few suppliers and service providers outside of Germany or Europe. We have instituted extensive management processes at our sole location in Frankfurt am Main to ensure compliance with all relevant laws and regulations related to environmental and social concerns.

By means of its risk inventory, Rentenbank obtains an overview of the individual risk types and risk concentrations. Our risk profile comprises the following key risk types: credit default risks, market price risks, liquidity risks, non-financial risks, and strategic risks. The risks and opportunities arising from changes in the areas of Environment, Social, and Governance (ESG risks) are integrated into the risk inventory as drivers of the existing risk types.

## Sustainability Guidelines

We introduced our [Sustainability Guidelines](#) in 2021 with the goal of embedding sustainability issues more firmly into our business strategy. These guidelines reflect the Bank's understanding and level of ambition relative to its central goal of acting as a sustainable enterprise and transformation bank in the field of agriculture in Germany. The guidelines also define the key areas of activity and the long-term objectives and measures in this area.

Area of activity	Objective
<b>Governance</b>	
Strategy and management	Leadership and management of the Bank in accordance with the Bank's own understanding of sustainability and development in the direction of a transformation bank
Communication and stakeholders	Enhanced dialogue with relevant stakeholders on the subject of sustainability and increased sustainability communication
Corporate governance	Compliance with all relevant laws and regulations and assurance of correct ethical conduct
Social responsibility	Acceptance of responsibility as a good corporate citizen and maximisation of efforts to promote the public good
<b>Banking activity</b>	
Promotional activity	Financing activity geared to the transformation to a sustainable society through the promotion of sustainable agriculture
Finance and capital market	Consideration of sustainability criteria in decisions relating to finance and the liquidity portfolio, and the expansion of sustainable funding activity
Risk management	Analysis and consideration of sustainability risks
<b>Personnel management</b>	
Design of the work environment	Promotion of a healthy, equitable, safe, supportive, and motivating work environment
Employee development	Promotion of the personal and professional development employees
<b>Banking operations</b>	
Operational ecology	Optimisation of consumption, emissions, and other impacts on the environment and climate
Procurement	Expansion of responsible procurement in line with social and ecological criteria

## 1.2 Sustainability management

### Structure and organisation

The special position of Sustainability Office which reports directly to the Chairwoman of the Management Board, was established in 2021. The Sustainability Office coordinates our sustainability activities, oversees sustainability communication, and heads up the ESG team. The Sustainability Office acts as a central staff unit coordinating the activities of the ESG team, the Sustainability Board, and the Management Board, which bears overall responsibility for the Bank's sustainability activities.

Our ESG team is composed of cross-divisional and cross-departmental work groups, which address specific sustainability topics such as the improvement of sustainability performance in banking operations and the development of sustainability-related financing products. The work groups are also tasked with the implementation of regulatory requirements and the execution of the sustainability programme. The ESG team develops proposals to the Sustainability Board for new sustainability activities and indicators.

The task of the Sustainability Board is to oversee and coordinate bankwide sustainability activities. The Sustainability Board operates as a bankwide body of experts with the participation of all relevant executive officers and Management Board of the Bank. Important decisions related to the Bank's sustainability performance and strategic orientation are presented to the Management Board in the form of draft resolutions for adoption.

### **Sustainability Programme**

Under our [Sustainability Programme](#), we define annually updated objectives on the basis of the Bank's Sustainability Guidelines and formulate the associated measures, indicators, and responsibilities to ensure and monitor the achievement of these objectives. The Sustainability Programme operationalises our Sustainability Guidelines. Under the Sustainability Programme, we define specific short-term and medium-term objectives in the individual areas of activity with the goal of continuously improving our sustainability performance and so achieving the long-term objectives of the Sustainability Guidelines. The objectives are supported by individual implementation measures. We also publish the related implementation measures in Rentenbank's Sustainability Portal.

## **1.3 Business ethics and compliance**

### **Compliance**

By reason of its statutory promotional mandate, public opinion is particularly important to Rentenbank. The impeccable conduct of all the Bank's executive officers and employees is an indispensable prerequisite for the success of the Bank's activities. To this end, the Management Board and all employees live out a compliance culture as expressed particularly in the Bank's Mission Statement and Codes of Conduct, and supplemented with internal control processes designed to ensure lawful conduct.

### **Code of Conduct**

Rentenbank has adopted a Code of Conduct for all employees. As the foundation of a lawful, ethical, sustainable corporate culture, the Code of Conduct demands lawful, ethical, and sustainable action on the part of all employees. The prevention of corruption is an especially important aspect of the Code of Conduct. With regard to the preventive combatting of corruption, i.e., the offering and acceptance of bribes and benefits, Rentenbank takes a zero-tolerance approach to all forms of corruption, particularly including the offering and acceptance of bribes. Violations are punished with disciplinary

measures and potentially also criminal prosecution. There have been no such violations in the past years.

The Code of Conduct is concretised by rules of conduct accessible to all employees in the Bank's intranet, particularly regarding the acceptance and giving of gifts and invitations (Gifts Guideline), the handling of conflicts of interest, the prevention of fraud and other criminal acts, and the prevention of money laundering and terrorism financing. If misconduct or criminal acts are suspected, employees are able to inform their supervisor and/or the Compliance Officer or Anti-Money Laundering Officer in confidence. If they prefer, they can also provide anonymous tips to an external ombudsman.

The members of the Management Board are subject to a special Code of Conduct that particularly comprises fundamental principles of conduct in relation to conflicts of interest, rules governing the acceptance and giving of gifts and invitations, presentation activities, dealings in financial markets, side-line activities and volunteering.

### **Prevention of money laundering and other criminal acts**

The Bank has designated an officer in charge of preventing money laundering, terrorism financing, and other criminal acts (Anti Money Laundering Officer). The Anti-Money Laundering Officer is organisationally positioned directly beneath the Management Board and reports directly to it. The various risks related to money laundering, terrorism financing, and other criminal acts, including customer risks and business partner risks, as well as product, process, and transaction risks, are assessed in risk analyses prepared annually or on an ad-hoc basis. Particular attention may be given to risk-minimising factors such as Rentenbank's special business model as a promotional bank in Germany and Europe and the granting of loans via local banks by the on-lending method.

Another important element of money laundering prevention relates to compliance with due diligence obligations and the identification of contractual partners (know-your-customer principles). All procedures and processes required for this purpose are followed and any suspected cases are reported immediately to the Central Financial Intelligence Unit (CFIU) by the Anti-Money Laundering Officer. No violations of the laws and regulations applicable to money laundering, terrorism financing, or other criminal acts are known to have occurred in 2021.

## 1.4 Corporate Governance Report and Statement of Compliance

### **Rentenbank is committed to the Public Corporate Governance Code of the German federal government**

Effective corporate governance is of crucial importance for responsible and sustainable governance. For this reason, Rentenbank's Supervisory Board adopted the German federal government's [Public Corporate Governance Code \(PCGC, version of 16 September 2020\)](#) on 4 November 2021.

Rentenbank's Management Board and Supervisory Board identify with and respect the principles of the PCGC. Compliance with the nationally and internationally recognised standards of good and responsible corporate governance set out in the Code in Rentenbank's activities is expressly recognised as being in the interest of the German federal government. Any deviations from the principles of the PCGC are disclosed and explained in the annual Declaration of Conformity.

### **Management by the Management Board and supervision by the Supervisory Board**

The Management Board reports to the Supervisory Board on the course of business with due regard to all relevant planning issues, as well as on the Bank's risk position, risk management, compliance with banking regulations, and financial condition on a regular basis, but at least four times a year. In addition, the Management Board remains in regular contact with the Chairman and Vice Chairman of the Supervisory Board and discusses important questions of management and strategy with them. The Supervisory Board has adopted a non-exhaustive list of events and criteria that must be reported immediately to the Supervisory Board, its Chairman, and the Chairmen of the Supervisory Board committees.

The Management Board kept the Supervisory Board completely informed of all relevant matters concerning the Bank's planning, risk position, risk management, compliance with banking regulations, business performance, and financial condition in the past fiscal year.

### **Management Board**

The Management Board manages the Bank under its own responsibility in accordance with all applicable laws and regulations, particularly including Rentenbank's Governing Law, as well as the Bank's Articles of Incorporation and the Management Board's rules of procedure. It is bound to safeguard the Bank's interests and fulfil its statutory promotional mandate. No woman was represented on the Bank's Management Board in the past fiscal year. Since 1 January 2022, a woman, Nikola Steinbock, is represented on the Management Board as member and Chairwoman. She had served as division director in the 2021 fiscal year.

### **Supervisory Board**

The Supervisory Board supervises and advises the Management Board in the management of the Bank in accordance with Rentenbank's Governing Law, the Bank's Articles of Incorporation, and the Supervisory Board's rules of procedure. It appoints the members of the Management Board and decides on the ratification of their actions. The Supervisory Board may give general and specific instructions to the Management Board. The Supervisory Board selects the independent auditor, grants the audit engagement, and agrees the compensation of the independent auditor with the latter. Among its other tasks, the Audit Committee formed by the Supervisory Board also supervises the independence of the independent auditor.

In accordance with Rentenbank's Governing Law, the Supervisory Board is composed of 18 members. The Chairman of the Supervisory Board is chosen by the Supervisory Board from the ranks of the members designated by the

German Farmers Association (Deutscher Bauernverband e.V., DBV). The Supervisory Board Chairman in the past fiscal year was the President of the DBV, Joachim Rukwied. Initially five and then, since 7 December 2021, four women were represented on the Supervisory Board in the past fiscal year.

Six Supervisory Board members attended fewer than half the total of three Supervisory Board meetings held in the past fiscal year.

### **Legal oversight**

In accordance with Section 11 (1) of Rentenbank's Governing Law, the Bank is subject to the legal oversight of the German Federal Ministry of Food and Agriculture (regulatory authority), which makes its decisions in agreement with the German Federal Ministry of Finance. The regulatory authority ensures that the Bank's activities serve the public interest, particularly the promotion of agriculture and rural areas, and comply with the applicable laws and regulations and Rentenbank's Articles of Incorporation.

### **Efficiency review of the Supervisory Board**

In accordance with Section 25d (11), sentence 1 nos. 3 and 4 German Banking Act (*Kreditwesengesetz, KWG*), the Supervisory Board conducts an annual assessment of the structure, size, composition, and performance of the Management Board and the Supervisory Board overall, as well as the knowledge, skills, and experience of individual governing body members and each governing body individually. In accordance with Section 9 (3) no. 2 c, d of the Supervisory Board's rules of procedure, the Supervisory Board is assisted in the conduct of the review by the Nomination Committee, which determines the questions to be asked in its autumn meeting. The Supervisory Board evaluated the efficiency review and discussed potentially required adjustments at its meeting of 25 March 2021.

### **Avoidance of conflicts of interest**

The members of the Management Board and the Supervisory Board are bound to safeguard the Bank's interests in the performance of their duties. Members of the Management Board and the Supervisory Board are required to disclose to the Supervisory Board Chairman and the Supervisory Board, respectively, any potential conflicts of interest in connection with their activity. No conflicts of interest of Management Board and Supervisory Board members arose in the past fiscal year.

### **Compensation policies for the Management Board and the Supervisory Board**

The compensation of Management Board members is set in appropriate amounts and regularly monitored by the Supervisory Board. Since 2016, the compensation system of the Management Board has consisted of a purely fixed compensation model. The overall compensation of Management Board members does not include any incentives to enter into certain transactions or risks.

The compensation of Supervisory Board members is specified by resolution of the general meeting; this resolution requires the approval of the regulatory authority. Compensation is set with due regard to the responsibility and



scope of activity of the individual Supervisory Board members and the economic position of Rentenbank.

The individual compensation of Management Board and Supervisory Board members is stated on pp. 79 to 80 of the notes to the financial statements.

### **Transparency and dissemination of information**

Transparency and dissemination of information are especially important for the Bank. In disseminating information, Rentenbank adheres to the principle of equal treatment of investors and other interested parties. The Bank also publishes all important information on its website ([www.rentenbank.de](http://www.rentenbank.de)). In addition to its annual financial statements, all press releases and ad-hoc disclosures of Rentenbank, the Declaration of Conformity with the PCGC, and ESG notices are published there.

### **Declaration of Conformity of the Management Board and the Supervisory Board**

In the 2021 fiscal year, Landwirtschaftliche Rentenbank followed the recommendations of the PCGC in the version of 16 September 2020 with the following exceptions:

- The Bank opted not to state the compensation of Management Board and Supervisory Board members in the present Corporate Governance Report pursuant to Sections 7.2.1. and 7.2.2. PCGC because the compensation of each member is stated by name in a generally comprehensible form in Rentenbank's Annual Report (Notes to the financial statements, pp. 79 to 80).
- The Bank opted not to disclose in the present Corporate Governance Report the measures defined in Sections 5.5.1. – 5.5.3. PCGC, including statements on the subject of its sustainability activities and the development of the percentage of positions held by women on the Management Board and the two management levels below that, as well as on the Supervisory Board, because this information is provided in detail in the sections of the Annual Report entitled *Sustainable corporate governance* (Sections 1.1. and 1.2) and *Our employees* (Section 3).
- In accordance with Section 4 (2) of the Management Board's rules of procedure, the distribution of responsibilities may be specified in a business distribution plan without the approval of the Supervisory Board – contrary to Section 5.2.2 PCGC. This ensures the required flexibility to make necessary changes.
- In exceptional cases, the committees not only prepare the decisions of the Supervisory Board, but make the final decisions themselves – contrary to Section 6.1.7 PCGC – for reasons of practicability and efficiency.
- No age limit has been specified for resignation from the Management Board according to Section 5.2.5 PCGC.
- By way of exception to Section 4.4 PCGC, members of the governing bodies may utilise the promotional loans granted under Rentenbank's special promotional programmes. Due to the standardisation of lending rules and the principle of on-lending by local banks, there is no risk of conflicts of interest in the utilisation of promotional loans.



- By way of exception to Section 6.5, two regular meetings of the Supervisory Board and its committees are held every year. The Expert Committee meets once a year. Other special meetings may be held if necessary.

Subject to the exceptions noted above, Landwirtschaftliche Rentenbank also intends to conform with the PCGC in the future.

Landwirtschaftliche Rentenbank  
March 2022

The Management Board  
The Supervisory Board

## 1.5 Communication and stakeholders

### Dialogue with stakeholders

As a bank and direct agency of the German federal government, we maintain a dialog with many stakeholders via different communication channels.

Communicating with stakeholders and being transparent with them is one of our fundamental values. To achieve this goal, we conducted an analysis of our stakeholders in the past fiscal year, focused on indicators such as the influence, participation, impairment, and interests of potential stakeholders. The following stakeholder groups were identified and confirmed by the Management Board:

- Ultimate borrowers
- Local banks and on-lending institutions, federal state development banks
- Universities
- Internal and external boards
- Investors, analysts, issuers
- Chambers of Commerce and associations
- Suppliers and service providers
- Government ministries (BMEL, BMF), other public agencies
- Employees
- (General) public
- Rating agencies (credit and sustainability ratings)

In addition, the following important channels of communication with stakeholders were identified:

- By communicating directly with government ministries, we cultivate a dialogue on the subject of the current requirements for promotional programmes and the possibilities for designing our own promotional programmes. Communicating directly with local banks is also important to us because it is they who actually extend the loans, giving us access to ultimate borrowers.
- We present our promotional programmes to our business partners, borrowers, and agriculture specialists at banks and savings banks in workshops, seminars, and presentations.

- We sponsor guest presentations to sensitise students of agricultural sciences, who we consider to be the future decision makers in this sector, to the issues of agriculture financing.
- We present our Bank to a broad audience of stakeholders at trade fairs and other events. We live up to our claim of supporting start-ups by serving as a jury member in start-up contests.
- We organise roundtable discussions to inform different stakeholders and share opinions on the subject of particular issues. Such a roundtable discussion was organised on the subject of the EU Taxonomy in forestry in the past fiscal year.
- We inform the general public about Rentenbank, its services, and its values on our website. We also provide financial information particularly for analysts and investors.
- We communicate with our employees in various different channels, including the intranet, telephone conferences with employees, and an internal podcast.

### Initiatives and memberships

Rentenbank is a member of the German Association of Public Banks (*Bundesverband Öffentlicher Banken Deutschlands*, VÖB) and the European Association of Public Banks (EAPB). The VÖB represents the interests of its members in relation to the legislative bodies of the German federal and state governments, national and international supervisory and regulatory authorities, and the media and public at large. Through its work on the committees, Rentenbank participates in the VÖB's policy-making on the subject of all key lending and regulatory issues, as well as the issue of sustainable finance. The EAPB represents the interests of public banks in the European framework.

We are also active in advisory boards such as that of the German AgriFood Society and in the expert committees of the German Farmers Association.

Rentenbank is a member of the Green Bond Principles of the International Capital Markets Association (ICMA) and has signed the Diversity Charter.

## 1.6 Corporate social responsibility

As a good corporate citizen, Rentenbank mainly supports local cultural institutions and selected projects in Frankfurt am Main, where the Bank has its headquarters. We regularly support the Oper Frankfurt, the Schirn Kunsthalle Frankfurt, the Städel Museum, the English Theatre, and the Frankfurt Museum für Moderne Kunst, among other institutions. Rentenbank also supports other initiatives such as the PEGASUS Children's and Youth Programme of Alte Oper Frankfurt, for example. In the 2021/2022 academic year, we awarded one-year German National Scholarships (*Deutschlandstipendium*) to six students of Goethe University Frankfurt and a one-year German National Scholarship to one student of the Frankfurt University of Music and Performing Arts (*Hochschule für Musik und Darstellende Kunst*).

In our Christmas donation programme, we support in Frankfurt the hospice association Hospizverein Sankt Katharina, the aid agency Malteser Hilfsdienst, the "Winterspeisung" free meals programme of Sankt-Katharinen-

Gemeinde, the reforestation of the drought-damaged Frankfurt City Forest, and Human Rights Watch, Berlin.

### **Gerd Sonnleitner Award for volunteering work**

Rentenbank sponsors the annual Gerd Sonnleitner Award, which comes with a cash prize of EUR 3,000. Candidates should be less than 35 years old and perform exemplary work in the service of the reconciliation of interests in rural areas according to the example of the prominent farmers' advocate after whom the award is named. The winner of the 2021 Gerd Sonnleitner Award is Mara Walz from Baden-Württemberg, who accepted the award in recognition of her dedicated public relations work for the Young Viticulturists Project she initiated.

### **Buchenborn Forest Project**

As an example of its targeted support of nature conservation efforts in the Rhine-Main region, Rentenbank has since 2016 promoted a forestry project in the 55-hectare Buchenborn Forest District in the Wetterau region of Hesse State, together with the German Federal Institute for Real Estate Services (*Bundesanstalt für Immobilienaufgaben*, BImA). Through this long-term project, Rentenbank and BImA make an active contribution to climate and species protection in the area surrounding Rentenbank's headquarters in Frankfurt am Main.

By means of sustainable forestry and other projects, numerous ecosystem conservation services are provided and financially rewarded in this commercially used forest. Rentenbank and BImA have entered into a framework agreement for this purpose. Given that timber is still harvested within the forest, it is used for forestry purposes. However, BImA manages the forested areas in accordance with strict ecological standards, including the enrichment of waste wood and dead wood and a complete ban on the use of biocides. Other focal points of the agreement include the preservation of locally appropriate vegetation, adapted wildlife stock, and special species conservation measures. The Nature Conservation Department of the German Federal Forestry Service (Bundesforst) provides expert advice and quality assurance services.

Under this same collaboration, additional ecosystem conservation services are provided in the form of individual programmes. Eight of these additional programmes contributing to nature conservation have since been initiated. One of these is the "Sommerhang" project aimed at creating a warmer and drier forest climate. This untypical forest climate provides habitat for numerous, increasingly rare species of plants and animals, especially insects and birds, but also wildcats. The growth of wildcat populations is promoted in the "Quiet Paws" project. The highly endangered European wildcat prefers structurally diverse, near-natural forests where they can find adequate places of refuge and hunting grounds.

The Buchenborn Forest Project is a prime example of how additional ecosystem conservation services can be provided and especially financed in commercially used forests.

The results achieved to date were honoured in 2020 with the "Biodiversity Tree" award of the "UN Decade Project".

## 2. Our promotional activity in fiscal year 2021

### 2.1 Promotional programmes

Our promotional activity mainly involves the funding of low-interest special promotional loans for investments in agriculture and rural areas. It is particularly focused on the promotion of sustainable investments such as investments in renewable energy. We also provide funding to banks, savings banks, and local authorities operating in rural areas by purchasing registered bonds, promissory note bonds, and securities.

The total volume of new promotional lending in 2021 came to EUR 9.8 billion, that being below the level of the previous year (EUR 11.2 billion). Of this total, approximately EUR 5.6 billion consisted of new special promotional loans.

Our special promotional loans were materially influenced by the implementation of two federal programmes of the German Federal Ministry of Food and Agriculture (BMEL). As a result of these programmes, the number of committed special promotional loans rose to 22,839 in 2021 (2020: 19,967).

There was a lower incidence of principal repayment deferrals in the past fiscal year. Across all promotional lines, local banks requested 1,066 principal repayment deferrals (2020: 3,177) for loans amounting to EUR 386.5 million (2020: EUR 860.6 million).

<b>New special promotional loans</b> in EUR million	<b>2021</b>	<b>2020</b>
Agriculture	2,452	2,072
<i>of which: at the best terms</i>	<i>1,340</i>	<i>867</i>
Forestry	43	77
Aquaculture and fisheries	5	1
Agribusiness and food	843	1,075
Renewable energy	1,066	878
Rural development	1,200	1,869
<b>Total*</b>	<b>5,609</b>	<b>5,973</b>

\*Differences from the totals are due to rounding.

#### **Extensive promotion of sustainability projects by the Bank's special promotional loans**

We support sustainable investments in agriculture with our special promotional programmes and an interest rate subsidy (best terms). With its "Sustainability", "Environmental and Consumer Protection", and "Forestry" programmes, Rentenbank supports a wide range of measures to improve animal welfare, energy efficiency, and emissions reduction. Other objectives of these programmes include the promotion of ecological farming, forestry measures such as the conversion of forests to climate-adapted mixed forests, and the direct or regional marketing of agricultural products. The expanded

use of energy from renewable sources is promoted by the “Energy from the Countryside” programme, which is particularly focused on the promotion of farmers’ investments in photovoltaic, biogas, and wind power generation, as well as civic wind farms in rural areas.

The quantitative impacts of the Bank’s special promotional loans on the ultimate borrowers have not yet been surveyed because the ultimate borrowers deal with local banks. In collaboration with academic partners, however, we are working on methods to survey and assess these impacts, particularly in the form of the savings achieved from replacing old equipment with new equipment. The qualitative impacts of the Bank’s special promotional loans are surveyed and systematised by classifying these effects according to the UN’s SDGs.

### Promotion of sustainable projects totalling EUR 1.9 billion

In the 2021 fiscal year, we financed investments in environmental protection, animal welfare, and consumer protection totalling EUR 823.3 million (EUR 337.3 million). This total includes EUR 430.6 million (EUR 58.4 million) of investments in emissions reduction. We financed investments in especially humane animal husbandry methods in the amount of EUR 119.8 million (EUR 81.7 million). Including promotional loans for renewable energy in the amount of EUR 1.1 billion, we financed sustainable projects totalling EUR 1.9 billion (EUR 1.2 billion). Thus, one third of our new promotional lending consisted of special promotional loans to finance sustainable investments.

### Considerably more new loans in the “Agriculture” line

The considerable increase in new lending in the “Agriculture” promotional line is attributable to the BMEL programme “Promotion of investments under the investment and future programme for agriculture”, which accounted for 16% of the new lending volume in this line.

In the past fiscal year, machinery financing accounted for 37.9% or EUR 929.0 million of the loans granted in the “Agriculture” promotional line, followed by buildings with 33.2% or EUR 813.7 million, and land acquisition with 14.9% or EUR 366.3 million.

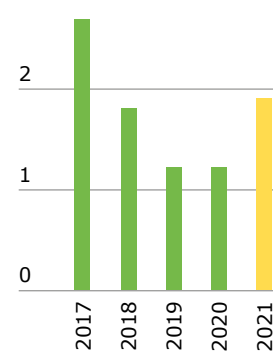
The percentage of loans granted at our best terms also increased considerably. With such loans, we promote young farmers or applicants who invest in especially sustainable projects. The interest rate subsidy is also applied for the federal programmes and the “Liquidity protection” programme, which is also part of the “Agriculture” promotional line.

In 2020, we opened our “Liquidity protection” programme for agricultural, horticultural and viticultural enterprises affected by the consequences of the Covid-19-pandemic. In 2021, we expanded this programme for agricultural businesses that were particularly badly damaged by severe storms and by the floods in July 2021, especially in North Rhine-Westphalia and Rhineland-Palatinate.

The volume of loans granted in the “Liquidity protection” programme fell to EUR 23.6 million in 2021 (EUR 55.2 million). Of this total, loans amounting to EUR 15.5 million were granted under the BMEL’s guarantee programme.

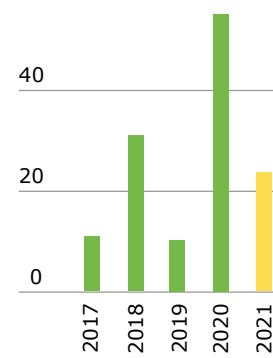
**New loans for sustainable projects**

3 bEUR



**New liquidity protection loans**

60 mEUR



### Successful implementation of the federal programme for greater sustainability in agriculture on the behalf of the BMEL

The BMEL programme “Promotion of investments under the investment and future programme for agriculture” began on 11 January 2021. A total amount of EUR 816 million will be made available for this purpose by the year 2024. The programme objectives are resource-conserving land management, greater climate and environmental protection, and improvement of biodiversity. Foreign trade machinery and equipment to be used for the more exact application of livestock manure and plant protection agents and for mechanical weed control are promoted under the programme. Structural installations for the low-emissions storage of livestock manure and liquid manure separation systems are also eligible for promotional loans. Not only agricultural enterprises, but also agricultural contractors and commercial machinery rings are eligible to apply for such loans.

The programme entails a subsidy for up to 40% of the investment total, which is combined with a low-interest promotional loan from Rentenbank to finance the remaining amount. We committed loans of EUR 388.7 million and grants of EUR 242.1 million in 2021.

#### Promotion of sustainability in forestry

The German federal programme “Investment grants for digitalisation and technology for sustainable forestry” accounted for a large share of new loans in the “Forestry” promotional line. The BMEL selected Rentenbank to carry out this programme in early November 2020. Because the programme was largely completed in 2020, the volume of new loans granted in this promotional line decreased in 2021.

#### Increased promotion of investments in wind power

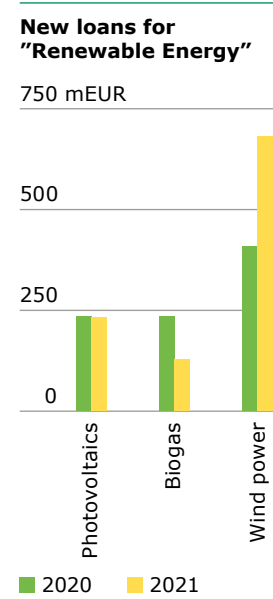
The volume of loans granted in the “Renewable Energy” promotional line increased as a result of strong demand for wind power financing with fixed interest-rate periods of longer than 10 years. Thus, wind power financing accounted for 64% or EUR 682.0 million of the new loans granted in this promotional line, followed by photovoltaics with 22% or EUR 230.7 million, and biogas with 12% or EUR 127.4 million. The remaining 2% went to renewable raw materials.

#### Decreased demand for loans in the “Agribusiness and Food Industry” promotional line

Lending in the “Agriculture and Food Industry” promotional line declined mainly as a result of the lower volume of machinery and equipment financing. Nevertheless, machinery loans still accounted for the greatest share of new loans in this promotional line, at 57% or EUR 478.9 million, following by building financing at 30% or EUR 252.8 million.

#### Decrease in the “Rural Development” promotional line

The demand of the federal states’ development banks for Rentenbank’s global loans decreased in the past fiscal year. The demand for such loans is normally subject to fluctuations, which influences the performance of the



“Rural Development” promotional line and the overall volume of new special promotional loans.

## 2.2 Promotion of innovation

Innovation and technological progress are vitally important to the sustainable development of agriculture. They ensure the competitiveness of agricultural enterprises and allow for the sustainable use of resources even while meeting stricter standards of animal welfare, product quality, and environmental protection.

Rentenbank therefore attaches great importance to the promotion of innovation and new technologies for a sustainable and therefore viable agriculture and food industry. We support the entire innovation process from development to the practical use and dissemination of especially innovative methods and products.

At the start of the innovation process, we subsidise practical research projects with the participation of business partners from the funds of the programme “Research for Innovation in Agriculture” (Innovation Fund). To pave the way for innovative ideas to reach the market, we have since July 2021 promoted agriculture-related start-ups in the early financing phase from the “German federal government’s special-purpose fund administered by Landwirtschaftliche Rentenbank” (Special-Purpose Fund). The promotion entails a low-interest subordinated loan for an amount of up to EUR 800,000 in combination with a grant for consulting services (Innovation Voucher).

At the beginning of Rentenbank’s promotion of start-ups, only grants for selected innovation projects were given from the Special-Purpose Fund. In 2021, 42 project partners received a total of EUR 8.8 million from the Special-Purpose Fund. In addition, we promoted 11 project partners with grants totalling EUR 2.5 million from our Innovation Fund in 2021. In total, therefore, grants of EUR 11.3 million were given to 53 project partners from the Special-Purpose Fund and the Innovation Fund in the past fiscal year. Under the newly begun start-up promotion, we also approved EUR 2.0 million in subordinated loans and EUR 0.1 million in Innovation Vouchers to three start-ups from the Special-Purpose Fund.

## 2.3 Promotional Fund and Rehwinkel-Stiftung

### **The Promotional Fund: Focus on research and continuing education**

Rentenbank devotes its entire distributable profit to the promotion of agriculture and rural areas. One half of the distributable profit is allocated to Rentenbank’s Promotional Fund and the other half to the German federal government’s Special Purpose Fund administered by Rentenbank.



An amount of EUR 9.7 million was available to the Promotional Fund in the past fiscal year. We use these funds to support both individual projects and institutions of importance for agriculture and rural areas.

Another focal point of the Promotional Fund besides agriculture-related research is the promotion of cooperation projects between academic facilities and institutions in the agricultural sector. We also use the funds of the Promotional Fund to support practice-oriented model projects, education measures, and events, particularly projects related to continuing education events for agricultural professions.

Finally, we also provide financial support to international cooperation projects in the agricultural sector, particularly including agriculture student exchanges and knowledge transfer projects aimed at children and young people.

We also promote projects in the areas of forestry, animal welfare, and livestock farming, as well as climate protection and sustainability.

#### **Edmund Rehwinkel-Stiftung: Promotion of science and research**

The foundation Edmund Rehwinkel-Stiftung was founded by Rentenbank in 1974. In the spirit of the man after whom it is named – Edmund Rehwinkel, the former President of the German Farmers Association – the foundation promotes agricultural research activities and projects of great practical use for agriculture. The capital of this foundation organised under civil law, which is recognised as a non-profit institution, is EUR 17 million.

#### **Scientific papers**

The annual calls for proposals on issues of current interest to the agriculture and food industry pertain to scientifically and socially relevant discussions and developments. The research papers are presented to the broader public at the Rehwinkel Symposium.

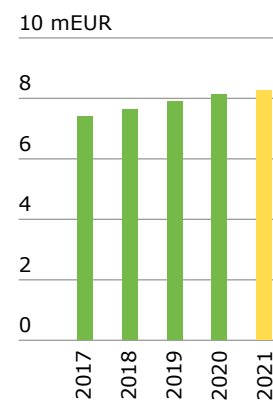
The theme of the 2021 Rehwinkel Symposium was “Green Deal – What is Next for the Agriculture and Food Industry”. Scientific papers on the subject of the “Management of Pandemics and New Animal and Plant Diseases” were supported in the past fiscal year.

#### **Scholarships**

The foundation also awards two to three scholarships per year to outstanding students specialising in agriculture or food sciences. The scholarship recipients receive financial support for two years. They can also attend seminars, trade fairs, and other events.

Additionally, the Rehwinkel-Stiftung foundation awards a total of four German National Scholarships sponsored by the German Federal Ministry of Education and Research (*Bundesministerium für Bildung und Forschung*, BMBF) to students of Göttingen University and Gießen University.

**Funds allocated to the Promotional Fund**



## 2.4 Funding

### Continuation of excellent market access

Our credit ratings (Aaa/AAA/AAA Moody's/S&P/Fitch; all stable) and the special regulatory treatment by virtue of the Federal Republic of Germany's guarantee for Rentenbank's obligations allow us to maintain our excellent market access across all maturities.

As measured by the margin over 6-month Euribor, our volume-weighted funding costs improved by 6 basis points over the previous year to -11 basis points in the past fiscal year. In the short-term funding segment, we continued to raise funds at highly attractive negative yields through our Euro Commercial Paper Programme (ECP Programme).

### Modest decrease in issue volume

We raised EUR 10.7 billion (2020: EUR 11.4 billion) in funds with maturities of longer than two years in the capital markets in the past fiscal year. The funds were raised by the following funding instruments:

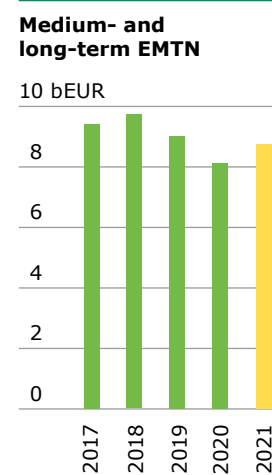
#### Medium- and long-term issue volume (longer than 2 years))

	bEUR		Share in %	
	2021	2020	2021	2020
EMTN	8.8	8.1	82.9	70.8
<i>of which green bonds</i>	<i>1.5</i>	<i>1.85</i>	<i>14.0</i>	<i>16.2</i>
Global bonds	1.5	3.1	13.8	27.1
AUD MTN	0.4	0.2	3.3	2.1
<i>of which green bonds</i>	<i>0.3</i>	<i>0.0</i>	<i>2.9</i>	<i>0.0</i>
<b>Total</b>	<b>10.7</b>	<b>11.4</b>	<b>100.0</b>	<b>100.0</b>

### The vital importance of the EMTN Programme

The Euro Medium-Term Note Programme (EMTN Programme) is our most important funding instrument, with an programme capacity of EUR 70 billion. The programme capacity used at the end of 2021 was EUR 53.0 billion (EUR 51.8 billion). Using standardised documentation, we can float issues of different amounts, maturities, and structures in many currencies under the EMTN Programme. We used the programme in the past fiscal year to raise medium- and long-term funding only.

This includes green bonds denominated in euros, Canadian dollars, and Swedish krona in the total amount of EUR 1.5 billion. We consider this capital market product to be an essential instrument for the further transformation of Rentenbank into a sustainable institution. The funds support the expansion of the wind power portfolio, which increased substantially in terms of new promotional loans in 2021.



### Successful US dollar global bond

The global bonds registered with the US Securities and Exchange Commission (SEC) play an important role in our funding activities. The registration under “Schedule B” gives us access to the US market. This registration is only granted to sovereign states and quasi-sovereign issuers, underscoring our “agency” status in the international capital market. We issued a five-year global bond for USD 1.75 billion in the past fiscal year.

### Higher issue volume in the “kangaroo” market

Under our AUD MTN Programme, we issued the first green bond and another bond in the total amount of 0.6 billion Australian dollars (AUD), equivalent to EUR 0.4 billion (EUR 0.2 billion), in 2021. With an outstanding volume of AUD 10.8 billion, Rentenbank was the fifth-biggest foreign issuer in this market segment at the end of 2021.

### Increased utilisation of the ECP Programme

Issues from our EUR 20 billion ECP Programme continue to be of major importance for short-term funding. These are bearer notes maturing in less than one year, which are usually issued in discounted form, meaning without interest coupons. We were again able to issue currency-hedged ECP, especially in US dollars, but also ECP in euros, at favourable terms in the past fiscal year. The average annual programme utilisation was EUR 11.1 billion in the 2021 fiscal year (EUR 7.3 billion). The programme utilisation at the end of 2021 was EUR 10.9 billion (EUR 9.5 billion).

### Zero risk weight for Rentenbank bonds

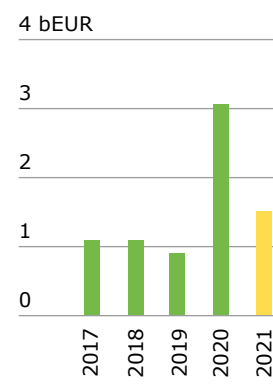
Based on the Credit Risk Standardised Approach of the Capital Requirements Regulation (CRR), EU banks do not need to allocate capital to back their loans and advances to Rentenbank. The zero risk weight resulting from the guarantee of the Federal Republic also applies in many countries outside of the EU such as in Norway, Canada, Australia, and New Zealand.

### Banks were again the most important investor group

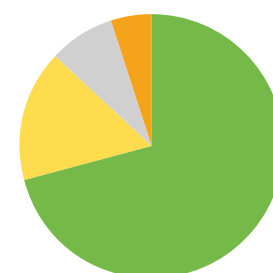
The percentage of our medium- and long-term issue volume placed with banks fell to 47% in the past fiscal year (49%). This group of buyers purchases the highest-rated zero-weight notes offering attractive spreads, which are recognised as liquid assets. In addition, central banks and other government agencies purchased a significant percentage of these funding instruments (27%, PY: 30%).

The percentage of German investors rose to 20% (12%), while we placed 51% (51%) of our issues with other European investors. At 16%, the demand of Asian buyers was less than in the previous year (19%). The share of US investors fell to 8% (13%). Another 4% (3%) of our issues were placed with investors in the Middle East and Africa, and 1% (2%) in New Zealand and Australia.

#### Issuance of Global Bonds



#### Regional breakdown of medium- and long-term issues in 2021



## Euro was the most important issue currency

Our medium- and long-term issue volume was divided among seven currencies in the past fiscal year. The most important issue currency was the euro, which accounted for 62% of the total funds raised, considerably more than in the previous year (41%), followed by the US dollar, the share of which fell to 25% (47%). The British pound came in third place, at 4% (5%). The other 9% was divided among issues denominated in Australian dollars, Canadian dollars, Norwegian kroner, and Swedish krona.

## Rentenbank issues classified as “liquid assets” ...

In the European Union, the bonds of promotional banks are classified as “liquid assets” for purposes of bank regulatory reporting pursuant to the CRR. Thanks to the federal German guarantee, our bonds fulfil the regulatory requirements of “Level 1 assets” in the EU. The same applies accordingly in Canada and Switzerland.

## ... and recognised as eligible collateral

Our euro-denominated exchange-listed issues meet the requirements of the European System of Central Banks (ESCB) to qualify as Category I collateral. Our bonds are classified as belonging to Liquidity Category II. Only central bank and sovereign bonds are assigned to the higher Category I. Liquidity Category II includes the bonds of supranational institutions and institutions operating under a public promotional mandate. Moreover, the Reserve Bank of Australia recognises our “kangaroo bonds” and the Reserve Bank of New Zealand our “kauri bonds” as eligible collateral. Our issues also enjoy a preferential status in the private repo markets. For example, Eurex Clearing AG accepts our securities as collateral for the “GC Pooling ECB Basket”.

## Rentenbank bonds are included in the most important bond indices

Our large-volume euro and dollar bonds are included in the most important bond indices, including the “Market iBoxx Sovereigns & Sub-Sovereigns Index”, the “Bloomberg Euro Aggregate Bond Index”, and the “Bloomberg US Aggregate Bond Index”, as well as the “ICE BofA US Broad Market Index”.

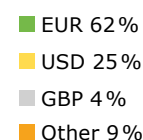
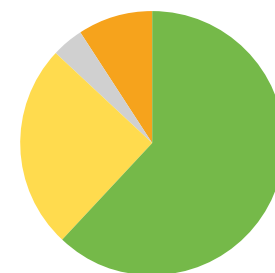
## Sustainability ratings

Rentenbank received updated ratings from three of the four biggest providers of ESG ratings, which rate us on a regular basis, in the past fiscal year. Each one of these ratings attests the significant progress we have made in dealing with the risks and opportunities of sustainable development. For example, the risk assessment of Sustainalytic improved from 32.9 (“High Risk”) to 14.5 (“Low Risk”), while the ESG rating given to Rentenbank by MSCI in April 2021 was upgraded from “A” to “AA”. The “ESG Overall Score” given by VE improved by 22 points to 52 points in 2021.

## Money market operations

We employ a number of instruments to fund short-term assets, management liquidity, and hedge short-term interest rate risks. Short-term funds can be raised via the ECP Programme and EMTN Programme, via overnight deposits

**Breakdown by currency of medium- and longterm issues in 2021**



and term deposits in the interbank market, and via the ECB's refinancing facilities. We also manage interest rate risk through the use of derivatives. We take deposits from non-banks only to an extremely limited extent and only within the scope of our statutory promotional mandate.

### **Equity trading**

Rentenbank does not engage in equity trading, as a rule.

### **Derivatives to hedge market price risks**

To hedge interest rate and currency risks, we entered into swaps amounting to EUR 21.2 billion (EUR 23.3 billion) in the past fiscal year. Of this total, EUR 17.1 billion (EUR 16.2 billion) consisted of interest rate swaps and EUR 4.1 billion (EUR 7.1 billion) consisted of cross-currency interest rate swaps and cross-currency basis swaps. We also hedged our foreign currency ECP issues with currency swaps (FX swaps).

We only use derivatives as hedging instruments for existing or foreseeable market price risks. We limit the credit default risk of the derivatives we employ by means of collateral agreements with all swap counterparties.

### **Rentenbank classified as non-trading book institution**

Rentenbank does not keep a trading book according to the definition of the German Banking Act (KWG) and Article 4 (1) no. 86 CRR. We therefore classified our Bank as a non-trading book institution and notified this classification to the BaFin and the Bundesbank already in 1998. We still do not hold any positions with trading intent according to Article 4 (1) no. 85 CRR. We assign all transactions to the banking book.

## **3. Our employees**

### **3.1 Personnel policy**

Apart from our business model, which is geared to long-term results and sustainability, the lasting success of Rentenbank is especially dependent on the dedication and qualifications of our employees.

Besides offering fair compensation, Rentenbank is committed to providing a healthy and attractive work environment, offers numerous continuing education possibilities, and prizes diversity, inclusion, and the compatibility of family, caretaking, and work. The number of employees rose from 343 (at 31/12/2020) to 385 in the past fiscal year (at 31/12/2021). As in the previous year, this growth is mainly attributable to the temporary staffing needs to process new German federal programmes on behalf of the German Federal Ministry of Food and Agriculture. Despite this growth, Rentenbank's positioning as an employer is still in the nature of a medium-sized enter-

prise. By virtue of our business model, Rentenbank offers a wide variety of positions that nonetheless require in-depth professional expertise.

Our personnel policy is aligned with long-term goals. As a federal institution under public law with an established business model, we offer a high level of job security to our employees. Rentenbank's (low) staff turnover rate (2021: 4.8%) is included in the risk inventory as a risk indicator. The average length of service with the Bank was around 9.8 years in 2021. As of 31 December 2021, 15% of the Bank's staff were temporary employees. All employees of Rentenbank work at a single location in an interim building in Frankfurt am Main.

As a member of the German Association of Public Banks, the Bank applies the collective wage agreement concluded with the relevant trade union. As of 31 December 2021, 53% of the Bank's employees were paid according to the collective wage scale, while 47% were paid above the collective wage scale.

### **Corporate co-determination and staff representation**

For purposes of corporate co-determination, a Staff Council elected on the basis of the German Federal Staff Representation Act (*Bundespersonalvertretungsgesetz*) represents the Bank's employees. Together with the Equal Opportunity Officer and the Council of Severely Disabled Employees, the Staff Council represents the interests of all employees. The Staff Council exercises the co-determination, participation, and consultation rights.

In addition, the responsible representative bodies and employees are extensively consulted particularly on the subject of strategic development measures. Such consultations take place in one-on-one meetings with supervisors, internal information events, and digital information channels. All the Bank's employees are specifically involved in the implementation of strategic sustainability management on all management levels, including in working groups or on the Sustainability Board. All employees are invited to share their ideas and suggestions for changes with the responsible contact person in every case.

### **Corporate health management**

Rentenbank attaches a high priority to comprehensive corporate health management in the form of physical and mental health programmes. The corresponding measures include the regularly held Health Days, allowances for membership in a fitness centre of the employee's choice, personalised health training courses, corporate sports clubs, medical check-ups for managers, and occupational reintegration management. All employees may also utilise the counselling services of pme Familienservice (life coaching, elder care, addiction prevention, etc.) free of charge.

### **Occupational health and safety**

The occupational health and safety organisation provides the framework for the measures taken by the Bank to protect employees against occupational hazards. Rentenbank has established an Occupational Health and Safety Committee composed of members of the Staff Council, Safety Officers, the

Council of Severely Disabled Employees, and employer representatives, among others.

## 3.2 Diversity and equal opportunity

Rentenbank has signed the Diversity Charter. By joining this corporate initiative, Rentenbank publicly expresses its commitment to genuine diversity in the workplace. All employees are valued regardless of nationality, ethnic background, gender, religion, worldview, disabilities, age, or sexual identity.

### Gender equality

The equality of women and men – also in terms of compensation – is an important element of personnel policy at Rentenbank. Rentenbank has appointed a Gender Equality Officer who is closely involved in all relevant decisions, including employee hiring.

### Gender Equality Plan

The Gender Equality Plan, which is available to all employees, contains targeted measures to improve the equality of women and men and enhance family friendliness and the compatibility of family, caretaking, and work. These measures include flexible work schedules and part-time models, allowances to defray the costs of childcare centre spots, and the counselling services of pme Familienservice. The Gender Equality Plan and the Gender Equality Report also include key indicators such as the percentage of management positions held by women and the breakdown of compensation paid to men and women by collective wage groups. In 2021, 25% of management positions were held by women. At 52% to 48%, the ratio of male to female employees was nearly even. Women accounted for 77% of part-time employees.

### Inclusion

In exercising its social responsibility, Rentenbank advocates for the inclusion of disabled persons. In this respect, we adhere to the principles of the UN Convention on the Rights of Persons with Disabilities, which took effect in Germany in March 2009, and design appropriate workplaces for our employees with disabilities. The inclusion rate was 2.45% in the past fiscal year.

## 3.3 Qualifications

Rentenbank ensures that its staff have the appropriate qualifications primarily by means of continuous, personalised, and needs-based staff development measures. Such measures include external seminars, work assignments in other departments, language courses, and in-house workshops. The number of continuing education days per employee is included as a target in the



Bank's business strategy. The average number of continuing education days was 1.9 days per employee in 2021.

### **Compliance training courses**

To raise the awareness of its employees for relevant laws and regulations, the Bank provides regular, mandatory training courses, especially on the subject of money laundering and fraud prevention, data protection, and information security. Employees' participation in these courses is subject to monitoring. The Bank also provides regular instruction to employees on the subject of current trends, attack patterns, and concrete warning signs.

### **Performance appraisal meetings**

The established performance appraisal meetings held with all employees on a regular basis provide a platform in which supervisors can provide structured feedback to employees on their performance and both supervisor and employee can discuss future prospects and mutual expectations. On this basis, the supervisor and employee agree development measures such as continuing education and career development opportunities in the form of new tasks or project responsibilities. The success of continuing education measures is recorded and evaluated through the use of questionnaires. Detailed continuing education statistics are prepared as part of the Bank's personnel controlling function.

### **Succession and retention management**

At Rentenbank, succession and retention management serves to ensure the systematic development and retention of talented employees. Under this programme, top performers and potentials are identified and prepared for management roles or other advanced positions by means of personalised measures.

### **Mentoring programme**

Rentenbank also introduced a mentoring programme in the past fiscal year. Under this programme, long-time executives share their experience with less experienced managers and employees and support their personal and professional development. Topics such as careers, networks, leadership, and company-specific aspects are addressed.

### **Trainee programme**

We use our established trainee programme to recruit and develop university graduates. This programme entails on-the-job training in various departments of the Bank, cross-disciplinary seminars, and personalised continuing education measures.

### 3.4 Key personnel indicators

<b>Key personnel indicators</b>	<b>2021</b>	<b>2020</b>
Number of employees*	385	343
Ratio of men to women (in %)	52/48	54/46
<i>of which:</i>		
<i>Number of part-time employees</i>	96	91
<i>Ratio of men to women (in %)</i>	23/77	23/77
Overall percentage of management positions held by women	25%	22%
Percentage of "first management level" (upper management) positions held by women	7%	0%
Percentage of "second management level" (all other management) positions held by women	31%	27%
Percentage of temporary employees	15%	11%
Percentage of employees subject to collective wage agreements	53%	50%
Percentage of employees paid above the collective wage agreements	47%	50%
Average length of service with the Bank (in years)	9,8	10.6
Staff turnover	4.8%	6.35%
Average age (in years)	44.4	45.0
Continuing education days per employee	1.9	1.4
Inclusion rate	2.45%	3.63%
<b>Personnel expenses in mEUR</b>	<b>2021</b>	<b>2020</b>
Personnel expenses	41.9	34.7
<i>of which:</i>		
<i>Social security contributions and expenses for pensions and other employee benefits</i>	8.1	4.7

\* Excluding Management Board members, employees on leave (e.g., parental leave), apprentices and interns.

In 2021, 25% of Management Board members and/or division directors were women (PY: 0%). The percentage of Supervisory Board members who are women was 22% at 31/12/2021 (28%).

## 4. Operational ecology and procurement

### 4.1 Operational environmental protection

As a bank with a small number of employees working at a single location in Frankfurt am Main, the environmental impact of Rentenbank's business activities is minor. Nevertheless, Rentenbank strives to continuously shrink its ecological footprint. Under its Environmental Protection Programme, Rentenbank implements internal measures to further improve resource management.

A key objective of Rentenbank's Environmental Protection Programme is to significantly reduce energy consumption. To this end, Rentenbank has since autumn 2020 pursued a comprehensive modernisation, extension, energy-

efficient refurbishment and upgrading of its landmark-status bank building. Rentenbank has set itself the goal of permanently preserving the building on Hochstraße, which was built in the 1950s, as an architectural landmark. The principal stylistic elements of the building such as the fly roof that was typical of its era, the structured, natural stone facade, and the open staircase will not be modified.

Despite the particular challenges involved with renovating a landmark-status building, we placed a high priority on energy efficiency and efficient resource consumption in planning the renovation work. Until we move back into the building on Hochstraße, we are using the “Goldenes Haus” building on Theodor-Heuss-Allee 80, where we have leased four floors, as an interim headquarters.

Due to the move itself and the reduced occupancy rate resulting from the Covid-19 pandemic, we expect that we will be able to generate reliable environmental management data for the interim building on Theodor-Heuss-Allee for the first time for the 2022 fiscal year. Until we move back into the building on Hochstraße, we would like to focus mainly on identifying savings potential in our bank operations and optimise the resource consumption of our business processes.

For this reason, we have participated in the ÖKOPROFIT® Programme of the City of Frankfurt since spring 2021. This programme helps local enterprises improve their sustainability performance. We were awarded the status of an ÖKOPROFIT® Enterprise in February 2022. This award certifies that Rentenbank meets the centrally defined, mandatory ÖKOPROFIT® criteria and has implemented the environmental performance improvement measures that were formulated and carried out by our bankwide environmental team over the course of last year.

The following measures, among others, were implemented in 2021:

- Conversion to 100% eco-power from renewable energy
- Expansion of e-mobility by installing an additional charging pole and increasing the percentage of hybrid vehicles
- Establishment of the necessary infrastructure and conditions to track and offset relevant Scope-3 emissions in the future
- Greater consideration of environment aspects in the Bank’s Travel Guideline
- Sensitisation of employees to the importance of environmentally friendly and resource-conserving behaviour by means of increased internal communication and provision of information
- Further reduction of the electricity consumption of servers and hardware used at workstations through the use of electricity-saving components
- Reduction of resource consumption in computer hardware by means of the further consolidation of server capacities under virtualisation projects, while also enhancing energy efficiency in the use of available resources

The measures initiated in 2021 are being consistently implemented in the current year. For example, the virtualisation of server architecture initiated in IT will be continued. In addition to the projects that have already been initiated, material and energy consumption will be reduced by virtualising desktop computers. Efficiency will also be improved by means of software consolidation and increased cloud usage in the future. Emissions will be further reduced by supporting remote working.

## 4.2 Key ecological indicators

Key indicators of operational ecology	2021 <sup>1</sup>	2020 <sup>2</sup>	2019	Unit
<b>Greenhouse gas emissions</b>				
Scope-1 and Scope-2 emissions		401.99	465.74	t CO <sub>2e</sub>
<i>of which Scope-1 emissions</i>		283.28	329.90	t CO <sub>2e</sub>
<i>of which Scope-2 emissions</i>		118.63	136.67	t CO <sub>2e</sub>
Emissions per employee		1.40	1.67	t CO <sub>2e</sub>
<b>Bank operation</b>				
Total power consumption	835,551	723,364	833,260	kWh
<i>of which from eco-power</i>	100.0	57.4	55.4	%
Power consumption per employee	2,429	2,494	2,965	kWh
Heating energy		5,080,106	6,089,361	MJ
Heating energy per employee		17,518	21,670	MJ
<b>Paper</b>				
Total paper consumption	1,016,125	1,178,000	1,433,300	Sheets
Paper consumption per employee	2,954	4,062	5,101	Sheets
<b>Waste</b>				
Total waste quantity	95.85	115.43	93.81	t
<i>of which non-hazardous waste</i>	100.0	100.0	100.0	%
<i>of which paper, paperboard and cardboard</i>	24.6 <sup>3</sup>	29.2	15.5	%
Waste quantity per employee	278.63	398.03	333.84	kg
<b>Water</b>				
Total water consumption		3,346	5,648	m <sup>3</sup>
Water consumption per employee		11,538	20,100	l
<b>Pool vehicles</b>				
Petrol	4,357	5,330	4,910	l
Diesel	205	1,225	602	l
<b>Employees</b> (full-time equivalents)	344	290	281	

<sup>1</sup> As a result of Rentenbank's move to the leased interim building on Theodor-Heuss-Allee 80, precise consumption data for 2021 were not available at the time of preparation of the present report. These key indicators and the related emissions will be disclosed later this year as part of a GSC Declaration.

<sup>2</sup> Due to the ongoing Covid-19 pandemic and Rentenbank's move into new quarters in 2020, the consumption data for the years 2020 and 2021 are not to be regarded as representative.

<sup>3</sup> Due to the lease relationship, Rentenbank only has limited data at its disposal to provide a breakdown of the waste quantity. The stated percentage of paper waste (Waste Breakdown No. 20 01 01) only refers to certified file destruction and is not comparable with the previous years.

All consumption data known to us at the date of the present report are lower in both absolute terms and in proportion to the number of employees. Thus, absolute power consumption increased from the previous year, although it is more than 2% lower in the breakdown per employee. Rentenbank's waste quantity in 2021 was influenced by the measures taken to vacate the premises on Hochstraße. The total waste quantity was 95.85 tonnes. Due to the growing degree of digitalisation at Rentenbank, the consumption of copy paper declined by around 13% from 2020 to 1,016,125 sheets in 2021. The consumption of petrol and diesel in the operation of the pool vehicles was sharply lower as a result of the reduced company vehicle pool and the smaller number of kilometres travelled.

### 4.3 Sustainable procurement

As a non-manufacturing enterprise, our procurement is mainly limited to electronic and IT equipment, office supplies, and food for the Bank's own cafeteria, as well as consulting, IT, and marketing services.

Ecological and ethical considerations are weighed in making decisions regarding the choice of service providers and suppliers. In line with our Sustainability Guidelines, we refuse to work with enterprises or institutions which are known to disrespect the principles and standards of human rights, labour standards, environmental protection, or combating corruption. These principles are supplemented by the ["Declaration of Landwirtschaftliche Rentenbank on Respect for Human Rights and the Core Labour Standards of the ILO"](#).

As a public contracting authority, Rentenbank solicits Europe-wide bids for all contracts for goods and services above certain threshold values in accordance with procurement law. This approach ensures compliance with the applicable legal requirements and the fulfilment of European standards pertaining to environmental protection and human rights. Rentenbank requested Europe-wide bids for a total of nine contracts in 2021. For two contracts, Rentenbank opted against a Europe-wide tender and request for submission of a self-declaration on the existence of grounds for exclusion based on USPs of the contracted companies. Because the selected enterprises in these cases were a service provider domiciled in Germany and a service provider domiciled in a jurisdiction with comparable human rights protections, the risk of human rights violations is negligible. As a result, 78% of awarded contracts included human rights clauses.

The fulfilment of ecological and social standards in contracts for goods and services below the specified threshold values is verified on the basis of independent certifications.

We observe recognised sustainability standards in the procurement of office supplies. For example, we only use certified copy paper (FSC and Blue Angel) in our copiers and printers and only use certified envelopes (FSC) for outgoing post and externally printed publications. Also in the procurement of IT hardware, we will give even greater preference to electricity-saving components and sustainable materials in the future.

We also seek to purchase regional and seasonal food products for use in our internal cafeteria. These efforts were reflected, for example, in the switch to fair-trade coffee and the procurement of poultry directly from a local agricultural enterprise that raises its animals in a species-appropriate manner in 2021.

## Financial report

## Management report

<b>1. General information about Rentenbank .....</b>	<b>35</b>
1.1 Promotional mandate .....	35
1.2 Management system .....	35
1.3 Ownership structure .....	36
1.4 Public Corporate Governance Code .....	37
<b>2. Economic report .....</b>	<b>37</b>
2.1 General economic and institution-specific conditions .....	37
2.2 Business development .....	38
2.3 Economic position .....	39
2.3.1 Financial performance .....	39
2.3.2 Financial position and cash flows .....	40
2.4 Financial and non-financial key performance indicators .....	42
<b>3. Forecast and opportunities report .....</b>	<b>43</b>
3.1 Anticipated development of business and general conditions .....	43
3.2 Anticipated business development .....	44
3.3 Opportunities and risks .....	45
3.4 Business development in the current fiscal year. ....	45
<b>4. Risk report .....</b>	<b>46</b>
4.1 Organisation of risk management .....	46
4.2 Business and risk strategy .....	47
4.3 Risk culture .....	48
4.4 Risk inventory .....	48
4.5 Validation of risk measurement .....	48
4.6 Risk-bearing capacity. ....	49
4.7 Risk-bearing capacity: Normative Approach .....	49
4.8 Risk-bearing capacity: Economic Approach .....	50
4.9 Risk-bearing capacity - Stress tests .....	51
4.10 Credit default risks .....	51
4.11 Market price risks .....	54
4.12 Liquidity risks .....	55
4.13 Non-financial risks .....	56
4.14 Sustainability risks .....	58
<b>5. Financial reporting process .....</b>	<b>59</b>



## 1. General information about Rentenbank

### 1.1 Promotional mandate

Rentenbank is a promotional bank that operates throughout Germany. According to Rentenbank's Governing Law, our mission is to promote agriculture along with related upstream and downstream industries, as well as rural areas in general. The Bank's business activity is aligned with this promotional mandate and its business model is primarily defined by the framework established in Rentenbank's Governing Law and Articles of Incorporation.

As a promotional bank for agribusiness and rural areas, we provide earmarked funds for a wide range of investments. We grant our special promotional loans to local banks in a competitively neutral way to fund projects in Germany. The loans are granted to enterprises in the sectors of agriculture and forestry, viticulture and horticulture, and aquaculture and fisheries. We also promote projects in the food industry and other industries upstream and downstream of agriculture, as well as investments in renewable energy and infrastructure projects in rural areas. Moreover, we provide funding to banks, savings banks, and local authorities operating in rural areas by purchasing registered bonds, promissory note bonds, and securities.

### 1.2 Management system

The Bank's business objectives and the measures required to achieve them are derived from its business strategy, which is operationalised in the form of different sub-strategies.

In line with our business strategy, we pursue the following objectives:

- To perform a self-supporting promotional activity,
- The sustainability of which is assured by earning appropriate net interest income from diversified sources, guided by a prudent risk policy,
- With the flexibility to adjust the promotional activity at any time to account for changed requirements.

#### *Segments*

The Bank's business activity is managed on the basis of three segments:

- Promotional Activity
- Capital Investment
- Treasury Management

In the "Promotional Activity" segment, we promote investments in agribusiness and rural areas by funding earmarked loans granted to ultimate borrowers by local banks for use in Germany according to the terms and conditions of our special promotional lending programme. By managing the interest terms, we support preferred promotional goals such as animal welfare, environmental protection, and investments made by young farmers.

We also fulfil our promotional mandate by acting as a funding partner to banks operating in agriculture and rural areas, as well as local authorities in rural areas. Such funding takes the form of various financing vehicles (registered bonds, promissory note bonds, securities). These transactions also serve to fulfil regulatory liquidity requirements in part. We manage both the business volume and the risk structure.

The mainly maturity-matched funding operations are likewise assigned to the Promotional Activity segment.

The "Capital Investment" segment comprises investments of the Bank's equity and long-term provisions. The Bank invests mainly in registered bonds, promissory note bonds, and securities issued by banks and public-sector issuers.

Short-term liquidity and short-term interest rate risk are managed in the "Treasury Management" segment.

#### *Financial key performance indicators*

Financial key performance indicators are the key financial reporting-related metrics applied to measure the achievement of strategic objectives within the internal management system. These KPIs are reflective of the Bank's business activities. They include:

- Operating result (operating result before loan losses provisions and valuation effects)

Rentenbank's business activity is not geared primarily to generating profits, but rather to fulfilling its statutory promotional mandate. However, business management principles must be observed in order for the Bank to perform a self-supporting promotional activity. In particular, this means that the Bank's activities must be economically efficient so that it can permanently sustain and adapt its promotional activity when necessary. With a view to rising regulatory requirements, the operating profit is reinvested to strengthen the Bank's capital base. We rely on our high credit rating as a promotional institution under public law combined with a commensurate capital markets strategy to raise funds at favourable rates.

- Cost-income ratio<sup>1</sup>

As a key performance indicator for measuring cost in relation to income, the cost-income ratio is applied to ensure the efficient use of the Bank's resources. Referring as it does to the ratio of cost to income, it is influenced by changes in both these variables. To enhance operational transparency, allocations to promotional contributions and reversals of promotional subsidies from previous years are not included in the calculation of the cost-income ratio. The cost-income ratio is observed over a longer period of time and is supplemented by the periodic analysis of changes in costs.

- Volume of promotional loans

Introduced in 2021, the key performance indicator "volume of promotional loans" supersedes the former key performance indicator "promotional contributions". The volume of promotional loans refers to the volume of new special promotional loans granted in a given year. The special promotional loans granted to promote agribusiness and rural areas represent the core of Rentenbank's promotional activity. In line with our promotional mandate, therefore, we regard the volume of promotional loans as a suitable indicator of the attractiveness of our promotional products for the ultimate borrowers. Our business activities are geared to this objective. The loans are granted as earmarked funding instruments. The loans granted to the federal states' development banks may also be bundled together.

These three financial key performance indicators and their primary components are calculated and checked against the corresponding budget values as part of the monthly reporting process. They are also included in the multi-year plan as separate indicators. Additional information on the financial key performance indicators is provided in the section on Rentenbank's financial position, cash flows, and financial performance and in the forecast report.

#### *Non-financial key performance indicators*

- Employees

Highly qualified and dedicated employees are the basis of Rentenbank's long-term success. The objectives

of the corresponding personnel strategy, which is consistently derived from the business strategy, include the assurance of appropriate staff in quantitative and qualitative terms, promotion of equal opportunity, and the provision and refinement of personnel management instruments and processes.

- Corporate social responsibility

An essential aspect of our corporate social responsibility is closely linked to our promotional mandate. As a direct agency of the German federal government, however, we are also committed to serving the public good beyond the scope of our promotional mandate.

#### *Sustainability management*

We are committed to the Sustainable Development Goals (SDGs) of the United Nations and the goals of the Paris Climate Agreement. Based on our Sustainability Guidelines, we set and update goals and define appropriate measures, indicators, and responsibilities to ensure and monitor the attainment of those goals on an annual basis. The Bank's sustainability activities are coordinated by a central unit that reports directly to the Management Board Chairwoman.

A team composed of representatives of several organisational units and sub-divided into topic-specific work groups is responsible for the Bank's sustainability activities. The work groups develop proposals for new sustainability activities and indicators. Moreover, we published a Declaration of Conformity with the German Sustainability Code for the first time in 2021, which is available on the Bank's website.

### **1.3 Ownership structure**

All material risks of the subsidiaries are concentrated in and centrally managed by Rentenbank. The Bank's direct and indirect subsidiaries are:

- LR Beteiligungsgesellschaft mbH (LRB)
- DSV Silo- und Verwaltungsgesellschaft mbH (DSV)
- Getreide-Import-Gesellschaft mbH (GIG)

As in previous years, the scope of the subsidiaries' business activity was strictly limited in the 2021 fiscal year. The primary activity of DSV and GIG was limited to

<sup>1</sup> The cost-income ratio is calculated as the ratio of the sum of general administrative expenses, depreciation, amortization and impairments of intangible assets as well as property and equipment, other operating expenses and income taxes, to the sum of interest income and current income minus interest expenses (plus allocation to the interest subsidy, minus reversals from previous years), other operating income and commission income minus commission expenses.

the fulfilment of pension obligations to former employees of those entities for which DSV and GIG are the legal successors. LRB's business activity essentially consists in the management as a holding company of the affiliates DSV and GIG and the investment of their liquid funds. Rentenbank has issued a letter of comfort in favour of LRB.

#### 1.4 Public Corporate Governance Code

The Declaration of Compliance with the German Public Corporate Governance Code issued by the Management Board and the Supervisory Board is publicly available on Rentenbank's website.

## 2. Economic report

### 2.1 General economic and institution-specific conditions

#### *International interest rate and monetary policy*

The global economy experienced a strong recovery in 2021 as the coronavirus pandemic was initially curbed by the development of vaccines, leading to the successive easing of social and economic restrictions. However, the sharply higher demand also ran up against manufacturing and shipping capacity constraints in some cases, causing extensive delivery bottlenecks and substantial price increases, particularly for raw materials and energy. These effects coupled with the emergence of the new virus variant Omicron slowed the economic recovery towards the end of the year.

To support the economy, the U.S. Federal Reserve (the "Fed") stuck to its low interest-rate policy throughout 2021, leaving its base interest rate in a range of 0.0% to 0.25%. In response to the sharply higher rate of inflation in the United States, however, the Fed began to tighten its lax monetary policy in November by reducing its monthly bond purchases of USD 120 billion by an amount of initially USD 15 billion per month<sup>2</sup>.

The European Central Bank (ECB) likewise continued its expansive monetary policy over the course of 2021,

leaving the deposit facility rate unchanged at -0.5% and the rate for its main refinancing operations at 0.0%. The ECB also continued its net purchases under its Pandemic Emergency Purchase Programme (PEPP) and its Asset Purchase Programme (APP). In addition, the ECB continued to provide sufficient liquidity to banks in its third series of targeted longer-term refinancing operations (TLTRO III).<sup>3</sup>

The euro lost value against the US dollar over the course of 2021. At the end of 2021, the ECB set its reference rate for the euro-dollar exchange rate at 1.13, 7.7% below the level at the end of 2020 (1.23)<sup>4</sup>.

#### *Development of long-term interest rates*

The alternating phases of relief and concern regarding the course of the pandemic were also reflected in the bond markets, causing the 10-year Bund yield to fluctuate during the year, although it remained in negative territory throughout. After reaching -0.58% at the end of 2020, the yield rose to -0.19% at the end of 2021.<sup>5</sup>

#### *Development of the economic environment of our promotional activity*

According to preliminary information from the German Federal Agriculture Information Centre (*Bundesinformationszentrum Landwirtschaft*), German agricultural output rose to EUR 59.6 billion in 2021 (+3.6%).<sup>6</sup> The increase in agricultural output was largely driven by sharply higher grain prices in 2021, while pig farming output was substantially lower.

Pig farming was adversely impacted by two factors. The measures imposed to combat the pandemic led to reduced slaughtering capacities in slaughterhouses and meat cutting plants. In addition, exports to Asia were still crimped by the African swine fever, causing an imbalance between the reduced demand and the consistently high supply. As a result, prices fell sharply again after having initially recovered at the middle of the year. Also at the beginning of 2022, this situation showed no signs of improvement.

By contrast, beef producers benefited from rising prices. Prices in the milk market were likewise above the level

<sup>2</sup> Press release of the U.S. Federal Reserve of 03/11/2021

<sup>3</sup> Press releases of the ECB of 22/04/2021 and 28/10/2021

<sup>4</sup> ECB reference rates: [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofinancialref-graph-usd.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofinancialref-graph-usd.en.html)

<sup>5</sup> Börsen-Zeitung, 31/12/2021, p. 1

<sup>6</sup> BMEL Statistics: <https://www.bmel-statistik.de/landwirtschaft/landwirtschaftliche-gesamtrechnung/produktionswert>

of 2020. On the cost side, however, producers had to contend with the effects of increased energy and fertiliser prices.

Some parts of the agricultural sector suffered from the consequences of the pandemic. For example, the lockdowns in Europe and Germany crushed the demand from restaurants and caterers, particularly for potatoes. This decline was not made up by private household demand.

On the whole, the economic situation of agricultural enterprises was mixed in the 2020/2021 fiscal year (1 July 2020 to 30 June 2021). Commercial farms generated an average profit of EUR 52,100, that being 15% less than the prior-year figure of EUR 61,300. Whereas beef and dairy cattle farmers generated higher profits, processors lost nearly two thirds of their profits. The average profits of crop farmers were roughly the same as the previous year.<sup>7</sup> Agricultural markets remained volatile in the further course of the 2021 calendar year.

## 2.2 Business development

The volume of new special promotional loans reached EUR 5.6 billion in 2021. The "Agriculture Investment Programme" of the German Federal Ministry of Food and Agriculture (*Bundesministerium für Ernährung und Landwirtschaft*, BMEL) drove a substantial increase in lending in the "Agriculture" promotional line. The demand for liquidity protection loans was considerably lower than in the previous year. The volume of new loans in the "Renewable Energy" promotional line continued to grow as a result of strong demand for wind power financing with fixed interest rate periods of longer than 10 years. By contrast, the volume of new loans granted in the "Agribusiness and Food" promotional line declined due to lower demand for machinery and equipment financing. The volume of new special promotional loans overall was impacted by the reduced demand for global loans of the federal states' development banks granted in the "Rural Development" promotional line.

The nominal amounts of new promotional loans are presented in the table below:

	01/01 to 31/12/2021 bEUR	01/01 to 31/12/2020 bEUR	Change bEUR
Special promotional loans	5.6	6.0	- 0.4
Registered bonds/promissory note bonds	3.8	3.5	0.3
Securities	0.4	1.7	- 1.3
<b>Total</b>	<b>9.8</b>	<b>11.2</b>	<b>- 1.4</b>

Due to rounding, there may be minor differences in totals and percentage calculations in the present report.

The total volume of new promotional loans amounted to EUR 9.8 billion in the past fiscal year, that being below the level of the previous year (EUR 11.2 billion).

In the past fiscal year, we were able to raise the necessary funds at favourable rates again. We raised a total

nominal amount of EUR 10.7 billion (EUR 11.4 billion) in medium- and long-term funding in the national and international financial markets. We employed the following medium- and long-term funding instruments:

	01/01 to 31/12/2021 bEUR	01/01 to 31/12/2020 bEUR	Change bEUR
Euro Medium-Term Notes (EMTN)	8.8	8.1	0.7
Global bonds	1.5	3.1	- 1.6
AUD Medium-Term Notes (MTN)	0.4	0.2	0.2
<b>Total</b>	<b>10.7</b>	<b>11.4</b>	<b>- 0.7</b>

<sup>7</sup> Situation Report 2021/2022 of the German Farmers Association (Deutscher Bauernverband, DBV)

## 2.3 Economic position

### 2.3.1 Financial performance

The Bank's financial performance is presented in the table below:

	01/01 to 31/12/2021 mEUR	01/01 to 31/12/2020 mEUR	Change mEUR
Net interest income <sup>1)</sup>	285.7	296.9	- 11.2
Net commission income	- 1.2	- 1.6	0.4
Administrative expenses	90.0	75.9	14.1
Other operating result	- 4.7	- 10.5	5.8
Income taxes/other taxes	2.1	0.0	2.1
<b>Operating result before loan loss provisions/ valuation effects</b>	<b>187.7</b>	<b>208.9</b>	<b>- 21.2</b>
Loan loss provisions/valuation effects	153.2	175.4	- 22.2
<b>Net income</b>	<b>34.5</b>	<b>33.5</b>	<b>1.0</b>

<sup>1)</sup> Net interest income including income from equity interests.

#### *Operating result before loan losses provisions and valuation effects*

The operating result before loan loss provisions and valuation effects amounted to EUR 187.7 million. While less than the previous-year figure (EUR 208.9 million), it was considerably better than planned.

#### *Net interest income*

Net interest income, including income from equity interests, amounted to EUR 2,234.1 million (EUR 2,437.1 million). After deducting interest expenses of EUR 1,948.3 million (EUR 2,140.2 million), net interest income came to EUR 285.7 million (EUR 296.9 million).

Net interest income by segment:

	01/01 to 31/12/2021 mEUR	01/01 to 31/12/2020 mEUR	Change mEUR
Net interest income			
Promotional Activity	177.1	196.5	-19.4
Capital Investment	84.6	86.2	- 1.6
Treasury Management	24.0	14.2	9.8
<b>Total net interest income</b>	<b>285.7</b>	<b>296.9</b>	<b>- 11.2</b>

The net interest income of the **Promotional Activity** segment amounted to EUR 177.1 million, thus below the level of the previous year (EUR 196.5 million), as expected. Thanks to the technical option of passing on negative funding rates available since the middle of 2021, Rentenbank was again able to grant a larger amount of interest rate subsidies compared to the previous year, which reduced the Bank's net interest income. In addition, the volume of new promotional loans was significantly less than the previous-year figure, although the average spread was slightly higher.

Although the net interest income of EUR 84.6 million earned in the **Capital Investment** segment came out above our expectations, it was nonetheless 1.9% lower

than the previous-year figure. The increased income from the higher investment volume resulting from new investments has for some time not been enough to offset the substantially lower reinvestment rates of maturing investments of equity funds. A positive effect was the higher-than-planned dividend of DZ BANK, which distributed two dividends of EUR 6.5 million each this year due to the fact that it did not distribute a dividend in 2020.

The net interest income of the **Treasury Management** segment in the amount of EUR 24.0 million was substantially higher than the corresponding previous-year figure of EUR 14.2 million and also exceeded our expectations. The increase resulted from more favourable



funding terms in the money market and higher business volumes. Opportunities to increase liquidity reserves and therefore also income from treasury management activities were seized particularly in the fourth quarter.

#### *Administrative expenses*

**Administrative expenses** rose by 18.6% to EUR 90.0 million (EUR 75.9 million), mainly due to the EUR 7.2 million increase in personnel expenses and the EUR 7.6 million increase in material expenses; in a countervailing development, depreciation, amortisation and impairments decreased by EUR 0.6 million.

The increase in personnel expenses resulted mainly from the larger staff (according to the definition of Section 267 (5) HGB), with 56 more employees on average compared to the previous year, particularly due to the additional positions required to process the German federal government programmes. The average staff level is now 376 employees (PY: 320 employees). In addition, expenses for pension provisions increased as a result of the still lower level of interest rates.

The higher material expenses resulted mainly from the EUR 3.2 million increase in rental expenses for the interim building "Goldenes Haus" leased since October 2020 and the EUR 3.0 million increase in expenses for IT investments.

Depreciation, amortisation and impairments of intangible assets as well as property and equipment fell to EUR 8.3 million (EUR 8.9 million), mainly due to the planned phase-out of amortisation of capitalised IT project expenditures in the Murex and SAP environment.

### 2.3.2 Financial position and cash flows

Rentenbank's financial position according to the financial statements is presented in the table below:

#### *Changes in significant asset items*

	12/31/2021 mEUR	12/31/2020 mEUR	Change mEUR
Loans and advances to banks	65,082.2	61,801.6	3,280.6
Loans and advances to customers	7,598.9	6,967.9	631.0
Bonds and other fixed-income securities	15,069.4	17,617.4	-2,548.0

Loans and advances to banks totalled EUR 65.1 billion at 31 December 2021 (EUR 61.8 billion). They accounted for 68.2% of total assets and were slightly higher than the previous-year figure. Thus, they still

#### *Other operating result*

The **other operating result** improved from EUR -10.4 million to EUR -4.7 million, mainly due to the costs incurred for processing the federal forestry and agriculture programmes, which were charged to the German federal government.

#### *Loan loss provisions/valuation effects*

A net amount of EUR 153.2 million was allocated to the loan loss provisions under the heading of "Loan loss provisions/valuation effects". Of this total, EUR 28.9 million was allocated to the Fund for general banking risks, thus further increasing the Bank's regulatory capital.

#### *Net income/distributable profit*

The net income for the year rose as planned from EUR 33.5 million to EUR 34.5 million in the past financial year.

Subject to a corresponding resolution of the Supervisory Board, a total amount of EUR 17.2 million (EUR 16.7 million) is to be allocated from net income to the principal reserve.

The distributable profit of EUR 17.3 million remaining after the allocation of funds to the principal reserve was modestly higher than the previous-year figure (EUR 16.8 million), as planned. One half the distributable profit is to be allocated to the German federal government's Special Purpose Fund administered by Rentenbank and the other half to Rentenbank's Promotional Fund.

represent the largest constituent of total assets. The increase in loans advances to banks is attributable in part to the higher holdings of registered bonds and promissory note bonds and in part to the higher volu-

me of money market transactions at the reporting date. On the other hand, the volume of special promotional loans was lower than in the previous year.

Loans and advances to customers mainly include the promissory note bonds issued to the German federal states. The increase in this item resulted particularly from the higher volume of new promotional loans,

which rose by EUR 0.6 billion from the previous year to reach EUR 7.6 billion in the past fiscal year.

The portfolio of bonds and other fixed-income securities decreased by EUR 2.5 billion to EUR 15.1 billion due to the fact that maturing securities exceeded new issuances. As in the previous year, this portfolio is assigned in full to Fixed assets.

#### *Changes in significant items of liabilities and equity*

	12/31/2021 mEUR	12/31/2020 mEUR	Change mEUR
<b>Liabilities</b>			
Liabilities to banks	1,854.4	2,172.0	-317.6
Liabilities to customers	2,065.5	2,670.8	-605.3
Securitised liabilities	82,635.2	81,759.3	875.9
Subordinated liabilities	102.7	302.7	-200.0
<b>Equity (incl. Fund for general banking risks)</b>			
Subscribed capital	135.0	135.0	0.0
Retained earnings	1,197.0	1,179.7	17.3
Distributable profit	17.3	16.8	0.5
Fund for general banking risks	3,373.2	3,344.4	28.9

#### *Liabilities*

Liabilities to banks and liabilities to customers declined by EUR 0.3 billion and EUR 0.6 billion, respectively, to EUR 1.9 billion and EUR 2.1 billion. These decreases resulted mainly from the maturation of registered bonds and global loans.

Securitised liabilities increased by EUR 0.9 billion or 1.1% to EUR 82.6 billion. The Medium-Term Note Programme (MTN) amounting to EUR 60.3 billion (EUR 58.9 billion) is still the Bank's most important funding source. The portfolio of outstanding Euro Commercial Paper (ECP) issues increased to EUR 10.8 billion (EUR 9.5 billion) and the portfolio of outstanding global bonds decreased to EUR 11.1 billion (EUR 12.9 billion).

#### *Equity*

Equity, including the fund for general banking risks pursuant to Section 340g HGB, rose in total by EUR 46.6 million to EUR 4,722.5 million. Half of net income totalling EUR 34.5 million was allocated to retained earnings and half to the distributable profit. The fund for general banking risks was increased by EUR 28.9 million.

#### *Regulatory capital ratios*

The promissory note bonds included in regulatory capital funds meet the requirements of Art. 63 of the Capital Requirements Regulation (CRR) and are eligible as Tier 2 capital. Subordinated liabilities in the form of bearer securities do not meet the requirements of Art. 63 lit. k) CRR and are eligible, in accordance with the requirements for grandfathering instruments, as Tier 2 capital only until 31/12/2021.

Both the Group's total capital ratio of 32.0% (31.5%) and its Common Equity Tier 1 capital ratio of 31.8% (31.0.%) were still well above the group-specific minimum regulatory requirements.

#### *Capital expenditures*

Also in the past year, our capital expenditures were focused on modernising our IT systems, particularly the replacement of the internally developed, host-based core banking system. In this respect, major milestones were achieved with the implementation of the partial migration to SAP and Murex. In addition, we conducted several preliminary studies for additional implementation measures in 2022. Moreover, considerable money was invested to improve IT security.



The Promotion Portal introduced with the Federal Agriculture Programme in December 2020 was developed further with the depiction of the Federal Agriculture Programme with a combined subsidy and loan product, which went live in January 2021 and was further optimised over the course of the year, and with the internal IT systems for this combination product.

Processes were digitalised with the development of bots to perform routine application processing tasks, thus enhancing efficiency. In another digitalisation step, a chat bot was developed to answer customer inquiries in the German federal government programmes.

We are also investing in the energy-efficient refurbishment of our landmark-status building on Hochstraße in Frankfurt am Main.

### *Liquidity*

The Federal Republic of Germany bears the institutional responsibility and guarantee for the liabilities of Rentenbank (statutory funding guarantee).

Thanks to the resultant AAA rating, we are able to procure liquid funds in the market at all times. The high holdings of debt instruments eligible as collateral for borrowings from the Bundesbank represent an additional liquidity reserve. For more information on this subject, please refer to the description of liquidity risks in the Risk Report section of the present Management Report.

### Summary description of business development and economic position

The Management Board judges the Bank's business development and the development of its financial position, cash flows, and financial performance to be satisfactory. The same goes for the financial and non-financial key performance indicators defined in the section "Internal management system".

## **2.4 Financial and non-financial key performance indicators**

### *Financial key performance indicators*

The operating result before loan loss provisions/valuation effects amounted to EUR 187.7 million. It was therefore, as expected, 10.1% less than the previous-year operating result of EUR 208.9 million. Net interest income was 3.7% lower and administrative expenses were 18.6% higher than the respective previous-year figures.

The aforementioned development of income and administrative expenses also had an impact on the cost-income ratio one of our key performance indicators. Moreover, the allocations to promotional contributions (EUR 29.7 million) and reversals of promotional grants from previous years (EUR 4.2 million) are excluded. As expected, the cost-income ratio rose to 32.9% from the previous year (28,2%). Overall, the cost-income ratio is still very low compared to other major German promotional banks.

The key performance indicator "volume of promotional loans" comprises the volume of new special promotional loans granted in a given year, which amounted to EUR 5.6 billion in the past financial year (EUR 6.0 billion), below our expectations.

For the sake of a better understanding of the development over time, we also present the previous key performance indicator of "promotional contributions". This KPI comprises the subsidisation of special promotional loans, for which we expended EUR 23.4 million (EUR 20.9 million) from the Bank's own income in the past fiscal year. As in the previous year, we also subsidised our programme "Research in Agriculture Innovation" with an amount of EUR 5.0 million. Including the distributable profit earmarked for distribution in the amount of EUR 17.3 million and other promotional contributions, the promotional contributions rose to EUR 46.2 million in 2021 (EUR 43.2 million).

### *Non-financial key performance indicators*

With regard to the Employees KPI, Rentenbank had a total of 385 (PY: 343) employees (excluding apprentices, interns, employees on parental leave, and members of the Management Board) at the end of 2021.

With regard to corporate social responsibility, we support specific projects and institutions operating in agriculture and rural areas from Rentenbank's Promotional Fund, which is financed from the distributable profit. As part of our agricultural sponsoring activities, moreover, we finance nationwide, high-reach agriculture-related events and projects of importance for agriculture and rural areas. In addition, our forestry project in the Buchenborn forest district supports nature conservation in the Rhine-Main region. And because our headquarters is located in Frankfurt am Main, we additionally support the city's cultural institutions.

We reward volunteering work in rural areas with the Gerd Sonnleitner Award, which is given annually to a young farmer less than 35 years of age. And our foundation Edmund-Rehwinkel-Stiftung grants stipends in support of agronomic research and projects of great practical use for agriculture.

### 3. Forecast and opportunities report

#### 3.1 Anticipated development of business and general conditions

The economic performance of Rentenbank mainly depends on the prevailing conditions in the credit and financial markets, which are, in turn, decisively influenced by the monetary policy of central banks, the development of prices and currencies, and the development of public finances.

##### *Macroeconomic outlook*

The Russian invasion of Ukraine is bound to have economic repercussions across the world. The global economic recovery will probably weaken in 2022 particularly as a result of the further rise in energy prices. On the other hand, the government support measures associated with the coronavirus pandemic and pent-up consumer demand should continue to support consumer demand.<sup>8</sup>

Therefore, the inflation rate is expected to continue rising over the course of 2022, also in Germany, due to higher energy prices and continued shortages resulting from supply chain disruptions.

Due to the high level of inflation, the US Federal Reserve (the "Fed") has already announced further measures to tighten its ultra-lax monetary policy.<sup>9</sup> At this time, up to four base interest rate hikes are expected in the current year.<sup>10</sup>

In reaction to sharply higher prices, the European Central Bank (ECB) has announced that it will cease its purchases of securities under the Pandemic Emergency Purchase Programme (PEPP) in March 2022.<sup>11</sup> If prices rise further, a first interest rate hike by the ECB in the second half of the year cannot be ruled out.

The expectation of tighter monetary policy in the markets has already pushed up the yield on 10-year German Bunds, which rose above zero in January for the first time since 2019.<sup>12</sup> Given the ongoing geopolitical conflicts, the further development of yields is impossible to predict at the present time.

##### *Outlook for the economic environment for promotional activity*

Investments in agriculture and food and therefore also the demand for special promotional loans are influenced by a number of factors. One such factor is the development of general economic conditions, which can influence demand and prices in the agricultural markets.

The Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organisation of the United Nations (FAO) predict a modest decline in real prices for agricultural products in the period from 2021 to 2030 due to productivity enhancements and slowing demand growth. The trend varies by different types of product. For example, the OECD and FAO predict relatively stable real producer prices for sugar. On the other hand, prices for milk and dairy products will rise in nominal terms, but will remain relatively stable in real terms. Nominal meat prices will recover and rise, albeit only modestly, through 2025. However, they will probably remain below the highest price levels from ten years ago. Real prices of oil crops are expected to follow a downward trend. Maize prices should rise in nominal terms, but remain stable in real terms.<sup>13</sup> The war between Russia and Ukraine will probably lead to higher wheat prices given that both countries are major wheat exporters.

Germany is in a unique position with respect to pork products. Exports of German pork to third countries have been limited since September 2020 due to the spread of the African swine flu. New outbreaks are continually occurring. Therefore, we do not expect the price situation to improve in the coming months.

The "Agriculture Business and Investment Barometer" survey sponsored by us provides insight into the current and future business situation of farmers in Germany and their investment propensity in the coming six months. Farmers are surveyed four times a year.

According to the latest survey results from December 2021, the estimated investment volume of EUR 5.0 billion in the next six months is well above the level of the previous year (EUR 3.6 billion). Above all, the

<sup>8</sup> Bundesbank Monthly Report Dec. 2021, pp. 18 ff.

<sup>9</sup> U.S. Federal Reserve FOMC Statement, 15/12/2021

<sup>10</sup> Handelsblatt, 20/01/2022, p. 1

<sup>11</sup> ECB Press Release, 16/12/2021

<sup>12</sup> Handelsblatt, 20/01/2022, p. 1

<sup>13</sup> OECD-FAO Agricultural Outlook 2021-2030, pp. 64, 127, 141, 153, 166, 182

planned investments in machinery, equipment, and farm and stable equipment are considerably higher than in the previous year. By contrast, investments in farm buildings will remain at the low level of the previous year.

Investment behaviour in the agriculture and food industry also depends on the political and legal framework and public subsidies. The new German federal government has announced changes particularly with regard to animal husbandry. Details are still not known. Moreover, the BMEL has announced that it will continue the “Agriculture Investment Programme”.<sup>14</sup>

The general economic recovery will also affect the food industry. However, food industry enterprises expect that domestic revenues are likely to be flat even as costs rise further.<sup>15</sup>

We expect additional growth impetus in the renewable energy sector. The German federal government intends to accelerate the expansion of this sector. Based on an analysis of already awarded projects and the previous rate of implementation of tendered systems, the German Wind Energy Association (*Bundesverband Windenergie*, BWE) anticipates additional on-shore wind energy installations of 2.3 GW to 2.7 GW in 2022 after net new installations of 1.7 GW in 2021.<sup>16</sup>

### 3.2 Anticipated business development

The COVID-19 pandemic did not have a significant overall effect on Rentenbank’s results in fiscal year 2021.

The Bank’s loan loss provisions were little changed in fiscal year 2021. We expect that the loan loss provisions will be subject to only minor changes as the economic recovery progresses. This supposition is supported by the small unsecured portion of the Bank’s lending portfolio and the stable performance and considerable resilience of our business partners. We continually monitor the business development of our business partners. We had no need to recognise specific valuation allowances (SVAs) in 2021 and considering the good quality of our lending portfolio, we also do not anticipate any specific valuation allowances in the budget plan for 2022.

Annual and five-year budget plans are prepared for the purpose of forecasting the Bank’s future financial position, cash flows, and financial performance. These budget plans cover the planned development of new loans, existing loans, capital, income and costs, as well as adverse scenarios. They also include the planned development of regulatory ratios and the anticipated development of the Bank’s risk-bearing capacity. The forecasts offered in the following refer to the budget plan for 2022.

#### *Budget plan for the 2022 fiscal year*

According to the current budget plan, we anticipate an average volume of new promotional loans at the level of the previous year and slightly lower net interest rate spreads for new promotional loans. Also, because the planned net interest rate spreads for new promotional loans are significantly lower than the spreads for the promotional loans maturing in 2022, planned net interest income in the Promotional Activity segment will be moderately lower than in the previous year.

Special promotional loans will continue to be the focus of the Bank’s lending activity. Based on the volume of new promotional loans of EUR 5.6 billion in 2021, we expect that the volume of new promotional loans will be somewhat higher in 2022 in view of the mixed trends of investment activity on the part of our ultimate borrowers. For this reason, the key performance indicator “volume of new promotional loans” is expected to remain at an appropriate level. We therefore anticipate a nearly unchanged volume of new promotional loans representing about the same percentage of total assets.

To expand Rentenbank’s offering of promotional loans to finance start-ups related to the Bank’s promotional mandate, the Supervisory Board approved an investment in a venture capital fund on 31/01/2022. The planned euro amount of the investment is in the low double-digit millions. In a conservative scenario, therefore, we could absorb potential losses in value from the Bank’s current income without having to reverse reserves, also in the long term.

In the Promotional Activity segment, the portfolio of securities, registered bonds and promissory note bonds declined slightly in the past year. We expect a somewhat larger portfolio in 2022 compared to 2021.

<sup>14</sup> Press release of the BMEL, 21/01/2022

<sup>15</sup> Press release of the German Food Industry Association (BVE), 20/01/2022

<sup>16</sup> Press release of the German Wind Energy Association (BWE), 20/01/2022

In the Capital Investment segment, we expect that interest income in 2022 will be well below the level of the previous year. The environment of persistently low and even negative interest rates attainable on investments of our own funds has a significant adverse effect on the net income of the Capital Investment segment.

The net interest income to be generated in the Treasury Management segment in 2022 is expected to be well below the level of the previous year given that we anticipate lower net interest rate spreads over the course of the year, compared to the previous year.

We anticipate significantly lower net interest income in all three segments in 2022.

The cost budget for 2022 is particularly based on the first-time full-year cost effect of the additional staff hired to process the German federal government programmes, as well as the additional investments to be made in modernising our IT infrastructure. We plan to moderately increase the Bank's staffing levels over the course of the year for these two matters, among others. All things considered, therefore, we anticipate an appreciable increase in administrative expenses compared to the previous year.

In view of the anticipated development of income and costs, we expect a significantly lower operating result before loan loss provisions and valuation effects in 2022. Based on a long-term comparison, this key performance indicator is still at a satisfactory level.

Due to the lower income together with higher administrative expenses due to capital expenditures, the cost-income ratio is likely to be moderately higher. It will remain at a low level compared to the Bank's peers.

### 3.3 Opportunities and risks

Additional opportunities and risks affecting the development of the Bank's business compared to the planned results for 2022 could arise as a result of changed operating conditions.

The further course of the coronavirus pandemic and the development of supply chain problems and inflation are among the factors that could decisively change the basic economic conditions. If these factors take a negative turn, the government debt crisis in the Eurozone could worsen further, which would have an adverse effect on the Bank's lending activities, including the volume of new promotional loans, and its risk situation, but could have the positive effect of widening credit spreads. In an economically uncertain envi-

ronment, however, our own credit spreads have often proved to be relatively stable given that we benefit from a "flight to safety" effect due to being backed by the German federal government. The resulting rise in net interest rate spreads would have a beneficial effect on the Bank's net interest income, whereas a decline in business volumes would have an adverse effect.

On the one hand, the environment of persistently low interest rates, especially due to the ECB's monetary policy, supports credit demand in the agricultural sector and rural areas. On the other hand, however, it has an adverse effect on the net income of the Capital Investment segment. Measures taken by the ECB in continuation of expansive monetary policy could further reduce this segment's net income by way of lower investment returns and spreads. A change in the environment of low interest rates caused, for example, by a sharp rise in interest rates, would give rise to both risks and opportunities for us due to the aforementioned factors. The potential specific consequences would depend on the extent and speed of the change in interest rates and would also vary by operating segment and the chosen observation period.

Further, as yet unknown regulatory requirements could give rise to additional adverse factors affecting administrative expenses such as increased IT and personnel expenses. Such additional regulatory requirements could also necessitate further changes in the IT infrastructure beyond the already planned investments. Moreover, the refurbishment of our landmark-status bank building could lead to negative budget variances and higher costs.

Despite the risk-conscious policy regarding new promotional loans, a deterioration of the credit standings of the Bank's business partners during the year cannot be ruled out. Such a development would have a detrimental effect on the Bank's risk capital in the context of the risk-bearing capacity analysis.

More detailed information on the Bank's risks is provided in the Risk Report section.

### 3.4 Business development in the current fiscal year

At the start of the current year, the net interest income of all three segments was below the level of the previous year, but slightly above plan. The Treasury Management segment in particular contributed additional income by seizing market opportunities.

Based on the developments to date in the current fiscal year, the Management Board considers the operating results planned for the 2022 fiscal year to be achievable.



The forecast report includes certain forward-looking statements that are based on current expectations, estimates, assumptions, and forecasts of the Management Board, as well as the information available to it. These statements particularly include statements about our plans, business strategy, and prospects. Such forward-looking statements are signified by words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “strives”, “estimates” and similar expressions. These statements are not to be understood as guarantees of the future developments mentioned therein, but rather as being dependent on factors that involve risks and uncertainties and are based on assumptions that may prove to be incorrect. Unless required by law, we accept and assume no obligation to update forward-looking statements after the publication of this information.

## 4. Risk report

The Management Board has implemented a risk management system (RMS) to manage the risks resulting from our business activities. The RMS is based on

- The risk strategy consistently derived from the overall business strategy,
- The Risk Appetite Framework and the Risk Appetite Statement,
- Ongoing assessments to confirm the adequacy of the Bank's capital and liquidity position,
- The structural and procedural organisation of the RMS, and
- The Risk Controlling function, the Compliance function, the function of the Information Security Officer, and Internal Audit.

Rentenbank is not a CRR institution within the meaning of Section 1 (3d) of the German Banking Act (*Kreditwesengesetz*, KWG). It is subject to the national jurisdiction of the German regulators, the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin) and the Bundesbank. We are nonetheless subject to the Capital Requirements Regulation (CRR) pursuant to Section 1a (1) KWG. We do not keep a trading book according to Art. 4 para. 1 nos. 85 and 86 CRR.

### 4.1 Organisation of risk management

Risk reporting is conducted in accordance with the German regulatory requirements known as the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement*, MaRisk). The

Management Board is informed of the risk situation on a monthly and ad-hoc basis.

The Audit and Risk Committee of the Supervisory Board and the competent regulatory authority are informed of the Bank's risk situation on a quarterly basis. In addition, the Management Board informs the Supervisory Board of significant risk-relevant events at the latter's meetings and on an ad-hoc basis when they occur.

In accordance with the MaRisk requirements, we have delegated the management of the Risk Controlling function (RFC) to the Head of the Risk Controlling Department. This person is responsible for monitoring and communicating risks and is involved in all important risk-policy decisions of the Management. The Risk Controlling Department performs all RCF tasks, which include supporting the Management in all risk policy matters, particularly in the development and implementation of the risk strategy, the regular monitoring of the limits defined to ensure the Bank's risk-bearing capacity, risk reporting, the daily valuation of financial instruments, and risk assessment in the “New Products Process” (NPP). In accordance with the MaRisk requirements, risks are monitored and reported independently of the front office functions Promotional Activity and Treasury.

The back office function is performed by the Credit Department as this department casts the second, market-independent vote on credit decisions pursuant to MaRisk BTO No. 2b). This department also processes the transactions for purchased promissory note bonds and registered bonds. In consultation with the Risk Controlling Department, the Credit Department also formulates the credit risk strategy to be adopted by resolution of the Management Board. The Credit Department is also responsible for the valuation of loan collateral, the administration of payment methods for special promotional loans, and the intensive monitoring and management of non-performing loans.

In addition, the Credit Department monitors compliance with credit default risk-specific limits for purposes of loan portfolio management. It also analyses credit risks, country risks, and currency transfer risks, among other things. Business partners and transaction types for each counterparty are assigned to Rentenbank-specific credit rating categories, draft resolutions for credit decisions are prepared, and the overall credit portfolio is monitored on a constant basis.

As front office functions, the Promotional Activity and Treasury Departments are responsible for new promotional loans in the Promotional Activity segment. The

Treasury Department manages market price risks and liquidity risks within the framework of the risk strategy, including the Risk Appetite Statement, and the Treasury sub-strategy. The Operations Financial Markets Department and the Loan Processing Department within the Credit Department monitor concluded trades as processing and control units according to the MaRisk requirements. The Risk Controlling Department is responsible for performing market conformity checks.

Independent risk assessment and monitoring is consistently assured by the organisation of risk management.

Rentenbank's Compliance function is part of the internal control system (ICS). In the context of MaRisk compliance, it works with other organisational units to counter risks that could arise from non-compliance with statutory regulations and requirements (compliance risk). It strives to bring about the implementation of effective procedures to ensure compliance with relevant statutory regulations and requirements and the implementation of suitable controls for this purpose. The Compliance function also supports and advises the Management in matters of compliance with the relevant statutory regulations and requirements. It reports directly to the Management Board.

The regulatory working group (*Arbeitskreis regulatorische Themen*, ART) is particularly responsible for monitoring and assessing regulatory and legislative initiatives and for strengthening the structure of the Compliance function. The ART addresses regulatory issues identified as relevant, ensures the definition of clear responsibilities for implementation at the Bank, and follows up to ensure timely implementation.

The Information Security Department (ISD) bears responsibility for all information security concerns. The head of this department performs the function of Information Security Officer (ISO) prescribed by the Regulatory Requirements for IT in Financial Institutions (*Bankaufsichtliche Anforderungen an die IT*, BAIT) and MaRisk. This person is responsible for the provision and further development of procedures and methods and for the management and monitoring of the Information Security Management System (ISMS), Information Risk Management (IRM), and the Emergency Management System.

Internal Audit audits and evaluates the legal compliance of activities and processes and the appropriateness and effectiveness of the RMS and the ICS on a risk-oriented and process-independent basis. It reports directly to the Management Board and performs its duties in an autonomous and independent manner. The Management Board may order additional audits.

The members of the Audit Committee and the respective Chairmen of the Administration and Risk Committees may elicit information directly from the Head of Internal Audit.

## 4.2 Business and risk strategy

The Management Board formulates the Bank's sustainable business strategy on the basis of the company mission derived from the relevant legislation. The business strategy is particularly determined by the Bank's promotional mandate and the measures taken to fulfil it. Rentenbank does not keep a trading book. Our business activity is not geared primarily to generating profits, but rather to fulfilling our statutory promotional mandate.

We provide our special promotional loans for agriculture and rural areas via local banks (on-lending) while fulfilling the applicable regulatory requirements.

Our Risk Appetite Framework comprises all strategies and guidelines, methods, processes, responsibilities, controls, and systems from which we derive, communicate, and monitor our risk appetite. Apart from minimum targets, alert thresholds, and limit systems, the Framework also includes soft factors such as an appropriate compliance culture and actively practiced risk culture.

Our risk strategy is consistently derived from our business strategy. It comprises an overarching risk strategy, as well as sub-strategies focused on specific types of risk.

The business and risk strategy are discussed with the Supervisory Board on an annual basis.

The Management Board defines the risk strategy, the Risk Appetite Framework, and the Risk Appetite Statement as the core framework for risk management.

We understand risk appetite to mean the overall risk we are prepared to accept in order to achieve our strategic objectives within the limits of the allocated risk capital. The risk appetite is defined on the basis of quantitative requirements and qualitative assertions. The requirements are concretised in the form of the limits and alert thresholds defined for purposes of risk-bearing capacity, the requirements relative to products and markets, and the treasury sub-strategy.

The credit risk strategy is shaped by the promotional mandate. To promote agriculture and rural areas, funding is only granted to banks domiciled in the Federal Republic of Germany or another EU country that conduct business with agricultural enterprises, enterprises

in upstream or downstream sectors, or in rural areas. The special promotional loans are only granted to promote investments in Germany.

Rentenbank is also authorised to acquire equity interests. The Bank provides funding to the German federal states and local authorities in the form of promissory note bonds, registered securities, and bearer securities. Thus, our lending activity is limited to the funding of credit institutions and financial institutions as defined in Art. 4 CRR and to providing capital to German local authorities. In accordance with the Bank's credit risk strategy, only a Rentenbank subsidiary may grant loans directly to enterprises. No such direct loans were granted in 2021.

Derivatives are only used as hedging instruments and are only concluded with business partners with whom we have entered into a collateral agreement.

Our credit risk strategy demands a careful selection of business partners and products for all business activities. In accordance with our core competencies and business model, we mainly choose banks and public-sector borrowers as business partners. By reason of our promotional mandate, we are necessarily exposed to the banking sector as a sector concentration risk. As an indicator of the Bank's risk profile, the average credit rating of the total loan portfolio should be at least A+, with due regard to product credit ratings.

The market price risk strategy stipulates that interest rate risks must be limited through the use of derivatives and all currency risks must be hedged, as a rule. Market price risks are limited in accordance with the Bank's risk-bearing capacity.

The primary objective of the liquidity risk strategy is to assure the Bank's ability to meet its financial obligations at all times.

Non-financial risks, which include operational and strategic risks according to our understanding, are managed with the goal of preventing losses by ensuring the quality of all the Bank's operational processes. Compliance with regulatory requirements and the minimisation of reputation risks by means of appropriate communication management and a code of conduct are likewise components of the risk strategy.

All material risks are limited within the scope of the defined risk appetite for purposes of the risk-bearing capacity calculation.

### 4.3 Risk culture

Our risk culture shapes our understanding of dealing with risks on a day-to-day basis. It comprises all standards, attitudes, and behavioural patterns related to risk awareness, risk appetite, and risk management. The appropriateness of the Bank's risk culture is reviewed every year on the basis of suitable indicators.

### 4.4 Risk inventory

The risk inventory provides a structured overview of all risks that could harm the Bank's financial position, capital resources, financial performance, or liquidity situation. This overview also comprises risk concentrations within individual risk types and between risk types.

In addition, material risks are identified by means of indicators based on quantitative and qualitative risk characteristics and detected at an early stage by means of self-assessments. Risks are further identified as part of the New Products Process (NPP), key controls of the ICS system, and daily control and monitoring activities.

Our risk profile comprises all material risk types: credit default risks, market price risks, liquidity risks and non-financial risks. According to our understanding, non-financial risks include operational and strategic risks.

Growing attention is being given to risks and opportunities arising from changes in the ESG (Environmental, Social, and Governance) environment. We incorporate such changes into our risk management system by means of scenario analysis, among other measures.

### 4.5 Validation of risk measurement

A validation framework based on the regulatory requirements is applied for the purpose of validating the methods and procedures defined for the measurement of material risk types in Rentenbank's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The methods and procedures are validated at least once a year. The validation process is performed independently of the method development process. The objective of the validation process is to critically review the quality of the risk measurement methods and models employed, as well as the corresponding parameters and assumptions, on the basis of quantitative and qualitative analysis. The assessment is based on



a defined methodology. The validation results are reported to the Management Board. If changes are to be made to the methods and parameters employed on the basis of the validation results, such changes must be approved by the Management Board.

#### 4.6 Risk-bearing capacity

The risk-bearing capacity of Rentenbank (Group) is the central element of our Internal Capital Adequacy Assessment Process (ICAAP) and the basis for the operational implementation of our risk strategy. The objectives of the risk-bearing capacity concept are to ensure the continuation of the Bank as a going concern in order to fulfil its promotional mandate in compliance with the regulatory requirements, to ensure the long-term preservation of the Bank's capital, and to protect creditors against economic losses. These objectives are reflected in the two perspectives of our risk-bearing capacity concept, which encompasses a Normative Approach and an Economic Approach. The risk management processes are designed to fulfil these objectives and requirements equally. The monitoring of limits within the risk-bearing capacity concept is supplemented with periodic stress tests, which are reported to the Management Board and discussed there and in the Risk Committee on a regular basis.

A stabilisation of the epidemiological situation and a modest economic recovery are assumed for the base

scenario for capital planning over the next few years. There is some uncertainty on this point due to possible virus mutations and their effects. An adverse scenario considered for capital planning purposes involves the possibility of another severe economic downturn.

Also in 2021, the pandemic did not have any observable material effects on Rentenbank's risk indicators. The normal reporting cycle has resumed.

#### 4.7 Risk-bearing capacity: Normative Approach

The managerial objective of the Normative Approach is to fulfil all regulatory minimum capital requirements and standards. For this purpose, the Bank determines whether the Bank's capital resources are sufficient to ensure compliance with all regulatory requirements and thus the continuation of the Bank as a going concern, in the base scenario and in the adverse scenarios, both as of the reporting date and over the period covered by the multi-year (5-year) capital plan. The capital resources should also make it possible for the Bank to sustainably pursue its business strategy under these scenarios.

The Bank's regulatory capital under the Normative Approach at the reporting date and in comparison with the corresponding prior-year figures are presented in the table below:

	31/12/2021 mEUR	31/12/2020 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,195.0	1,178.8
Fund for general banking risks	3,218.3	3,168.4
Intangible assets	-24.9	-20.9
Tier 2 capital	24.2	73.5
<b>Regulatory capital</b>	<b>4,547.6</b>	<b>4,534.8</b>

The minor change compared to the previous year resulted mainly from the utilisation of profit (retained earnings and fund for general banking risks) and the phase-out of Tier 2 capital instruments.

Risk exposures and risk-weighted assets (RWAs) are presented in the table below:

	Risk exposure 31/12/2021 mEUR	Risk exposure 31/12/2020 mEUR
Counterparty credit risk	13,102.6	13,180.8
CVA charge	564.6	671.9
Operational risk	554.9	555.3
<b>Total RWAs</b>	<b>14,222.1</b>	<b>14,408.0</b>

The slight decrease in RWAs compared to the previous year and the marginally higher regulatory capital led to somewhat better capital ratios. For information

purposes, the plan values for the following three years from the base scenario applied in the capital plan are presented in the table below:

	Reporting date	Base scenario		
	31/12/2021	2022	2023	2024
Total capital ratio in %	32.0	32.5	32.7	28.0
Tier 1 capital ratio in %	31.8	32.4	32.7	28.0
CE Tier 1 capital ratio in %	31.8	32.4	32.7	28.0

The COVID-19 pandemic has not had material effects on Rentenbank's risk indicators to date. The base scenario is based on the assumption of a still stable development. This is reflected in the capital ratios.

verse market-wide and Bank-specific developments), also in consideration of the Basel IV requirements.

The introduction and implementation of the Basel IV requirements at the EU level were assumed in the capital plan for the year 2024. These requirements will have a seriously adverse overall effect on the capital ratios. In the meantime, the EU Commission has published its draft version, which is mainly based on the Basel requirements. This draft version advises that the requirements will be implemented in 2025.

#### 4.8 Risk-bearing capacity: Economic Approach

The objectives of the Economic Approach are to ensure the long-term preservation of the Bank's capital and protect creditors against economic losses. For this purpose, the economic capital is checked against the total risk exposure and assessed both as of the reporting date and in the base scenario of the capital plan.

The regulatory requirements are fulfilled as of the reporting date and at all times considered in the base scenario of the capital plan. The regulatory requirements are likewise always met in the various adverse scenarios of the capital plan (involving seriously ad-

Economic capital includes hidden reserves and liabilities from securities and promissory note bonds of the German federal states, including their hedges, as well as the HGB 340f reserves. Interim profits or losses (during the year) are included, while planned and not yet realised profits are not included.

The economic capital applied in the Economic Approach is presented as of the reporting date and in the previous year in the table below:

	31/12/2021 mEUR	31/12/2020 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,211.1	1,195.0
Fund for general banking risks	3,247.1	3,218.3
Undisclosed liabilities/reserves	1,052.1	988.9
<b>Economic capital</b>	<b>5,645.3</b>	<b>5,537.2</b>

The planned utilisation of the profit earned in 2021 is already included in economic capital. Economic capital increased over the level of the previous year due to

the allocation of funds to retained earnings and higher prudential reserves.

Under the Economic Approach, risks in all positions are considered independently of their accounting treatment. Risks are calculated at a confidence level of 99.9% and for a time period of one year. The risk expo-

sure of the individual risk types are aggregated without regard to diversification effects. They break down as follows:

	Risk exposure 31/12/2021 mEUR	Risk exposure 31/12/2020 mEUR
Counterparty credit risks	362.7	422.9
Market price risks	1,141.7	1,243.8
<i>of which interest rate risks</i>	452.7	427.5
<i>of which CVA risk from derivatives</i>	40.8	83.3
<i>of which spread and other risks</i>	633.2	718.0
<i>of which risk buffer</i>	15.0	15.0
Non-financial risks	82.2	170.8
<i>of which operational risks</i>	58.2	88.8
<i>of which strategic risks</i>	24.0	82.0
<b>Overall risk</b>	<b>1,586.6</b>	<b>1,837.5</b>

Rentenbank's risk-bearing capacity under the Economic Approach was comfortably assured at all times in 2021. All limits were kept. The utilisation rate of risk capital was 28.10% at the reporting date, which was considerably lower than at the end of the previous year (33.18%). The decline in risk exposures resulted from the progress made in the quantification of credit default and non-financial risks, as well as the lower unsecured portion of the loan portfolio.

#### 4.9 Risk-bearing capacity – Stress tests

The objective of the stress tests is to analyse whether Rentenbank's risk-bearing capacity would also be assured in unusual, but plausible scenarios affecting different risk types. For this purpose, we simulate a hypothetical scenario (economic downturn resulting from a considerably worsened COVID-19 pandemic, including any Bank-specific cost increase) and an historical scenario (financial markets crisis and ensuing sovereign debt crisis). Market-wide and Bank-specific aspects are considered in these scenarios. The main risk parameters applied in the stress scenarios are credit rating deterioration, changes in interest rates, and a widening of credit spreads. The effects of the stress scenarios are analysed from the normative and economic perspectives. Under the Normative Approach, the effects of the scenarios on the income statement and equity and particularly also on risk-weighted assets are simulated over a time period of three years. The dominant risk under the Normative Approach is credit default risks; whereas under Economic Approach, credit default risk and most of all market price risk are particularly relevant.

Under both approaches, Rentenbank's risk-bearing capacity is assured also in the stress scenarios without

the use of regulatory reliefs regarding capital and liquidity requirements, thus confirming the Bank's comfortable capital situation.

In addition to these stress scenarios, the Bank also conducts an inverse stress test to identify those events that would cause the Bank's risk-bearing capacity to be no longer assured. The Bank also analyses the impact of sustainability risks under different scenarios (see separate section).

#### 4.10 Credit default risks

##### *Definition*

Credit default risk refers to the risk that a counterparty would not be able to fulfil its payment obligations, or only in part, as well as the risk of valuation losses due to the deterioration of credit ratings. This risk type is sub-divided into credit risk, migration risk, and country risk.

Our lending business is largely limited to the funding of credit institutions, institutions, and financial institutions according to the definitions of Art. 4 CRR, as well as other interbank transactions. The credit risk inherent in the ultimate borrowers of special promotional loans lies with the local bank extending the loans. In addition, we provide funding to German federal states and local authorities.

##### *Risk assessment and management*

The central risk parameters for the determination of credit default risk are probability of default, loss given default, exposure at default, and the correlations be-

tween business partners, with the aid of which simultaneous defaults of business partners are simulated in the credit portfolio model.

The probability of default is derived from the credit ratings of our business partners. The credit rating is assigned in an internal risk classification process under which individual business partners or transaction types are assigned to one of 20 credit rating categories. The best ten rating categories of AAA to BBB- are reserved for business partners with low risks ("investment grade"). The seven rating categories BB+ to C signify latent or heightened latent risks, and the three rating categories DDD to D signify problem loans and business partners in default.

The credit ratings of our business partners are reviewed at least once a year on the basis of an analysis of their financial statements and financial position. For this purpose, key performance indicators, qualitative characteristics, the background of shareholders, and other supporting factors such as their affiliation with a protection scheme or state guarantee mechanisms are considered. The country risk of the business partner's country of domicile is also considered in assessing the credit quality. For certain products such as German mortgage bonds (*Pfandbriefe*), the associated collateral or cover assets are considered as a further criterion, in addition to the respectively applicable national regulations, in determining the product rating. Whenever the Bank becomes aware of current information on negative financial data or a weakening of the business partner's business prospects, the credit rating is reviewed and adjusted if necessary.

The loss given default quantifies that portion of the exposure that would be irrecoverable after the default of a business partner and the realisation of collateral. To quantify our credit default risks, we apply product-specific or transaction type-specific loss ratios determined on the basis of analytical and expert-based methods. In particular, the utilisation chain of the special promotional loans granted by way of on-lending is considered in the measurement and parameterisation of the loss ratio for special promotional loans. The specific methods developed to estimate loss ratios have led to modestly lower risk exposures. We also rely on external data sources in assessing individual transaction types.

The exposure at default corresponds to the net balance at the reporting date, plus off-balance sheet transactions with individual debtors. This indicator represents the residual value of the exposure. In the case of derivatives, the amount of the exposure is determined by

application of the mark-to-market method, plus a premium to account for market value fluctuations, with due regard to contractual netting clauses and cash collateral furnished and received.

Under the Economic Approach, the credit value at risk is calculated by way of a credit portfolio model with due regard to correlations between business partners and migration risks.

The method described above enables us to measure, monitor, and manage our risks in accordance with the MaRisk requirements. In this way, adverse developments and portfolio concentrations can be quickly identified and countermeasures initiated.

#### *Limitation and monitoring*

The maximum credit limit for all credit limits and a maximum limit for unsecured lines are set by the Management Board to limit credit default risks. Concentration risks are managed and limited at several levels of the Bank by means of various targeted concepts. Country limits and currency transfer limits are set to limit the corresponding risks.

A limit system manages the amount and structure of all credit default risks. Limits are set for all borrowers, issuers, and counterparties and are sub-divided where appropriate for specific products and maturities. The Bank's risk classification system is the central decision-making basis for the adoption of limits. In addition, a certain minimum credit rating has been established for individual transaction and limit types.

For risk-bearing capacity purposes, credit default risks are limited on the basis of the credit value at risk determined by way of the credit portfolio model.

In addition, risk indicators provide early indications of potential risk increases and risk shifts within the portfolio. Alert thresholds are established to quickly detect higher limit utilisation levels so that appropriate countermeasures can be taken.

Other limits are monitored on a daily basis. Limit overruns are immediately reported to the Management Board.

Thus, credit default risks are managed, monitored, and reported for individual transactions at the borrower level and borrower unit level, at the country level, and at the level of the overall credit portfolio.

### Portfolio overview

More than 60% of our risk exposures are backed by collateral in the form of assignments of claims under funded loans to ultimate borrowers and state guarantee mechanisms. The Other risk exposures are likewise mainly secured products such as German mortgage bonds (*Pfandbriefe*) and covered bonds. Unsecured risk exposures largely consist of loans and advances to banks belonging to joint liability schemes in Germany (*Haftungsverbände*).

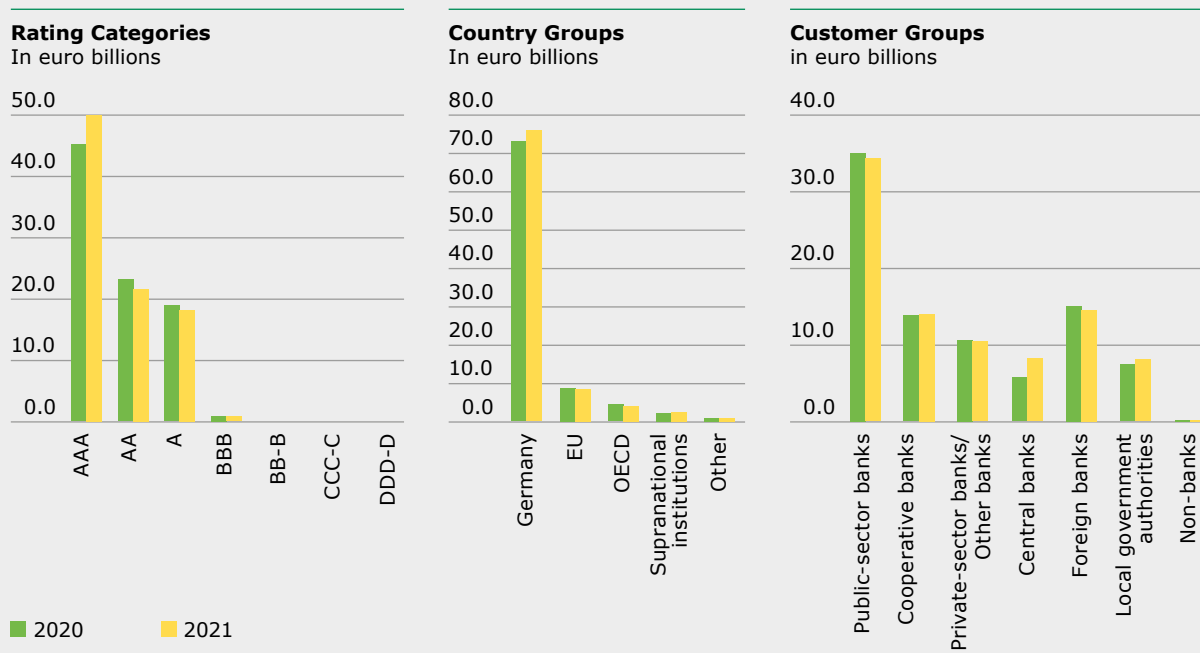
The overall credit portfolio of EUR 90.4 billion (PY: EUR 88.1 billion) comprises the nominal amounts of risk exposures in euros, including special promotional loans with the corresponding assignments of claims under funded loans to the ultimate borrowers, state-guaranteed special promotional loans, registered bonds, promissory note bonds, securities, money mar-

ket and derivative transactions, equity interests, and all externally committed credit facilities, but not loans granted from the German federal government's Special Purpose Fund. The risk exposures of companies in which Rentenbank holds direct equity interests are included in the equity interests.

Derivative financial instruments may only be concluded as hedging instruments on the basis of a netting and collateral agreement.

In the following three tables, risk exposures are aggregated on the basis of country of domicile and at the level of the legally independent business partner without regard to Group affiliations. The risk exposures are assigned to credit rating categories on the basis of product ratings. The presented figures are based on nominal amounts.

The portfolio is secured at a rate of over 90%. It breaks down as follows:



The Bank does not hold any securities and promissory note bonds issued by banks in the "peripheral countries" of the Eurozone.

Due to reporting date effects, there are risk exposures from derivative transactions concluded with Spanish and Irish bank counterparties in the amount of EUR 9.1 million.

### Loan loss provisions

#### Specific valuation allowance

The Bank assesses on a monthly basis whether there are any indications that not all payments of interest and principal can be made in accordance with the applicable contractual provisions. For financial reporting purposes, the necessity of recognising a specific valuation allowance in respect of a given loan receivable is assessed on the basis of the following criteria:

- “Non-investment grade” credit rating,
- Non-performing, deferred, or restructured exposures,
- Significant deterioration of the business partner’s credit quality,
- Significant deterioration of the credit rating of the business partner’s country of domicile.

The recoverability of significant individual loan receivables and securities, as well as loan receivables of insignificant amounts, is assessed on a case-by-case basis.

As in the previous year, it was not necessary to recognise specific valuation allowances at the reporting date.

#### General valuation allowance

General valuation allowances are recognised for latent credit default risks. The amounts of such general valuation allowances are determined on the basis of the probability of default and the loss given default.

The general valuation allowances for loan receivables, securities, and irrevocable credit commitments amounted to EUR 2.7 million (PY: EUR 3.0 million). The decrease from the previous year resulted mainly from the lower unsecured portion of the portfolios.

### 4.11 Market price risks

#### *Definition*

Market price risk refers to the potential losses arising from changing market data. It encompasses interest rate risks, CVA risks of derivatives, spread risks, and other market price risks. The latter category comprises currency risks and volatility risks.

Interest rate risk refers to the risk of unexpected changes in the economic value or present value of interest rate-sensitive exposures, and net interest income due to changes in interest rates. Interest rate risk in terms of present value is subsumed under the regulatory term Economic Value of Equity (EVE) and interest rate risk in terms of net interest income is subsumed under the term Net Interest Income (NII). We have assigned all transactions to the banking book and calculate interest rate risk from the EVE and NII perspectives under the term Interest Rate Risk in the Banking Book (IRRBB).

CVA risk is the risk of potential market value losses in derivative financial instruments resulting from the deterioration of the counterparty’s credit rating.

Spread risks are sub-divided into credit spread risks, cross currency basis swap risks, and basis swap risks.

Currency risk is the risk of a present value loss in foreign currency positions resulting from detrimental changes in exchange rates. However, open currency positions are held only in very low balances in nostro accounts. With regard to closed foreign currency positions, the market values of underlyings and hedging transactions differ from each other as a result of different valuation parameters, mainly of credit spreads, leading to temporary market value differences caused by exchange rate effects.

Volatility risk is the risk that the value of an option could change as a result of changes in the implied volatility. Options also include embedded options.

Other market price risks such as equity and commodity price risks are not relevant by reason of our business model.

#### *Risk assessment and management*

##### Interest rate risks

Interest rate risks from both present value and economic perspectives are measured with reference to a parallel shift of yield curves, on a daily basis for the Treasury Management and Promotional Activity segments and on a monthly basis at the overall bank level. Equity is not included as a liability item in line with the regulatory accounting method used.

The income-related measurement of interest rate risks is performed by means of the stress tests conducted under the Normative Approach over a period of three years on the basis of the fixed-interest periods in the interest rate scenarios considered.

Risks resulting from negative interest rates, particularly from variable interest-rate transactions with zero floors, are taken into account from the present value and net income perspectives.

The calculations conducted for purposes of the risk-bearing capacity are supplemented with the analysis of stress scenarios.

Under the Economic Approach, interest rate risk in the banking book mainly results from longer-term investments of the Bank’s own funds in the Capital Investment segment. Therefore, only rising interest rate scenarios are relevant from the EVE perspective. From the NII perspective, however, falling interest rates are relevant because the effects from the interest



accruing on new promotional loans are the main factor in this case.

We also calculate interest rate risk in the banking book in accordance with the BaFin Circular 06/2019. In this case, the Bank assesses whether the negative change in present value resulting from a parallel interest rate shift of +/- 200 basis points exceeds 20% of total regulatory capital. In addition, present value changes arising from six specified interest rate scenarios are calculated as percentages of CE Tier 1 capital as early warning indicators. The alert threshold for the early warning indicators is 15%. The interest rate coefficient and Rentenbank's early warning indicators were below the level of the alert thresholds at the reporting date.

We do not seek to generate material income from the assumption of interest rate risks as a strategic objective.

We limit interest rate risk particularly through the use of derivatives. Derivatives are concluded on the basis of micro-hedges or macro-hedges, the latter for special promotional loans.

#### CVA risk

CVA risk refers to the risk of potential market value losses in derivative financial instruments resulting from a deterioration of the counterparty's credit rating. The parameters applied in the calculation are the business partner's probability of default and loss given default, and the potential market value changes (potential future exposure) at the level of netting pools.

#### Spread risks and other risks

We quantify spread risks using a Value-at-Risk (VaR) model based on a historical simulation. The parameters applied in the VaR calculation are the present value sensitivities to the spreads of the transactions considered. Based on historical market data trends going back up to ten years, the maximum loss is calculated for the specified confidence level. Credit spread risks are calculated for both securities and highly liquid promissory note bonds.

Currency and volatility risks are measured on the basis of scenario-based changes in exchange rates and volatilities.

#### Risk buffer

Risk modelling uncertainties and simplifications are additionally accounted for by means of a risk buffer.

#### *Limitation and monitoring*

The overall limit for market price risk is divided among interest rate risk, CVA risk, spread risk, and other risks, as well as the risk buffer. The observance of limits for interest rate risks in the Treasury Management and Promotional Activity segments are monitored and reported on a daily basis. The other market price risks are reported on a monthly basis.

### 4.12 Liquidity risks

#### *Definition*

Liquidity risk particularly comprises liquidity risk in the narrower sense and funding cost risk.

We define liquidity risk in the narrower sense as the risk of not being able to meet current or future payment obligations or only to a limited degree. This also includes intraday liquidity risk, market liquidity risk, and funding risk.

Funding risk refers to the risk that future funding resources could only be raised under unexpectedly worsened cost conditions.

#### *Risk assessment and management*

The objectives of liquidity management are to ensure the Bank's ability to meet its financial obligations at all times, also under stress conditions, to optimise the funding structure, and to coordinate the Bank's own issues in the money market and capital markets. We manage liquidity risk centrally.

The Bank's outstanding liquidity balances are limited by means of a limit specified by the Management Board on the basis of our funding possibilities, both from normative and economic perspectives. The cash position and the limit utilisation are monitored on a daily basis.

The instruments available for managing the Bank's short-term liquidity position include interbank funds, ECP placements, and open market operations with the Bundesbank. Liquidity can also be managed by purchasing securities and raising funds with terms of up to two years by way of the Euro Medium-Term Note Programme (EMTN Programme), promissory note bonds, global bonds, and domestic capital market instruments. Foreign currency-denominated incoming or outgoing payments from balance sheet transactions are covered by opposite payments from hedging derivatives.



Under the risk-bearing capacity concept, liquidity risks are covered not by risk capital but by liquid assets. Thanks to our triple-A rating and the statutory guarantee of the German federal government, we are able to raise liquid funds in the market at all times. In addition, any and all assets held with the Bundesbank may be pledged as collateral for loans.

The bonds issued by us are classified in the EU as “liquid assets” according to the Liquidity Coverage Ratio (LCR). Also in other legal jurisdictions (e.g., United States and Canada), Rentenbank’s bonds may be held as highly liquid assets.

#### Liquidity stress scenarios

Stress scenarios are employed for the purpose of analysing the effects of unexpected, unusual events on the Bank’s liquidity position and market liquidity risk. The liquidity stress scenarios developed for this purpose are an integral part of the internal management model and are calculated and monitored on a monthly basis. The scenario analyses include a market-wide scenario involving a decline in the prices of securities (market liquidity) and liquidity outflows for cash collateral, and an idiosyncratic scenario involving simultaneous calls of all irrevocable credit commitments and default on the part of important borrowers. This scenario mix is used to simulate the cumulative occurrence of liquidity stress scenarios. Liquidity stress tests are also conducted on an ad-hoc basis when risk-relevant events occur.

#### Liquidity ratios according to the CRR

The regulatory liquidity ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) serve to limit short-term, medium-term, and long-term liquidity risk. The objective is to enable banks to remain solvent also in stress phases by maintaining a liquidity buffer and stable funding. The LCR, which is the ratio of highly liquid assets to net cash outflows in the stress scenario, must be at least 1.0. The minimum NSFR, which is the ratio of available stable funding to required stable funding, is 1.0.

#### *Limitation and monitoring*

The calculated liquidity requirement for up to 30 days under stress assumptions must be less than the liquid assets calculated according to the LCR and the freely available funding resources.

The calculated liquidity requirement for a period of between 30 days and two years is limited by the freely available funding resources.

In the medium-term and long-term liquidity calculation, moreover, cash inflows and outflows over a period of longer than two years are accumulated and carried forward on a quarterly basis. The cumulative net liquidity outflows may not exceed a limit set by the Management Board.

The scenario mix is defined as the management-relevant scenario. It limits the survival period by means of a traffic-light system.

The short-term, medium-term, and long-term liquidity limits are monitored on a daily basis. As in the previous year, the Bank’s liquidity was assured at every date considered in the reporting period, also under stress assumptions. All liquidity limits and regulatory liquidity ratios were comfortably kept. The average LCR was 4.41 (5.69) and the average NSFR was 1.34 (1.28).

The short-term, medium-term, and long-term liquidity, the results of the scenario analyses, the survival period, the liquidity ratio LCR and NSFR, and the calculation of the liquidity buffer in accordance with the MaRisk are reported on a monthly basis.

### **4.13 Non-financial risks**

Non-financial risks are sub-divided into operational risks and strategic risks.

#### *Definition of operational risks*

Operational risks arise as a result of non-functioning or defective systems and processes, misconduct on the part of humans, or external events. Operational risks include legal risks, compliance risks, outsourcing risks, IT risks, information security risks, litigation risks, personnel risks, model risks, project risks, and event or environmental risks.

#### *Definition of strategic risks*

Strategic risks are sub-divided into business/strategic risks, reputation risks, and pension risks.

Business/strategic risk refers to the risk of losses as a result of the non-attainment of business strategy objectives due to business strategy positioning or detrimental changes in market and environmental conditions, including legal framework conditions, for Rentenbank.

Reputation risk refers to the risk of losses as a result of a worsening of the perception of Rentenbank in the minds of relevant internal and external stakeholders, which has an adverse economic effect or lessens the trust placed in Rentenbank.

Pension risk refers to the risk of an inadequate measurement of pension provisions.

#### *Risk assessment and management*

Under the Economic Approach, non-financial risks are quantified and reported separately by operational and strategic risks for purposes of the risk-bearing capacity concept. The risk exposure is calculated on the basis of a simulation model. The data basis comprises the assessments of the process owner, the risk analyses of other organisational units, and the historical loss events arising from operational risks.

All the Bank's loss events and near losses are centrally recorded in a loss event database by the Operational Risk Officer. Risk Controlling analyses and aggregates the loss events and refines the methodological instruments.

We also perform self-assessments in the form of workshops, in which material operational risk scenarios of specific business processes are analysed and assessed with a view to inherent risks. Management measures such as fraud prevention are also formulated at these workshops.

Risk Controlling aggregates and analyses all non-financial risks on a centralised basis. This department is responsible for the use of instruments and the refinement of risk identification, assessment, management, and communication methods. Non-financial risks are managed by the respective organisational units.

The Legal & Human Resources Department manages and monitors legal risk. It informs the Management Board about current or potential legal disputes on an ad-hoc basis and also periodically in the form of semi-annual reports. The Bank minimises legal risks from contracts by largely employing standardised contracts. The Legal Department is involved in the corresponding decisions at an early stage and important projects are coordinated with the Legal & Human Resources Department. Legal disputes are immediately entered into the loss event database. A specified risk indicator is monitored to ensure the early identification of risks.

In addition to the compliance function, we have also instituted a central office for the prevention of money laundering, terrorism financing, and other criminal acts. The Anti-Money Laundering Officer reports di-

rectly to the Management Report. Based on a threat assessment pursuant to Section 25h KWG, risks that could jeopardise the Bank's assets are identified and organisational measures are defined to optimise risk prevention. To this end, we also assess whether the general and bank-specific requirements for an effective organisation are met.

The fulfilment of duties of care and the identification of contractual partners (know-your-customer principle) are other important elements of money laundering prevention. The necessary procedures and processes for this purpose have been implemented and any suspected cases are referred immediately by the Anti-Money Laundering Officer to the Central Financial Intelligence Unit (FIU). To the Bank's knowledge, no acts of money laundering, terrorism financing, or other criminal acts were committed in 2021.

Regulatory risks as a sub-category of compliance risks are managed by active participation in regulatory initiatives and other legislative initiatives affecting Rentenbank and by the identification of potential consequences for the Bank under the direction of the regulatory working group ART.

The risks associated with outsourcing are identified as a sub-category of operational risks. We have instituted the position of a Central Outsourcing Officer who is supported by the Central Outsourcing Management Department. Outsourced activities are monitored decentrally. The Central Outsourcing Management Department also performs risk management and monitoring with respect to the portfolio of outsourced activities. Outsourced activities are classified as material or immaterial on the basis of a standardised risk analysis. Material outsourced activities are subject to special requirements, particularly with regard to contracts, management, monitoring, and reporting.

Rentenbank has implemented the legal requirements of the EU General Data Protection Regulation (EU GDPR) and the German Federal Data Protection Act (*Bundesdatenschutzgesetz, BDSG*). We have implemented an Information Security Management System (ISMS) to protect data, systems, networks, and the business premises. The Information Security Department monitors compliance with all standards and requirements for the confidentiality, availability, and integrity of information implemented within the ISMS. Employees are regularly trained in matters of information security and sensitised to risks by means of different channels. Information security risks are integrated into operational risk management and are transparently reported. This also includes risks arising from threats related to cyber-attacks. To this end, we arrange for service providers to conduct penetration tests on a regular basis.

The Bank's Emergency Management Department has defined preventive and reactive measures to protect time-critical business processes in case of emergency or crisis. The manner of dealing with business interruptions is detailed in the Emergency Handbook, business continuation plans, and recovery plans. We review and monitor the efficacy of these plans on the basis of test and drill plans.

A code of conduct and professional corporate communication help to minimise reputation risks.

To measure the risks inherent in pension provisions, an actuarial opinion is prepared by an outside expert on the basis of parameters such as interest rates, inflation, and life expectancies. The corresponding interest rate risks are taken into account in the monitoring of Interest Rate Risk in the Banking Book (IRRBB).

#### *Limitation and monitoring*

Non-financial risks are limited separately by operational and strategic risks in the economic risk-bearing capacity calculation. The loss events identified in the reporting period, the insights gained from the self-assessments, and the monitoring of early warning indicators do not show any risks that would endanger the Bank's continuation as a going concern. The results are reported as part of the Risk Report.

#### **4.14 Sustainability risks**

Sustainability risks refer to events or conditions in the areas of Environment, Social, and Governance (ESG), the occurrence of which could actually or potentially have serious adverse effects on a company's financial position, cash flows, and financial performance and reputation.

Sustainability risks in the areas of climate and environment are sub-divided into physical and transition risks. Physical risks arise from both extreme weather events and their consequences, as well as long-term

changes in climatic and ecological conditions. Transition risks arise in relation to the conversion to a low-carbon economy.

In accordance with the regulatory information memo, sustainability risks are not regarded as a standalone risk type, but rather as a driver of the known risk types.

In its promotional activity, Rentenbank ensures the funding of local banks that grant its special promotional loans. The local bank bears the default risk of the ultimate borrower. Rentenbank also invests in the securities, promissory note bonds, etc., of banks, promotional institutions, German federal states, and local authorities or other state institutions. Rentenbank's customers are nearly all classified as banks or German state institutions. The Bank does not invest directly in agriculture and forestry.

Based on this classification, Rentenbank analyses the potential effects of sustainability risks. Individual ESG aspects are already taken into account within the existing credit rating procedures.

ESG scenarios focused on climate and environmental risks were developed and the potential effects of climate change on Rentenbank's capital and risk situation were examined for the first time in 2020. The ESG scenarios were updated in 2021. Specifically, an extreme weather event that would give rise to both periods of persistent drought and heavy rainfall causing serious damage in many regions of Germany was assumed. The consequences of extreme weather events would lead to higher demand for credit and liquidity on the part of affected enterprises and private households and a higher level of credit defaults could occur. The specific effects were derived from expert-based "heat maps". Rentenbank has also developed a long-term scenario in which transition risks are described and a qualitative analysis is performed.

The scenarios are continually refined on the basis of new insights with the goal of concretising the corresponding effects.

## 5. Financial reporting process

The essential purpose of the financial reporting process is to track the account assignment and processing of transactions all the way to the preparation of the required annual financial statements.

The purpose of the financial reporting-related ICS/RMS is to ensure compliance with financial reporting standards and regulations and to ensure legally compliant financial reporting.

Rentenbank prepares its financial statements in accordance with the regulations of the German Commercial Code (*Handelsgesetzbuch*, HGB) and the Regulation on the Financial Reporting of Credit Institutions and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*, RechKredV).

The regulations are documented in handbooks and procedural instructions. The Finance Department monitors these documents regularly and adapts them to changed statutory, regulatory, and procedural requirements. The involvement of the Finance Department in the “New Products Process” ensures the appropriate representation of new products in the financial reporting system.

The documentation of the financial reporting process conforms with German Generally Accepted Accounting Principles (*Grundsätze ordnungsmäßiger Buchführung*, GoB) and is comprehensible to knowledgeable third parties. The statutory retention periods are observed with respect to the retention of the corresponding documents.

The functions of organisational units that play an important role in the financial reporting process are clearly separated. Appropriate subsidiary ledgers for money market accounting, loan accounting, securities accounting, and liabilities accounting are assigned to the corresponding organisational units and are monitored by them. The data contained in the subsidiary ledgers are transferred to the general ledger by way of automated interfaces. The Finance Department is responsible for accounting, the definition of account assignment rules, the posting methodology, management of the posting programme, and the administration of the financial accounting system.

In addition to SAP as a standard software programme, an internally developed financial software programme is used for the Bank’s operations. Authorisations are granted on a task-specific basis to protect the financial reporting process from unauthorised access. Plausibility checks are performed on a regular basis. In addition, the application of the dual control principle, standardised reconciliation routines, and budget-actual comparisons within the financial system ensure the prompt detection and correction of errors. These measures also serve to ensure the correct recognition, presentation, and measurement of assets and liabilities.

The functional efficacy of the financial reporting-related ICS/RMS is monitored by means of periodic, process-independent audits conducted by the Internal Audit Department.

Quality-assured, relevant data are promptly reported to the responsible persons via the Management Information System. The Management Board informs the Supervisory Board and its committees of the corresponding results on a regular basis. It also promptly informs them of specific events of importance.

## Financial Statements

## Balance Sheet of Landwirtschaftlichen Rentenbank at 31 December 2021

### Assets

	Note	mEUR	mEUR	31/12/2021 mEUR	31/1/2020 mEUR
<b>1. Cash reserve</b>					
a) Cash on hand			0.2		0.3
b) Balances with central banks			12.5		23.5
of which: at the Bundesbank				<b>12.7</b>	23.8
EUR 12.5 million (PY: EUR 23.5 million)					
<b>2. Loans and advances to banks</b>	11				
a) Payable on demand			8,301.9		5,775.8
b) Other loans and receivables			56,780.3		56,025.8
				<b>65,082.2</b>	61,801.6
<b>3. Loans and advances to customers</b>	12				
of which: Secured by mortgages:					
EUR -- million (PY: EUR -- million)					
Municipal loans:					
EUR 7,561.8 million (PY: EUR 6,933.6 million)				<b>7,598.9</b>	6,967.9
<b>4. Bonds and other fixed-income securities</b>	13/17				
a) Bonds and notes					
aa) Public-sector issuers			868.3		832.8
of which: eligible as collateral with the Bundesbank					
EUR 714.0 million (PY: EUR 678.5 million)					
ab) Other issuers			14,201.1		16,784.6
of which: eligible as collateral with the Bundesbank					
EUR 11,219.4 million (PY: EUR 13,219.8 million)				<b>15,069.4</b>	17,617.4
<b>5. Shares and other non-fixed-income securities</b>	14			<b>0.1</b>	0.1
<b>6. Equity interests</b>	15/17				
of which: In banks:					
EUR 321.9 million (PY: EUR 321.9 million)					
In financial services institutions:					
EUR -- million (PY: EUR -- million)					
In investment firms					
EUR -- million (PY: EUR -- million)				<b>327.9</b>	327.9
<b>7. Shares in affiliated companies</b>	15/17				
of which: In banks:					
EUR -- million (PY: EUR -- million)					
In financial services institutions:					
EUR -- million (PY: EUR -- million)					
In investment firms:					
EUR -- million (PY: EUR -- million)				<b>49.6</b>	49.6
<b>8. Trust assets</b>	16				
of which: Trust loans:					
EUR 166.7 million (PY: EUR 175.1 million)				<b>166.7</b>	175.1
<b>9. Intangible assets</b>	17				
a) Purchased concessions, industrial property rights and similar rights, and licenses to such rights				<b>18.3</b>	13.7
<b>10. Property and equipment</b>	17			<b>19.8</b>	16.4
<b>11. Other assets</b>	18			<b>4,154.5</b>	5,867.1
<b>12. Prepaid expenses</b>	19				
a) From issuing and lending business			2,439.4		1,958.8
b) Other			571.6		467.1
				<b>3,011.0</b>	2,425.9
<b>Total assets</b>				<b>95,511.1</b>	95,286.5

### LIABILITIES AND EQUITY

	Note	mEUR	mEUR	31/12/2021 mEUR	31/12/2020 mEUR
<b>1. Liabilities to banks</b>	20				
a) Payable on demand			0.1		1.6
b) With agreed term or notice period			1,854.3		2,170.4
				<b>1,854.4</b>	2,172.0
<b>2. Liabilities to customers</b>	21/31				
a) Other liabilities					
aa) Payable on demand			155.8		158.9
ab) With agreed term or notice period			1,909.7		2,511.9
				<b>2,065.5</b>	2,670.8
<b>3. Securitised liabilities</b>	22				
a) Debt securities issued				<b>82,635.2</b>	81,759.3
<b>4. Trust liabilities</b>	23				
of which: Trust loans:					
EUR 166.7 million (PY: EUR 175.1 million)				<b>166.7</b>	175.1
<b>5. Other liabilities</b>	24			<b>620.7</b>	668.4
<b>6. Deferred income</b>	25				
a) From issuing and lending business			565.2		459.5
b) Other			2,412.6		2,012.2
				<b>2,977.8</b>	2,471.7
<b>7. Provisions</b>	26				
a) Provisions for pensions and similar obligations			140.1		130.9
b) Other provisions			225.5		259.7
				<b>365.6</b>	390.6
<b>8. Subordinated liabilities</b>	27			<b>102.7</b>	302.7
<b>9. Fund for general banking risks</b>				<b>3,373.2</b>	3,344.4
<b>10. Equity</b>	45				
a) Subscribed capital			135.0		135.0
b) Retained earnings					
ba) Principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law			1,178.8		1,162.0
Allocations from net income			17.2		16.7
			1,196.0		1,178.7
bb) Guarantee reserve pursuant to Section 2 (3) of Rentenbank's Governing Law			1.0		1.0
c) Distributable profit			17.3		16.8
				<b>1,349.3</b>	1,331.5
<b>Total liabilities and equity</b>				<b>95,511.1</b>	95,286.5
<b>1. Contingent liabilities</b>	29				
a) Liabilities from guarantees and indemnity agreements				<b>37.9</b>	25.4
<b>2. Other commitments</b>	30				
a) Irrevocable loan commitments				<b>1,197.9</b>	756.7

## Income Statement of Landwirtschaftliche Rentenbank for the period from 1 January to 31 December 2021

	Note	2021 mEUR	2021 mEUR	2021 mEUR	2020 mEUR
<b>1. Interest income from</b>	32				
a) Lending and money market transactions		1,975.2			2,148.5
b) Fixed-income securities and debt register claims		245.4			288.2
			2,220.6		2,436.7
less negative interest: EUR 65.5 million					(46.4)
<b>2. Interest expenses</b>	33		1,948.3		2,140.2
less positive interest: EUR 16.5 million					(9.2)
				<b>272.3</b>	296.5
<b>3. Current income from</b>					
a) Shares and other non-fixed-income securities			0.0		0.0
b) Equity interests			13.4		0.4
				<b>13.4</b>	0.4
<b>4. Fee and commission income</b>			0.6		0.3
<b>5. Fee and commission expenses</b>			1.8		1.9
				<b>-1.2</b>	-1.6
<b>6. Other operating income</b>	34			<b>13.9</b>	6.1
<b>7. General administrative expenses</b>					
a) Personnel expenses					
aa) Wages and salaries		33.8			30.0
ab) Social security contributions and expenses for pensions and other employee benefits		8.1			4.7
			41.9		34.7
of which: EUR 3.4 million for pensions					(0.7)
b) Other administrative expenses			39.8		32.3
				<b>81.7</b>	67.0
<b>8. Depreciation, amortisation and impairments of intangible assets as well as property and equipment</b>				<b>8.3</b>	8.9
<b>9. Other operating expenses</b>	35			<b>18.6</b>	16.6
<b>10. Write-downs and impairments of loans and advances and certain securities, and additions to loan loss provisions</b>				<b>124.6</b>	125.2
<b>11. Write-downs and impairments of equity interests, shares in affiliated companies and securities held as fixed assets</b>				<b>-</b>	0.3
<b>12. Income from reversals of write-downs and impairments of equity interests, shares in affiliated companies and securities held as fixed assets</b>				<b>0.3</b>	-
<b>13. Additions to the fund for general banking risks</b>				<b>28.9</b>	49.9
<b>14. Profit on ordinary activities</b>				<b>36.6</b>	33.6
<b>15. Taxes on income and profit</b>			2.0		0.0
<b>16. Other taxes not included in „Other operating expenses“</b>			0.1		0.1
				<b>2.1</b>	0.1
<b>17. Net income for the year</b>				<b>34.5</b>	33.5
<b>18. Allocations to retained earnings</b>					
to principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law from net income				<b>17.2</b>	16.7
<b>19. Distributable profit</b>				<b>17.3</b>	16.8



## Statement of Cash Flows for the period ended 31/12/2021

mEUR	2021	2020
Net income/loss for the period	34.5	33.5
Depreciation, amortisation and impairments, and reversals of impairments of loans and advances and fixed assets	8.3	8.9
Increase (+)/decrease (-) in provisions	-25.0	-51.5
Other non-cash expenses/income	153.5	175.2
Other adjustments (net)	-318.9	-242.8
Increase (-)/decrease (+) in loans and advances to banks	-3,405.5	-1,509.3
Increase (-)/decrease (+) in loans and advances to customers	-630.9	-481.4
Increase (-)/decrease (+) in other assets from operating activities	1,169.4	-2,058.7
Increase (+)/decrease (-) in liabilities to banks	-317.6	-84.8
Increase (+)/decrease (-) in liabilities to customers	-605.2	-104.1
Increase (+)/decrease (-) in securitised liabilities	875.9	4,260.3
Increase (+)/decrease (-) in other liabilities from operating activities	450.0	295.4
Interest expenses/interest income	-272.3	-296.5
Income tax expenses/income	2.1	0.0
Interest and dividends received	2,643.4	2,735.0
Interest paid	-2,052.2	-2,195.7
Income taxes paid	-2.1	0.0
<b>Cash flow from operating activities</b>	<b>-2,292.6</b>	<b>483.6</b>
Proceeds from disposal of financial investments	3,170.2	1,747.5
Payments for investments in financial investments	-656.3	-2,203.9
Proceeds from disposal of property and equipment	0.5	0.0
Payments for investments in property and equipment	-4.9	-3.9
Proceeds from disposal of intangible assets	0.1	0.0
Payments for investments in intangible assets	-11.3	-3.4
<b>Cash flow from investing activities</b>	<b>2,498.3</b>	<b>-463.8</b>
Appropriation of distributable profit pursuant to Section 9 of Rentenbank's Governing Law	-16.8	-16.3
Net change in funds from other capital	-200.0	0.0
<b>Cash flow from financing activities</b>	<b>-216.8</b>	<b>-16.3</b>
Net change in cash and cash equivalents	-11.1	3.5
Cash and cash equivalents at beginning of period	23.8	20.3
<b>Cash and cash equivalents at end of period</b>	<b>12.7</b>	<b>23.8</b>

The Statement of Cash Flows shows the changes in cash and cash equivalents for the 2021 and 2020 fiscal years from operating, investing and financing activities. Cash and cash equivalents correspond to the Cash reserve reported in the balance sheet.

Cash flows are allocated to operating activities based on the definition of the operating result. Cash flows from investing and financing activities were derived directly from the financial accounting. The cash flows from investing activities result from proceeds from and payments for property and equipment and intangible assets and from proceeds from and payments for securities held as fixed assets. The net change in cash and

cash equivalents resulting from financing activities includes proceeds from and payments for Regulatory Tier 2 Capital and the appropriation of our distributable profit.

The Statement of Cash Flows was prepared on the basis of the regulations set out in German Accounting Standard No. 21.

The informative value of the Statement of Cash Flows as an indicator of the liquidity position is limited. For further details on liquidity management, please refer to the information in the Management Report.

## Statement of Changes in Equity at 31 December 2021

mEUR	Subscribed capital	Principal reserve	Guarantee reserve	Distributable profit	Total 2021
Equity at 01/01	135.0	1,178.8*	1.0	16.8	1,331.6*
Profit distribution	-	-	-	- 16.8	- 16.8
Net income	-	17.2	-	17.3	34.5
<b>Equity at 31/12</b>	<b>135.0</b>	<b>1,196.0</b>	<b>1.0</b>	<b>17.3</b>	<b>1,349.3</b>

\* Difference from previous year due to rounding, as in the balance sheet.

## Statement of Changes in Equity at 31 December 2020

mEUR	Subscribed capital	Principal reserve	Guarantee reserve	Distributable profit	Total 2020
Equity at 01/01	135.0	1,162.0	1.0	16.3	1,314.3
Profit distribution	-	-	-	- 16.3	- 16.3
Net income	-	16.7	-	16.8	33.5
<b>Equity at 31/12</b>	<b>135.0</b>	<b>1,178.7</b>	<b>1.0</b>	<b>16.8</b>	<b>1,331.5</b>

## Notes to the financial statements

<b>Basis of accounting</b> .....	67
<b>Accounting policies</b> .....	67
(1) General information .....	67
(2) Recognition and measurement of financial instruments .....	67
(3) Loan loss provisions .....	68
(4) Determination of fair value of financial instruments .....	68
(5) Loss-free valuation of the banking book .....	69
(6) Trust assets/trust liabilities .....	69
(7) Property and equipment and intangible assets .....	69
(8) Prepaid expenses/deferred income .....	69
(9) Provisions .....	69
(10) Valuation units/currency translation .....	70
<b>Notes to the balance sheet</b> .....	71
(11) Loans and advances to banks .....	71
(12) Loans and advances to customers .....	71
(13) Bonds and other fixed-income securities .....	71
(14) Shares and other non-fixed-income securities .....	72
(15) Equity interests and shares in affiliated companies .....	72
(16) Trust assets .....	72
(17) Fixed assets .....	73
(18) Other assets .....	73
(19) Prepaid expenses .....	73
(20) Liabilities to banks .....	74
(21) Liabilities to customers .....	74
(22) Securitised liabilities .....	74
(23) Trust liabilities .....	74
(24) Other liabilities .....	74
(25) Deferred income .....	75
(26) Provisions .....	75
(27) Subordinated liabilities .....	75
(28) Foreign currency assets and liabilities .....	75
(29) Contingent liabilities .....	76
(30) Other commitments .....	76
(31) Cover calculation .....	76
<b>Notes to the income statement</b> .....	76
(32) Interest income .....	76
(33) Interest expenses .....	76
(34) Other operating income .....	76
(35) Other operating expenses .....	77

<b>Other disclosures</b> .....	77
(36) Other financial commitments .....	77
(37) Derivative financial instruments .....	77
(38) Disclosures on valuation units pursuant to Section 285 no. 23 HGB .....	79
(39) Remuneration of the Management Board and Supervisory Board .....	79
(40) Average number of employees pursuant to Section 267 (5) HGB .....	80
(41) Shareholdings pursuant to Section 285 no. 11 and Section 340a (4) no. 2 HGB .....	80
(42) Other liability agreement .....	80
(43) Auditor's fees pursuant to Section 285 no. 17 HGB .....	81
(44) Events after the reporting date pursuant to Section 285 no. 33 HGB .....	81
(45) Proposals for the utilisation of profit pursuant to Section 285 no. 34 HGB .....	81
(46) Disclosure of mandates pursuant to Section 340a (4) no. 1 HGB .....	81
<b>Members of the Management Board and Supervisory Board</b> .....	82

## Basis of accounting

Landwirtschaftliche Rentenbank (hereinafter referred to as Rentenbank) has its registered office in Frankfurt am Main. It is recorded in the Commercial Register of the Local Court of Frankfurt am Main under record number HRA 30636.

Rentenbank's annual financial statements have been prepared in accordance with the regulations of the German Commercial Code (*Handelsgesetzbuch*, HGB) applicable to large corporations and the relevant provisions of the German Regulation on the Accounting of Banks and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*, RechKredV). The structure of the balance sheet and the income statement is based on the templates set out in RechKredV. Balance sheet and income statement items that are included in the template, but not used at Rentenbank are not reported.

Based on the exemption allowed in Section 290 (5) in conjunction with Section 296 (2) HGB, Rentenbank is not required by law to prepare consolidated financial statements in accordance with HGB. Therefore, Rentenbank is not required by Section 315e HGB to prepare consolidated financial statements in accordance with IFRS. Rentenbank has opted not to prepare consolidated financial statements on a voluntary basis.

Rentenbank is exempt from corporation tax in accordance with Section 5 (1) No 2 (*Körperschaftsteuergesetz*, KStG) and trade tax in accordance with Section 3 (2) (*Gewerbesteuergesetz*, GewStG). Accordingly, deferred taxes pursuant to Section 274 HGB are not to be recognised in the annual financial statements of Rentenbank.

## Accounting policies

### (1) General information

Assets, liabilities, and pending transactions are measured in accordance with the provisions of Sections 252 et seq. HGB, with due regard to the supplementary provisions for banks (Sections 340 et seq. HGB). The annual financial statements at 31 December 2021 are generally based on the same accounting policies as were applied in the prior year's annual financial statements. Any changes are described below.

The Bank does not keep a trading book pursuant to Section 1 (35) German Banking Act (*Kreditwesengesetz*, KWG) in conjunction with Article 4 (1) no. 86 Regulation (EU) No. 575/2013.

### (2) Recognition and measurement of financial instruments

In accordance with Section 11 RechKredV, pro rata interest is presented in the corresponding balance sheet item.

#### Loans and advances/liabilities

Loans and advances are accounted for in accordance with Section 340e (2) HGB, i.e. at their nominal amount less any write-downs. Liabilities are measured at their settlement amount in accordance with Section 253 (1) sentence 2 HGB. Premiums and discounts on loans and advances and liabilities are presented as either prepaid expenses or deferred income. Zero bonds are measured at their issue price plus capitalised interest based on the issue yield.

#### Securities held as fixed assets

All securities are carried at amortised cost less any impairments. Reversals of impairments are recognised if the reasons for an earlier impairment no longer apply.

Fixed-income securities held as fixed assets are measured in accordance with the moderate lower of cost or market principle pursuant to Section 253 (3) sentence 5 HGB. On the basis of the criteria defined by the Insurance Committee of the Institute of Public Auditors in Germany (IDW), Rentenbank tests for a potential permanent impairment if the carrying amount of the bond was more than 20% below the fair value (cf. Note 4) in the last six months prior to the reporting date or if the average of daily fair values over the last twelve months was more than 10% below the carrying amount.

Because these securities are intended to be held over the long term, no write-downs to fair value are recognised if an identified impairment is considered to be only temporary. In particular, write-downs are not recognised when an identified impairment is only of a temporary nature with respect to future financial performance and it is expected that the securities will be fully repaid when due.

### Securities allocated to the liquidity reserve

Securities allocated to the liquidity reserve are measured in accordance with the strict lower of cost or market principle (Section 253 (4) HGB). These securities are written down to their lower fair value where applicable.

### Equity interests and shares in affiliated companies

Equity interests and shares in affiliated companies are measured at cost in accordance with the rules applicable to fixed assets. They are written down to their lower fair value to account for any impairment that is expected to be permanent.

### Derivatives

Derivatives are only used to hedge existing or foreseeable market price risks. Measurement effects from derivatives are taken into account in the loss-free valuation of the banking book.

Upfront payments made and received from derivatives contracts are presented as prepaid expenses or deferred income, respectively. The reversal amounts from upfront payments from swap transactions are netted with the nominal interest income or expenses, depending on the contract.

### Other assets/liabilities

Other assets are measured at their nominal amount and Other liabilities at their settlement amount.

## **(3) Loan loss provisions**

Identifiable risks in the lending business are sufficiently accounted for by specific valuation allowances and provisions. In addition to the fund for general banking risks presented in the balance sheet, general valuation allowances and contingency reserves pursuant to Section 340f HGB are recognised to account for latent (credit) risks and deducted from the corresponding asset items.

Rentenbank assesses on a monthly basis whether there are any objective indications that not all payments interest and principal can be made in accordance with the terms of the underlying contracts. For accounting purposes, the Bank applies the following criteria to determine whether the recognition of a specific valuation allowance for a given receivable is required:

- Internal credit rating as non-investment grade,
- Non-performing, deferred or restructured exposures,
- Material deterioration of the business partner's credit quality,
- Material deterioration of the credit quality of the business partner's country of domicile.

General valuation allowances are recognised for latent credit risks, the amount of which is calculated using the probability of default and the loss ratio as a basis.

Bonds and notes are taken into account to the extent that they are measured at amortised cost.

Due to the low default rates of its portfolio, Rentenbank does not have enough of a default history to allow for a reliable estimate of its default rate.

Therefore, the internal master scale is derived from the realised default rates published by the rating agencies Fitch, Moody's, and S&P. The probabilities of default are allocated on the basis of the credit quality of the respective business partner.

The loss given default (LGD) rates for specific products and types of transactions are determined by application of analytical and expert-based methods, with due regard to the respective collateralisation.

## **(4) Determination of fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined with reference to either directly observable exchange or market prices or the Bank's own calculations on the basis of valuation models and observable market parameters. When valuation models are applied, the fair value of contracts without option features is determined on the basis of the discounted expected future cash flows (discounted cash flow (DCF) method). Contracts with option features are measured by application of recognised option pricing models. Hedged items are discounted to present value using a base curve plus a credit spread based on credit quality.

Derivatives are discounted to present value on the basis of the OIS (overnight interest rate swap) swap curve, as well as basis swap spreads and cross-currency basis spreads. These are differentiated by maturity and currency and obtained from external market data providers. Apart from the yield curves and spreads mentioned above, volatilities and correlations are also taken into account in the calculations.



**(5) Loss-free valuation of the banking book**

According to the IDW Accounting Principle "Specific aspects of the loss-free valuation of interest rate transactions in the banking book (interest book)" (IDW RS BFA 3), a provision for onerous contracts must be recognised in respect of any excess liability in the banking book resulting from an interest rate transaction on the basis of an overall assessment of the transaction.

A periodic (income statement) approach was applied to calculate the amount required to be recognised as a provision in the context of the loss-free valuation of the banking book. The banking book comprises all the Bank's interest-bearing transactions and is managed on a uniform basis.

For calculation purposes, future period gains or losses in the banking book were determined on the basis of the profit/loss contributions of closed and open interest rate positions.

These future cash flows were discounted to present value at the reporting date on the basis of generally recognised, maturity-matched money market and capital market rates. Risk expenses were calculated on the basis of future expected losses and the proportion of administrative expenses allocable to portfolio management was determined on the basis of internal assessments. Based on these calculations, it was determined that no such provisions needed to be recognised at 31 December 2021.

**(6) Trust assets/trust liabilities**

Trust assets and trust liabilities are presented as separate balance sheet items in accordance with Section 6 RechKredV. Due to the correlation between trust assets and trust liabilities, both are measured at nominal amounts.

**(7) Property and equipment and intangible assets**

In accordance with German commercial law, items of property and equipment and intangible assets are measured at cost, less any depreciation and amortisation over their estimated useful lives.

Depreciation of property and equipment and amortisation of intangible assets are charged on a straight-line basis over estimated useful lives, ranging from 33 to 50 years for buildings and from three to six years for operational and office equipment. Intangible assets are amortised on a straight-line basis over a period of three to four years.

**(8) Prepaid expenses/deferred income**

Other prepaid expenses and deferred income are recognised in accordance with Section 250 (1) and (2) HGB. Due to the change of method for calculating interest on cash collateral from EONIA to €STR, settlement payments received and made are distributed over the derivative's remaining term to maturity.

**(9) Provisions**

Provisions are measured at the necessary settlement amount according to prudent business judgement, with due regard to future price and cost increases. Provisions with a remaining term of more than one year are discounted to present value at the reporting date.

Pension provisions

Pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*, Rück-AbzinsV). This average interest rate corresponds to the remaining term of the provisions. In accordance with Section 253 (2) sentence 2 HGB, provisions for pension obligations are discounted to present value on a flatrate basis by application of the average market interest rate corresponding to an assumed remaining term of 15 years.

In accordance with Section 253 HGB, as amended in 2016, provisions for pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years (last seven financial years up to and including 2015), which corresponds to the remaining term of the pension obligations. On this basis, a difference of EUR 12 million (EUR 14 million) was calculated for 2021.

According to Section 253 (6) sentence 2 HGB, profits may only be distributed if the freely disposable reserves remaining after distribution, plus any profit carried forward and minus any loss carried forward, are at least equal to the difference determined in accordance with Section 253 (6) sentence 1 HGB.

Pension provisions are measured in accordance with actuarial principles using the projected unit credit (PUC) method. Under the PUC method, the provision amount is defined as the actuarial present value of the pension obligations earned by employees in the past

periods of service up to the reporting date in accordance with the pension formula. The 2018 G

Mortality Tables of Prof. Dr. Klaus Heubeck are applied as the biometric calculation parameters.

The following parameters were applied as the basis for the calculation as of 31 December 2021:

	2021	2020
Actuarial interest rate pursuant to Section 253 (2) sentence 2 HGB	1.87 % p. a.	2.30 % p. a.
Career trend	1.00 % p. a.	1.00 % p. a.
Trend of creditable compensation	2.00 % p. a.	2.00 % p. a.
Pension trends (range of adjustments)	1.00 – 2.00 % p. a.	1.00 – 2.00 % p. a.
Employee turnover	average 5.00 % p. a.	average 5.00 % p. a.
Increase in the Consumer Price Index (CPI)	2.00 % p. a.	1.75 % p. a.
Development of contribution assessment ceilings	2.50 % p. a.	2.50 % p. a.

### Other provisions

Other provisions are discounted to present value by application of the average market interest rates for the past seven financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions. This average interest rate corresponds to the remaining terms of the provisions.

Provisions for special promotional loans cover the interest subsidy for the entire term of the loan or until the repricing date.

### **(10) Valuation units/currency translation**

Currency translation and the presentation of the transactions in the balance sheet without currency hedging are done in accordance with Section 340h in conjunction with Section 256a HGB and Section 252 (1) no. 4 HGB. In accordance with Section 277 (5) sentence 2 HGB, gains from currency translation gains are presented in the item of “Other operating income” and currency translation losses in the item of “Other operating expenses”.

Rentenbank uses currency swaps and cross-currency interest rate swaps to hedge currency risks. Currency hedges are presented in the balance sheet by way of currency valuation units pursuant to Section 254 HGB. In these valuation units, the cash flows of the hedged item are fully reflected in the hedging instrument, i.e. the derivative (perfect hedge). The Bank utilises the net hedge presentation method to present the offsetting value changes between the hedged item and the hedging instrument.

To measure the effectiveness of hedging relationships, the Bank uses the critical terms match method, by which the terms of the hedged item are continually compared with those of the hedging instrument. Exchange rate fluctuations of the corresponding hedged items and hedging derivatives offset each other over the remaining period to their respective maturity dates.

Foreign currency-denominated assets, liabilities and pending transactions were translated into euros at the mean spot exchange rate at 31 December 2021.

Rentenbank uses the reference rate of the European Central Bank (ECB) for this purpose.

## Notes to the balance sheet

The disclosures in the notes to the financial statements exclude pro rata interest, which may result in differences from the amounts presented on the face of the balance sheet.

### (11) Loans and advances to banks

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
Payable on demand	8,302	5,776
Other loans and advances		
– up to three months	2,227	1,802
– more than three months and up to one year	4,758	5,094
– more than one year and up to five years	25,474	24,336
– more than five years	23,663	24,129
<b>Total</b>	<b>64,424</b>	<b>61,137</b>

Loans and advances to companies in which an equity interest is held amounted to EUR 4,735 million (EUR 4,303 million).

### (12) Loans and advances to customers

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
– up to three months	154	124
– more than three months and up to one year	170	122
– more than one year and up to five years	2,459	2,313
– more than five years	4,597	4,200
<b>Total</b>	<b>7,380</b>	<b>6,759</b>

As of 31 December 2021, there were no loans and advances to customers with an indefinite term to maturity within the meaning of Section 9 (3) no. 1 RechKredV.

### (13) Bonds and other fixed-income securities

The total portfolio of bonds and other fixed-income securities is carried as financial investments. As in the prior year, no securities are held in the liquidity reserve. All holdings of bonds and other fixed-income securities are carried as financial investments. As in the prior year, no such securities are held in the liquidity reserve.

Securities with a total carrying amount of EUR 14,923 million (EUR 17,437 million) are assigned to fixed assets. For securities totalling EUR 1,676.2 million (EUR 108.8 million), the fair value of EUR 1,658.8 (EUR 108.5 million) is less than the carrying amount. As in the prior year, there were no permanent impairments of securities held as fixed assets. Avoided impairments amounted to EUR 17.4 million, as compared to EUR 0.3 million in the prior year.

As in the prior year, no securities of affiliated companies or companies in which an equity interest is held were included in bonds and other fixed-income securities.

Separate disclosures on exchange listing and residual maturity:

<b>Exchange listing</b>	31/12/2021 mEUR	31/12/2020 mEUR
- Exchange-listed	14,568	16,995
- Not exchange-listed	355	442
<b>Total</b>	<b>14,923</b>	<b>17,437</b>

<b>Residual maturity up to one year</b>	31.12.2021 mEUR	31.12.2020 mEUR
Public-sector issuers	31	-
Other issuers	2,132	3,136
<b>Total</b>	<b>2,163</b>	<b>3,136</b>

#### (14) Shares and other non-fixed-income securities

As in the prior year, all holdings of shares and other non-fixed-income securities are exchange-tradable and exchange-listed.

#### (15) Equity interests and shares in affiliated companies

Rentenbank holds equity interests in the amount of EUR 328 million (EUR 328 million) and shares in affiliated companies in the amount of EUR 50 million (EUR 50 million). As in the prior year, no exchange-tradable securities are included in the balance sheet item of Equity interests and shares in affiliated companies.

#### (16) Trust assets

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Receivables from the German Federal Republic's special-purpose fund held at Rentenbank	167	175
Loans and advances to banks	0	0
<b>Total</b>	<b>167</b>	<b>175</b>

**(17) Fixed assets****Statement of Changes in Fixed Assets in EUR Millions**

	<b>Intangible Assets</b>		<b>Property and equipment</b>		<b>Financial investments</b>		
	Software and licences	Land and buildings	Operational and office equipment	Assets under construction	Securities	Equity interests	Shares in affiliated companies
<b>Historical cost</b>							
Cost at 01/01/2021	53	20	17	3	17,437	328	50
Acquisitions	11	-	1	5	656		
Disposals	-	-	-1	-	3,170		
Transfers	-	-	-	-	-		
Cost at 31/12/2021	64	20	17	8	14,923	328	50
<b>Depreciation, amortisation and impairments</b>							
Accumulated depreciation, amortisation and impairments 01/01/2021	-39	-9	-15	-	-	0	-
Accumulated depreciation, amortisation and impairments from disposals	-	-	-	-			
Depreciation, amortisation and impairments 2021	-7	0	-1	-			
Accumulated depreciation, amortisation and impairments 31/12/2021	-46	-9	-16	-	-	0	-
Reversals of impairments	-	-	-	-	-	-	-
<b>Carrying amounts 31/12/2021</b>	<b>18</b>	<b>11</b>	<b>1</b>	<b>8</b>	<b>14,923</b>	<b>328</b>	<b>50</b>
Carrying amount 31/12/2020	14	11	2	3	17,437	328	50

**(18) Other assets**

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Cash collateral provided for derivatives contracts	4,152	5,865
Miscellaneous	3	2
<b>Total</b>	<b>4,155</b>	<b>5,867</b>

**(19) Prepaid expenses**

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Premium from lending business	2,186	1,677
Discount from issuing business	253	282
Upfront payments from derivatives	568	465
Payments made from EONIA-€STR conversion	1	-
Other	3	2
<b>Total</b>	<b>3,011</b>	<b>2,426</b>

**(20) Liabilities to banks**

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
Payable on demand	0	2
Other liabilities		
– up to three months	0	4
– more than three months and up to one year	20	330
– more than one year and up to five years	1,215	1,140
– more than five years	0	50
<b>Total</b>	<b>1,235</b>	<b>1,526</b>

**(21) Liabilities to customers**

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
Payable on demand	156	159
Other liabilities		
– up to three months	45	67
– more than three months and up to one year	0	76
– more than one year and up to five years	672	584
– more than five years	1,172	1,757
<b>Total</b>	<b>2,045</b>	<b>2,643</b>

This item includes liabilities to affiliated companies in the amount of EUR 97 million (EUR 99 million) and

liabilities to companies in which an equity interest is held in the amount of EUR 1 million (EUR 0 million).

**(22) Securitised liabilities**

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
Debt securities issued		
– up to one year	18,347	20,580
– more than one year and up to five years	37,558	35,179
– more than five years	26,384	25,636
<b>Total</b>	<b>82,289</b>	<b>81,395</b>

**(23) Trust liabilities**

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Liabilities from the German Federal Republic's special-purpose fund held at Rentenbank	167	175
Liabilities to customers	0	0
<b>Total</b>	<b>167</b>	<b>175</b>

**(24) Other liabilities**

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Cash collateral received for derivatives contracts	612	663
Miscellaneous	9	5
<b>Total</b>	<b>621</b>	<b>668</b>



**(25) Deferred income**

<b>Breakdown</b>	31/12/2021 mEUR	31/12/2020 mEUR
Discount from lending business	3	3
Premium from issuing business	562	457
Upfront payments received from derivatives	2,395	2,012
Payments received from EONIA-€STR conversion	18	-
<b>Total</b>	<b>2,978</b>	<b>2,472</b>

**(26) Provisions**

This balance sheet item includes provisions for pension obligations to employees who are contractually entitled to pension benefits in the amount of EUR 140

million (EUR 131 million). The Other provisions break down as follows:

<b>Other provisions</b>	31/12/2021 mEUR	31/12/2020 mEUR
Interest subsidy for promotional loans	192	226
Promotion of research for innovation in agribusiness	16	15
Promotion of agriculture (promotional fund)	6	6
Other provisions	11	13
<b>Total</b>	<b>225</b>	<b>260</b>

**(27) Subordinated liabilities**

<b>Breakdown by residual maturity</b>	31/12/2021 mEUR	31/12/2020 mEUR
- up to one year	63	200
- more than one year and up to five years	40	103
- more than five years	-	-
<b>Total</b>	<b>103</b>	<b>303</b>

The subordinated liabilities are issued in the form of promissory notes (carrying amount: EUR 40 million) and bearer bonds (carrying amount: EUR 63 million after hedging). Interest expenses before hedging for subordinated liabilities amounted to EUR 6 million (EUR 5 million).

Disclosures on funds raised in an amount exceeding 10% each of the total amount of subordinated liabilities (before hedging):

1. Bond for a nominal amount of JPY 5 billion; carrying amount: EUR 40 million; maturity: 28.03.2022; interest rate: 5.78%
2. Bond for a nominal amount of JPY 5 billion; carrying amount: EUR 40 million; maturity: 30/09/2022; interest rate: 5.005%

Early redemption of the two aforementioned subordinated bonds is only possible in case of amendments or additions to tax legislation. The other subordinated liabilities in the form of promissory notes with a nominal value of EUR 40 million have original terms to maturity of 20 years and bear interest at the rate of 5%. Conversion into equity or another form of debt has not been agreed or planned.

**(28) Foreign currency assets and liabilities**

At the reporting date, assets denominated in foreign currency amounted to EUR 4,830 million (EUR 5,016 million) and liabilities denominated in foreign currency amounted to EUR 44,558 million (EUR 49,141 million). Foreign currency holdings are almost completely hedged by derivatives.

**(29) Contingent liabilities**

The contingent liabilities of EUR 38 million (EUR 25 million) result from deficiency guarantees. Default guarantees were issued for interest-subsidised capital market loans backed by public-sector counter-guarantees. We do not expect these guarantees to be called.

**(30) Other commitments**

Other commitments consist of irrevocable loan commitments of EUR 1,198 million (EUR 757 million) in the special promotional loan business.

The irrevocable loan commitments result from transactions for which Rentenbank has made a binding

commitment to its customers, thereby exposing the Bank to a future credit risk. Based on experience values from previous years, Rentenbank expects that these irrevocable loan commitments will be drawn down almost entirely in 2022.

**(31) Cover calculation**

The outstanding liabilities requiring cover consist entirely of registered bonds in the amount of EUR 19 million (EUR 19 million).

Loans and advances to banks in the amount of EUR 35 million (EUR 37 million) have been designated as cover assets to back debt securities issued.

**Notes to the income statement****(32) Interest income**

Interest income from cash collateral provided and from lending and money market transactions is presented after deduction of negative interest in the total amount of EUR 65.5 million (reducing income). Interest income includes the pro rata utilisation of the corresponding provisions for special promotional amounts in the amount of EUR 59.9 million (EUR 70.6 million).

**(33) Interest expenses**

Interest expenses are presented after deduction of positive interest from money market liabilities and cash collateral received in the total amount of EUR 16.5 million (reducing expenses) (i.e. reducing expenses by this amount).

Interest expenses for the recognition of provisions for the interest subsidy for special promotional loans amount to EUR 25.5 million in 2021 (EUR 6.2 million). Interest expenses also include the effects of compounding of provisions in the amount of EUR 2.1 million (EUR 3.7 million).

**(34) Other operating income**

Presentation of the most important sub-items according to Section 35 (1) no. 4 RechKredV:

<b>Item 6: Other operating income</b>	<b>2021 mEUR</b>	<b>2020 mEUR</b>
Rental income/cost allocations from residential buildings and properties	2	2
Income from reversal of provisions	1	1
Capitalisation of project work contributed by internal employees	1	1
Cost reimbursements	0	1
Other reimbursements	9	1
Other income	1	0

The Other expenses include currency translation gains of EUR 6.5 thousand (EUR 0.7 thousand). This currency translation item resulted exclusively from the

currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

**(35) Other operating expenses**

Presentation of the most important items according to Section 35 (1) no. 4 RechKredV:

<b>Item 9: Other operating expenses</b>	2021 mEUR	2020 mEUR
Interest expenses from the valuation of pension provisions	12	11
Capital allocation to research for innovation in agribusiness	5	5
Expenses for residual properties	1	0
Other expenses	1	0

The Other operating expenses include currency translation losses of EUR 0.2 thousand (EUR 7.6 thousand). This currency translation item resulted exclusively

from the currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

**Other disclosures****(36) Other financial commitments**

In 2021, framework agreements were concluded with promotional institutions of the federal states in relation to the granting of promotional loans for the 2022 financial year in the amount of EUR 1,610 million (EUR 1,530 million).

**(37) Derivative financial instruments**

Derivatives are only used to hedge existing or foreseeable market price risks. The transaction volume is limited by counterparty-specific and product-specific limits and is continuously monitored as part of the risk management function.

## Derivative transactions

Pursuant to Section 285 no. 19 HGB, derivative transactions not measured at fair value are presented in the table below (netting and collateral agreements are not included in the table):

Derivatives carried in the investment book to hedge	Nominal values		Market values	Market values
			positive	negative
	31/12/2021 mEUR	31/12/2020 mEUR	31/12/2021 mEUR	31/12/2021 mEUR
<b>Interest rate risks</b>				
Interest rate swaps	115,841	110,888	1,411	4,405
– of which €STR swaps	3,000	–	0	0
– of which termination and conversion rights embedded in swaps	1,607	1,100	64	3
Swaptions (sales)	49	376	–	0
<b>Total interest rate risks</b>	<b>115,890</b>	<b>111,264</b>	<b>1,411</b>	<b>4,405</b>
<b>Currency risks</b>				
Cross-currency interest rate swaps	39,434	42,046	1,111	1,763
– of which currency options embedded in swaps	15	16	–	1
Currency swaps	9,375	9,321	156	11
<b>Total currency risks</b>	<b>48,809</b>	<b>51,367</b>	<b>1,267</b>	<b>1,774</b>
<b>Total interest rate and currency risks</b>	<b>164,699</b>	<b>162,631</b>	<b>2,678</b>	<b>6,179</b>

Derivative transactions are broken down by residual maturity in the table below:

Derivatives in the investment book	Notional values Interest rate risks		Notional values Currency risks	
	31/12/2021 mEUR	31/12/2020 mEUR	31/12/2021 mEUR	31/12/2020 mEUR
	– up to three months	5,263	4,615	6,212
– more than three months and up to one year	10,409	10,460	7,819	7,716
– more than one year and up to five years	58,491	54,309	24,086	21,293
– more than five years	41,727	41,880	10,692	12,231
<b>Total</b>	<b>115,890</b>	<b>111,264</b>	<b>48,809</b>	<b>51,367</b>

Derivative transactions are broken down by counterparty in the table below:

Derivatives in the investment book	Notional values		Market values	Market values
			positive	negative
	31/12/2021 mEUR	31/12/2020 mEUR	31/12/2021 mEUR	31/12/2021 mEUR
Banks in the OECD	156,442	153,399	2,451	6,080
Other counterparties in the OECD	7,930	8,924	227	94
Banks outside of the OECD	327	308	0	5
<b>Total</b>	<b>164,699</b>	<b>162,631</b>	<b>2,678</b>	<b>6,179</b>

**(38) Disclosures on valuation units pursuant to  
Section 285 no. 23 HGB**

Hedged items were grouped into valuation units at the reporting date as follows:

<b>Balance sheet item</b>	Hedged risk	Carrying amount 2021 mEUR	Carrying amount 2020 mEUR
Other loans and advances to banks	Currency	54	54
Bonds and other fixed-income securities	Currency	4,830	5,016
Liabilities to customers	Currency	41	114
Securitised liabilities	Currency	44,454	48,964
Subordinated liabilities	Currency	63	63

**(39) Remuneration of the Management Board and  
Supervisory Board**

Pursuant to Section 285 no. 9a HGB, the total remuneration of the members of the Bank's Management Board amounted to EUR 1,795 thousand in the 2021 financial

year (PY: EUR 1,782 thousand). The following remuneration was paid to the individual Management Board members in the 2021 financial year:

<b>Breakdown</b>	Fixed remuneration kEUR	Other remuneration kEUR	Total kEUR
Dr. Horst Reinhardt	766	26	792
Dietmar Ilg	490	16	506
Dr. Marc Kaninke	480	17	497
<b>Total Management Board</b>	<b>1,736</b>	<b>59</b>	<b>1,795</b>

As of 31 December 2021, the provision for pension commitments to former members of the Management Board and their survivors totalled EUR 18,909 thousand (EUR 19,489 thousand). An amount of EUR 1,388 thousand (EUR 1,446 thousand) was paid for current pension benefits.

Under the established remuneration system, the annual base remuneration of the Chairperson of the Supervisory Board amounts to EUR 30 thousand, that of the Vice Chairperson EUR 20 thousand, and that of all other Supervisory Board members EUR 10 thousand

each. An additional remuneration of EUR 2 thousand is paid to members for each committee membership and EUR 4 thousand to the Chairperson of each committee. The remuneration of members of the German federal government, who are members of the Supervisory Board pursuant to Section 7 (1) no. 4 of Rentenbank's Governing Law, has been set at EUR 0.

The total remuneration granted to Supervisory Board members in the past financial year amounted to EUR 295.5 thousand (EUR 292 thousand EUR), partly including value-added tax.

The individual remuneration amounts (exclusive of value-added tax) are presented in the table below:

Member	Time period		Remuneration in kEUR	
	2021	2020	2021	2020
Joachim Rukwied	01/01 – 31/12	01/01 – 31/12	46.0	46.0
Julia Klöckner	01/01 – 07/12	01/01 – 31/12	0.0	0.0
Cem Özdemir	08/12 – 31/12	–	0.0	–
Dr. Hermann Onko Aeikens	01/01 – 31/12	01/01 – 31/12	16.0	16.0
Petra Bentkämper	01/01 – 31/12	01/05 – 31/12	10.0	6.7
Wolfram Günther	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Ursula Heinen-Esser	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Werner Hilse	01/01 – 31/08	01/01 – 31/12	6.7	10.0
Franz-Josef Holzenkamp	01/01 – 31/12	01/01 – 31/12	14.0	13.0
Bernhard Krüsen	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Detlef Kurreck	01/09 – 31/12	–	3.3	–
Dr. Marcus Pleyer	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Michael Reuther	01/01 – 31/12	01/01 – 31/12	16.0	16.0
Dr. Birgit Roos	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Harald Schaum	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Brigitte Scherb	–	01/01 – 30/04	–	4.0
Karsten Schmal	01/01 – 31/12	01/01 – 31/12	12.0	12.0
Rainer Schuler	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Werner Schwarz	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Sebastian Thul	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Dr. Caroline Toffel	01/01 – 31/12	01/01 – 31/12	14.0	14.0
<b>Total remuneration</b>			<b>256.0</b>	<b>255.7</b>

#### (40) Average number of employees pursuant to Section 267 (5) HGB

Employees	2021			2020		
	Men	Women	Total	Men	Women	Total
Full-time	179	102	281	162	80	242
Part-time	22	73	95	14	64	78
<b>Total</b>	<b>201</b>	<b>175</b>	<b>376</b>	<b>176</b>	<b>144</b>	<b>320</b>

Rentenbank had an annual average of 175 female employees (PY: 144) and 201 male employees (PY:176) – full-time and part-time – under contract in the 2021 financial year.

Pursuant to Section 340a (4) no. 2 HGB, the equity interests held in large corporations exceeding 5% of the voting rights in each case are listed in the following:

- Niedersächsische Landgesellschaft mbH, Hanover
- Landgesellschaft Schleswig-Holstein mbH, Kiel

#### (41) Shareholdings pursuant to Section 285 no. 11 and Section 340a (4) no. 2 HGB

In accordance with Section 286 (3) sentence 1 no. 1 HGB, we have opted not to provide a list of shareholdings pursuant to Section 285 no. 11 HGB due to their minor significance for an assessment of the Bank's financial position, cash flows, and financial performance.

#### (42) Other liability agreements

Rentenbank has undertaken in a letter of comfort to endow LR Beteiligungsgesellschaft mbH with its registered head office in Frankfurt am Main with sufficient financial resources to ensure that it is always able to meet its obligations on time insofar and as long as it holds 100% of the equity in LR Beteiligungsgesellschaft mbH.



**(43) Auditor's fees pursuant to Section 285  
no. 17 HGB**

The fees of Rentenbank's auditors are as follows:

<b>Breakdown*</b>	2021 kEUR	2020 kEUR
Auditing services	363.4	324.9
Other assurance services	110.4	114.5
Other services	33.9	34.0
<b>Total</b>	<b>507.7</b>	<b>473.4</b>

\* Of the total fees payable to the auditor in 2021, an amount of EUR –8.2 thousand was for auditing services in the previous year.

**(44) Events after the reporting date pursuant to  
Section 285 no. 33 HGB**

No events of particular significance occurred after the close of the financial year that were not included in the income statement or the balance sheet. The Bank's results were not affected by the Russian invasion of Ukraine because the Bank has no exposure to that region.

**(45) Proposals for the utilisation of profit pursuant  
to Section 285 no. 34 HGB**

The profit utilisation proposal included in the annual financial statements for the 2021 financial year requires the adoption of approving resolutions by the Supervisory Board.

The proposal for the utilisation of 2021 net income and profit is set out in the following draft resolutions:

- From the net income of EUR 34,500,000 presented in the income statement, an amount of EUR 17,250,000 will be allocated to the principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.
- From the remaining distributable profit of EUR 17,250,000, an amount of EUR 8,625,000 will be allocated to the German federal government's special-purpose fund and an amount of EUR 8,625,000 to the promotional fund.

**(46) Disclosure of mandates pursuant to Section  
340a (4) no. 1 HGB**

Pursuant to Section 340a (4) no. 1 HGB, the mandates held by the legal representatives or other employees of Rentenbank on the legally required supervisory boards of large corporations (Section 267 (3) HGB) are listed below:

Nikola Steinbock	Universitätsklinikum Leipzig, AöR (member of the Supervisory Board)
Dietmar Ilg	VR Smart Finanz AG, Eschborn (member of the Supervisory Board)
	BVVG Bodenverwertungs- und -verwaltungs GmbH, Berlin (member of the Supervisory Board)

The Management Board's and Supervisory Board's Declaration of Conformity with the German federal government's Public Corporate Governance Code is publicly available at Rentenbank's website.

The annual financial statements and the management report are available on Rentenbank's website and in the German Federal Gazette (*Bundesanzeiger*).

## Members of the Management Board and Supervisory Board (01/01/2021 to 04/03/2022)

### Management Board

Nikola Steinbock (Chairperson, Chief Markets Officer) (since 01/01/2022), foreign trade merchant  
 Dr. Horst Reinhardt (Chairperson, Chief Markets Officer) (until 31/12/2021), Dipl.-Volkswirt, MBA  
 Dietmar Ilg (Chief Risk Officer), Dipl.-Kaufmann  
 Dr. Marc Kaninke (Chief Financial and IT Officer), Dipl.-Volkswirt, Dipl.-Kaufmann

### Supervisory Board

#### Chairperson:

Joachim Rukwied  
 President of Deutscher Bauernverband e. V.

#### Vice Chairperson:

Cem Özdemir (since 08/12/2021)  
 German Federal Minister for Food and Agriculture

Julia Klöckner (until 07/12/2021)  
 German Federal Minister for Food and Agriculture

#### Representatives of Deutscher Bauernverband e. V.:

Bernhard Krüsen  
 Secretary-General of Deutscher Bauernverband e. V.

Petra Bentkämper  
 President of Deutscher LandFrauenverband e. V.

Werner Schwarz  
 President of Bauernverband Schleswig-Holstein e. V.

Detlef Kurreck (since 01/09/2021)  
 President of Bauernverband Mecklenburg-Vorpommern e. V.

Karsten Schmal  
 President of Hessischer Bauernverband e. V.

Werner Hilse (until 31/08/2021)  
 Landvolk Niedersachsen – Landesbauernverband e. V.

#### Representative of Deutsche Raiffeisenverband e. V.:

Franz-Josef Holzenkamp  
 President of Deutscher Raiffeisenverband e. V.

#### Representative of the food industry:

Tim Schwertner (since 11/01/2022)  
 Treasurer of Bundesvereinigung der Deutschen  
 Ernährungsindustrie e. V.

Rainer Schuler (until 10/01/2022)  
 President of Bundesverband Agrarhandel e. V.

#### Agriculture Ministers of the German federal states:

*Berlin:*  
 Markus Kamrad (since 26/01/2022)  
 State Secretary for Environment, Mobility, Consumer Protection  
 and Climate Protection, Berlin

*Rhineland-Palatinate:*  
 Daniela Schmitt (since 01/01/2022)  
 Minister for Commerce, Transportation, Agriculture, and Viticulture,  
 Rhineland-Palatinate

*Schleswig-Holstein:*

Jan Philipp Albrecht (since 01/01/2022)  
Minister for Energy Transition, Agriculture, Environment,  
Nature and Digitalisation, Schleswig-Holstein

*North Rhine-Westphalia:*

Ursula Heinen-Esser (until 31/12/2021)  
Minister for Environment, Agriculture, Nature and Consumer  
Protection, North Rhine-Westphalia

*Saxony:*

Wolfram Günther (until 31/12/2021)  
State Secretary for Energy, Climate Protection, Environment and  
Agriculture, Free State of Saxony

*Saarland:*

Sebastian Thul (until 31/12/2021)  
State Secretary in the Ministry for Environment and Consumer  
Protection of Saarland

**Representatives of the trade unions:**

## Harald Schaum

National Vice Chairman of the Industrial Union for Construction,  
Agriculture and Environment (IG Bauen-Agrar-Umwelt)

**Representatives of the German Federal Ministry of Food and Agriculture:**

Silvia Bender (since 08/02/2022)  
State Secretary

Dr. Hermann Onko Aeikens (until 01/02/2022)  
State Secretary, retired

**Representative of the German Federal Ministry of Finance:**

Dr. Marcus Pleyer  
Head of Directorate

**Representatives of banks or other lending experts:**

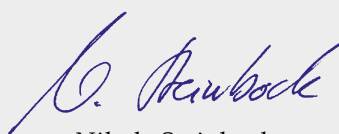
Michael Reuther  
Managing Director Keppler Mediengruppe

Dr. Caroline Toffel  
Member of the Management Board of Berliner Volksbank eG

Dr. Birgit Roos  
Chairwoman of the Management Board of  
Sparkasse Krefeld, retired

Frankfurt am Main, 4 March 2022

LANDWIRTSCHAFTLICHE RENTENBANK  
The Management Board



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

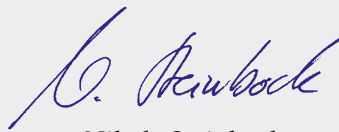
## Responsibility Statement from the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Bank, and the management report includes a fair

review of the development and performance of the business and the position of the Bank, together with a description of the principal opportunities and risks associated with the expected development of the Bank.

Frankfurt am Main, 4 March 2022

LANDWIRTSCHAFTLICHE RENTENBANK  
The Management Board



Nikola Steinbock



Dietmar Ilg



Dr Marc Kaninke

## Independent Auditor's Report

To Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany

### Report on the Audit of the Annual Financial Statements and of the Management Report

#### Audit Opinions

We have audited the annual financial statements of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from 1 January to 31 December 2021, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 "Public Corporate Governance Code" of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4

"Public Corporate Governance Code" of the management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is Appendix 2/2 204300298\_0\_2021 – Rentenbank II sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

#### Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2021. These

matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of identification and measurement of provisions for credit losses, which we have determined in the course of our audit to be a key audit matter. Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements and the management report),
- b) auditor's response.

#### **Identification and measurement of provisions for credit losses**

- a) In its annual financial statements for the financial year ended 31 December 2021, Landwirtschaftliche Rentenbank discloses loans and advances to credit institutions, loans and advances to customers, securities and contingent liabilities as well as irrevocable loan commitments totalling bEUR 89.0 arising from its lending business. In the light of the relative significance of credit transactions in the balance sheet of Rentenbank given a balance sheet total of bEUR 95.5, we considered the provisions for credit losses to be a key audit matter. The provisions for credit losses as at 31 December 2021 are as follows:

Rentenbank has set up general allowances of mEUR 2.7 and general provisions of kEUR 24 to provide for inherent credit risks in the lending business. As in the prior year, no specific allowances and/or provisions for imminent credit losses are recognised in the annual financial statements.

For the purpose of determining general allowances for inherent credit risks, loans and advances to credit institutions, loans and advances to customers, securities, contingent liabilities and irrevocable loan commitments without any identifiable imminent credit losses are allocated to rating levels on the basis of quantitative and qualitative criteria. They are calculated using an expected loss approach. For this purpose, the Bank uses annual probabilities of default in accordance with the respective internal rating levels. The probabilities of default are derived from data published by rating agencies using regression analyses. The loss given default is determined individually for each business line.

For determining potential specific allowances and/or provisions for imminent credit losses, the loans

and advances, securities, contingent liabilities and irrevocable loan commitments for which a sustainable debt servicing capacity is not expected are identified in a first step. Subsequently, the specific allowances and/or provisions are determined on a case-by-case basis based on estimated future cash flows, taking into account expected cash inflows from the sale of collateral, if applicable.

The loss given default is the key value-determining parameter for determining the general allowances. In addition to this, in the light of the credit volume, we consider the identification of any need for specific allowances to be significant, as, in the scope of credit monitoring, this identification requires appropriate assumptions to be made concerning the solvency of the borrowers and, if applicable, the recoverability of collateral, and as, in this respect, these estimations and/or assumptions are subject to the judgement of the executive directors of Rentenbank.

Concerning an explanation of the system for risk provisioning, we draw attention to section 3 "Provision for loan losses" of the notes to the financial statements of Landwirtschaftliche Rentenbank as well as section 4.10 "Credit default risks" in the management report.

- b) In the scope of our audit, we relied, based on our risk assessment, on control-based and substantive procedures. We performed the following audit procedures, among others:

First, we obtained an understanding of the development and composition of the credit portfolio, the associated credit risks and the internal control system with regard to the identification, management, monitoring and valuation of provisions for credit losses and assured ourselves of the appropriateness and effectiveness of the relevant accounting-related system of internal controls.

With regard to Rentenbank's recognition and measurement policies, we assessed whether the method for measuring the general allowances and provisions complies with legally required accounting principles. As part of our audit of the risk management, we assessed and reviewed the methodological appropriateness of the parametrisation of default probabilities and loss given default. Moreover, we audited the correctness of the calculations for determining the general allowances and/or provisions. In addition, we audited the implementation and effectiveness of controls regarding the up-to-dateness and correctness of borrower ratings used by Rentenbank as well as for identifying defaulted borrowers and/or issuers. By means of a sample, which we determined both by risk-orientated means and on a ran-



dom basis, we audited whether specific allowances for imminent credit losses were necessary using documentation supplied for proving creditworthiness and, if applicable, collateral.

### Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises:

- the report of the supervisory board,
- the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 "Public Corporate Governance Code" of the management report,
- the executive directors' confirmation regarding the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, respectively, and
- all other parts of the annual report, including the integrated sustainability reporting, but not the annual financial statements, not the audited content of the management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the declaration of compliance concerning the Public Corporate Governance Code of the German Federal Government. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

### Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of

the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual

financial statements for the current period and are therefore the key audit matters. We describe these

matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## Other Legal and Regulatory Requirements

### **Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB**

#### **Audit Opinion**

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value SHA256: D33A2EA-EBD8778323E25F53515E1BFCE7987C646D6E563E6B-96C2D95229E8A2F, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

#### **Basis for the Audit Opinion**

We conducted our audit of the electronic reproductions of the annual financial statements and of the management report contained in the provided file identified above in accordance with Section 317 (3a)

HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

#### **Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

#### **Auditor's Responsibilities for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.
- project-based audit of the project for implementing SAP,
- issuance of comfort letters and other related assurance services,
- audit related to the utilisation of credit claims as eligible collateral in the Eurosystem (MACCs),
- confirmation of the questionnaire for contributions to the deposit guarantee fund of the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands e. V.),
- training courses for committee members and executive employees, and
- voluntary audit of subsidiaries as well as audit of annual accounts of the Federal Republic's Special Purpose Fund which is administered by Rentenbank.

#### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by resolution of the supervisory board on 25 March 2021. We were engaged by the supervisory board on 30 June 2021. We have been the auditor of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, without interruptions since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report). In addition to the financial statement audit, we have provided to the audited Company or its controlled entities the following services that are not disclosed in the annual financial statements or in the management report:

#### **Other Matter – Use of the Auditor' Report**

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as with the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

## **German Public Auditor Responsible for the Engagement**

The German Public Auditor responsible for the engagement is Stephanie Fischer.

Frankfurt am Main/Germany, 4 March 2022

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

Signed: Christian Schweitzer  
Wirtschaftsprüfer  
(German Public Auditor)

Signed: Stephanie Fischer  
Wirtschaftsprüferin  
(German Public Auditor)

## Management Bodies (as at 12 March 2022)

### Management Board and Supervisory Board

Details relating to the members of the Management Board and Supervisory Board are included on pages 82 and 83 of this annual report.

### General Meeting

#### Appointed by the State of Baden-Württemberg:

Werner Räßple

Honorary President of the Agricultural Main Association of Baden

Juliane Veas

President of the Rural Women's Association of Württemberg-Hohenzollern Rural Women's Institution for Education and Charity

#### Appointed by the Free State of Bavaria:

Walter Heidl

President of the Bavarian Farmers' Association

Stefan Köhler

District President of Lower Franconia, Bavarian Farmers' Association

#### Appointed by the State of Berlin:

Joyce Moewius

Vice Chairwoman of the Association for the Promotion of Organic Farming in Berlin-Brandenburg

#### Appointed by the State of Brandenburg:

Rüdiger Müller

Member of the Management Board and Deputy Chairman of the Association for the Family-Owned Agricultural and Forestry Businesses of Brandenburg

Henrik Wendorff

President of the Farmers' Association of Brandenburg

#### Appointed by the Free Hanseatic City of Bremen:

Ralf Hagens

President of the Chamber of Agriculture of Bremen

#### Appointed by the Free and Hanseatic City of Hamburg:

Heinz Behrmann

Honorary President of the Farmers' Association of Hamburg

**Appointed by the State of Hesse:**

Jürgen Mertz

Vice-President of the Horticultural Association of Baden-Württemberg-Hesse

Stefan Schneider

Vice-President of the Farmers' Association of Hesse

**Appointed by the State of Mecklenburg-Western Pomerania:**

Dr Kathrin Marianne Naumann

Managing Director of GGB Agrarbetrieb Groß Grenz GmbH

Harald Nitschke

Managing Director of Raminer Agrar GmbH

**Appointed by the State of Lower Saxony:**

Elisabeth Brunkhorst

President of the Rural Women's Association of Lower Saxony

Dr Holger Hennies

President of the Rural Community of Lower Saxony – The Farmers' Association

**Appointed by the State of North Rhine-Westphalia:**

Karl Werring

President of the Chamber of Agriculture of North Rhine-Westphalia

Bernhard Conzen

President of the Rhineland Farmers' Association

**Appointed by the State of Rhineland-Palatinate:**

Eberhard Hartelt

President of the Farmers' and Vintners' Association of Rhineland-Palatinate South

Michael Prinz zu Salm-Salm

**Appointed by the State of Saarland:**

Peter Hoffmann

President of the Farmers' Association of Saar

**Appointed by the Free State of Saxony:**

Gerhard Förster

Chairman of the Regional Farmers' Association of Elbe/Röder

Dr Hartwig Kübler

Chairman of the Association for the Family-Owned Agricultural and Forestry Businesses in Saxony and Thuringia

**Appointed by the State of Saxony-Anhalt:**

Jochen Dettmer

Farmer

Olaf Feuerborn

President of the Farmers' Association of Saxony-Anhalt

**Appointed by the State of Schleswig-Holstein:**

Dietrich Pritschau

Vice-President of the Farmers' Association of Schleswig-Holstein

Kirsten Wosnitza

Farmer



**Appointed by the Free State of Thuringia:**

Dr Lars Fliege

Vice-President of the Farmers' Association of Thuringia

Joachim Lissner

Managing Director of the Horticultural Association of Thuringia

**Trustees:**

Ralf Wolkenhauer

Head of Directorate (*Ministerialdirigent*)

Federal Ministry for Food and Agriculture

**Deputy:**

Dr Carlo Prinz

Head of Department (*Regierungsdirektor*)

Federal Ministry for Food and Agriculture

## Report from the Supervisory Board

The Supervisory Board and its committees performed the duties delegated to them in accordance with Rentenbank's Governing Law, its statutes and corporate governance principles, and advised and supervised the Management Board on its orderly conduct of business throughout the fiscal year.

The annual financial statements as well as the management report were prepared by the Management Board in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) to 31 December 2021 and were audited by the auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, who issued an unqualified audit opinion. The findings of the audit were noted with approval by the Supervisory Board.

The Supervisory Board reviewed the annual financial statements, including the management report and the 2021 annual report on Landwirtschaftliche Rentenbank. The Supervisory Board adopts the Bank's annual financial statements including the management report for the 2021 fiscal year.

Of the net income of EUR 34,500,000 reported in the income statement, EUR 17,250,000 is being allocated to the principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.

With respect to the remaining distributable profit of EUR 17,250,000 the Supervisory Board resolved to allocate EUR 8,625,000 to the German Federal Government's Special Purpose Fund and EUR 8,625,000 to the Promotional Fund.

The Supervisory Board is satisfied that the Management and Supervisory Boards have complied with the German Public Corporate Governance Code (PCGK) as amended on 16 September 2020. It will continually monitor compliance with and the implementation of the Code. The Supervisory Board approves the Corporate Governance Report, including the Declaration of Conformity.

Frankfurt am Main, 24 March 2022

THE SUPERVISORY BOARD  
OF LANDWIRTSCHAFTLICHE RENTENBANK

Chairman  
Joachim Rukwied

*This annual report contains certain forward-looking statements that are based on current expectations, estimates, forecasts and projections of the Management Board and information currently available to it. These statements include, in particular, statements about our plans, strategies and prospects. Words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates', and similar expressions are intended to identify such forward-looking statements. These statements are not to be understood as guarantees of future performance, but rather as being dependent upon factors that involve risks and uncertainties and are based on assumptions which may prove to be incorrect. Unless required by law, we shall not be obligated to update forward-looking statements after their publication.*

Landwirtschaftliche Rentenbank  
Theodor-Heuss-Allee 80 / 60486 Frankfurt am Main / Germany  
P.O. Box 101445 / 60014 Frankfurt am Main / Germany

phone +49 (0)69 21070  
fax +49 (0)69 21076444  
e-mail: [office@rentenbank.de](mailto:office@rentenbank.de)  
[www.rentenbank.de](http://www.rentenbank.de)

