

2007
Unconsolidated Financial Report

Financial Statements in accordance with
German Commercial Code (HGB) of
Landwirtschaftliche Rentenbank
as of 31.12.2007

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Management Report according to German Commercial Law (HGB)

Economic environment:

Against the backdrop of a slowing world economy, economic growth in the euro zone remained slightly below the high levels of the previous year. The rise in the gross domestic product (GDP) came to 2.6% in 2007, down from 2.8% in 2006. Growth was mainly driven by capital expenditures of companies and stronger exports. In contrast to the previous year, private consumption increased at a below average rate. The labor market benefited from the overall positive economic trend in 2007, with the unemployment rate declining to 7.4% from 8.3%. Although the prices for oil and other raw materials continued to increase and food prices also went up significantly, consumer prices in the euro zone grew only 2.1% in 2007. The price increase thus remained slightly below the prior-year level (2.2%).

Growth also decelerated in Germany in 2007. The VAT increase at the beginning of the year especially dampened private consumption. GDP therefore grew only 2.5%, down from the previous year's growth rate of 2.9% despite sustained high demand for capital goods and continuously positive growth stimuli from abroad. The increased VAT rate also negatively affected the rate of inflation. On average, the consumer prices in Germany grew by 2.3% in 2007, up from 1.6% a year earlier.

The money and capital markets were characterized by flat and in some cases inverse interest rate curves until well into 2007 before returning to more normal progressions by mid-year. Long-term interest rates increased in particular in the second quarter as fears of inflation surged as a result of high capacity utilization, increased energy and raw material prices, and expectations of high wage increases. During the summer, the number of credit defaults of subprime mortgage loans in the U.S. increased dramatically due to higher interest rates and falling property prices. The sizeable decline in the value of financial products related to these subprime loans initially led to the closure and insolvency of some local U.S. mortgage banks and later turned into a general confidence and liquidity crisis in the international financial sector. Some European banks also suffered from payment difficulties as a result of the crisis. The risk appetite of the investors decreased globally. Secure government bonds and securities of issuers with high credit ratings became increasingly attractive for investors. Against the backdrop of these developments, long-term interest rates began decreasing starting in mid-year. In the U.S., the capital market returns at year-end were below the prior-year level, while the returns on the European capital markets only slightly exceeded the low interest level at the beginning of the year under review.

In the wake of the financial market crisis, the central banks increasingly focused on potential negative effects on the economy. In spite of higher inflation rates, the U.S. Federal Reserve cut its key lending rate on three occasions to 4.25% in the fall of 2007 in view of the risks to the economy. The European Central Bank (ECB), which had raised its main refinancing rate in two steps to 4.0% during the first half of 2007, desisted from raising interest rates further against the backdrop of the financial market crisis

and instead carried out a number of money market interventions in order to secure liquidity in the banking sector in view of the turmoil on the money markets.

Business trend:

The business trend of Landwirtschaftliche Rentenbank in 2007 was characterized by overall buoyant new business activity and further improved financial performance. The bank's promotional business continued to be marked by a higher lending volume with respect to medium and long-term loans. In line with the bank's business structure, the balance sheet is predominantly characterized by the portfolio of medium and long-term loans. New promotional loans were granted in an amount of €11.6 billion (2006: €10.2 billion), with the increased volume being matched by higher demand for funds from the capital market. New issues in the medium to long-term segment amounted to €11.2 billion (2006: €9.9 billion) in the year under review.

The bank is not exposed to the U.S. subprime segment. However, there is a number of business relationships with institutions that have suffered from dramatic decreases in earnings and impairment losses.

Total assets and business volume:

Total assets grew by €6.3 billion (2006: €5.5 billion) or 7.6% (2006: 7.1%) to €88.8 billion (2006: €82.5 billion) in 2007. Contingent liabilities excluding irrevocable credit commitments amounted to €9.0 million (2006: €9.7 million). In accordance with our competitive neutrality, we generally extend credit via other banks. Therefore, the asset side of the balance sheet primarily comprises loans and advances to banks. As of the balance sheet date, this line item amounted to €61.1 billion (2006: €58.4 billion), which represents a share of 68.8% (2006: 70.8%) in total assets, thus exceeding the prior-year level by €2.7 billion (2006: €3.6 billion). Liabilities to customers fell by €0.5 billion to €1.6 billion (2006: €2.1 billion). The securities portfolio, which almost exclusively comprise bank bonds and notes, increased by €4.1 billion to €25.9 billion (2006: €21.8 billion). This balance sheet item includes bonds and debt securities with variable interest rates in a nominal amount of €9.9 billion (2006: €6.1 billion) as well as securities amounting to approx. €15.3 billion (2006: €14.9 billion) that, in substance, may be classified as non-fixed-income securities due to corresponding hedges.

On the liability side of the balance sheet, the liabilities to banks grew by €2.3 billion to €11.7 billion (2006: €9.4 billion). The carrying amount of overnight and term deposits as well as open market transactions increased by €2.3 billion to €7.3 billion (2006: €5.0 billion). The carrying amount of registered bonds and promissory note loans, which are also included in this item, was reduced by €0.3 billion to €3.1 billion. Of the liabilities with an agreed maturity or period of notice, an amount of €7.4 billion is due within the next three months and an amount of €1.7 billion is due within one to five years at year-end.

Liabilities to customers fell by €0.5 billion to €3.8 billion (2006: €4.3 billion). This balance sheet item primarily comprises registered bonds, which are reported with a volume of €3.3 billion (2006: €3.8 billion) at year-end. Of the liabilities with an agreed maturity or period of notice, an amount of €1.2 billion was due within one to five years and an amount of €1.9 billion was due after more than five years as of the balance sheet date.

Securitized liabilities were increasingly used for refinancing purposes in the year under review. After a rise of €4.5 billion or 6.9%, the carrying amount as of the balance sheet date came to €70.0 billion (2006: €65.5 billion). The Euro Medium Term Note Program (EMTN) represents the most important refinancing instrument and amounted to €41.2 billion (2006: €40.2 billion). Global bonds registered with the U.S. Securities and Exchange Commission (SEC) totaled €12.2 billion (2006: €14.6 billion) at year-end. The balance of instruments from the ECP program, which is a part of money market refinancing, increased to €10.5 billion (2006: €4.5 billion).

The funds borrowed on the money and capital markets for refinancing purposes were made available on an arm's length basis.

Provisions grew €26.3 million to €298.7 million (2006: €272.4 million). The gross amount of additions to pension provisions was €4.3 million (2006: €6.7 million), and the use of the provisions for current pension benefit payments also amounted to €4.4 million (2006: €4.2 million). Accordingly, the balance of pension provisions declined by €0.1 million (2006: €2.5 million). The cover amount was determined on the basis of a discount rate of 3.5% (2006: 3.5%).

The other provisions grew by €26.4 million to €224.2 million (2006: €197.8 million). This balance sheet item mainly comprises the promotional contribution of Rentenbank.

Financial performance:

The bank's financial performance developed very well in 2007, especially in view of the turbulent market environment. Interest income, including contributions from fixed-income securities and equity investments, reached €4,385.5 million (2006: €3,642.9 million). After deducting interest expenses of €4,146.8 million (2006: 3,420.3 million), net interest income came to €238.7 million (2006: €222.6 million).

The operating result before risk provisioning and valuation adjustments increased by another 8.6% (2006: 1.7%) to €201.2 million, up from €185.2 million in 2006.

When compared to the previous year, the results were encouraging for all segments – Treasury Management, Promotional Business, and Capital Investment.

Amortization and write-downs of loans and advances and securities, equity investments and interests in affiliated companies as well as additions to provisions for possible loan losses have been recognized in sufficient amounts and take into account all identifiable risks. Amortization of securities belonging to the liquidity reserve amounted to €21.5 million (2006: €6.1 million).

Net income for the year:

Net income for 2007 amounted to €42.0 million (2006: €41.0 million), representing a decline of €1.0 million against the previous year. Subject to an outstanding resolution of the responsible corporate bodies, the bank intends to transfer €31.5 million (2006: €30.75 million) from net income to the principal reserve (*Hauptrücklage*) in accordance with Section 2 of the Law Governing the Landwirtschaftliche Rentenbank. In accordance with the provision that the guarantee reserve (*Deckungsrücklage*) may not exceed 5% of the principal amount of the covered bonds outstanding at any time pursuant to Section 2 (3) Sentence 2 of the Law Governing the Landwirtschaftliche Rentenbank, the decrease in the volume of the bonds subject to cover requirements resulted in a reduction of the guarantee reserve by €40.0 million. In order to maintain the bank's capital base, the same amount was transferred to the guarantee reserve. The distributable profit after the transfer to reserves will amount to €10.5 million (2006: €10.25 million), which will be used to promote agriculture and rural areas protecting the general public interest pursuant to Section 9 of the Law Governing the Landwirtschaftliche Rentenbank.

Equity:

The total capital as reported on the balance sheet will amount to €2,901.3 million (2006: €2,842.7 million) after the transfers to the principal reserve and the additions to the fund for general banking risks. Total capital can be broken down as follows:

	Dec. 31, 2007	Dec. 31, 2006
	€ million	€ million
Capital stock	135.0	135.0
Principal reserve	317.3	245.8
Guarantee reserve	369.7	409.7
Fund for general banking risks	1 057.0	981.0
Subordinated liabilities	1 022.3	1 071.2
Total	2 901.3	2 842.7

Total capital as reported on the balance sheet increased by €58.6 million compared to 2006.

Subordinated liabilities decreased by €48.8 million on a net basis, taking into account exchange rate fluctuations. Of the subordinated liabilities, an amount of €885.4 million (2006: €824.6 million) can be

classified as equity pursuant to Section 10 (2b) Sentence 5 of the German Banking Act (KWG). The fund for general banking risks was increased by €76.0 million to €1.057.0 million. The share of liable capital reported on the balance sheet in total assets was 3.3% (2006: 3.4%).

The total capital ratio, calculated pursuant to Section 10 (1) of the German Banking Act (KWG) based on Principle I (*Grundsatz I*), amounted to 16.5% (2006: 16.8%) as of December 31, 2007 and thus continued to exceed the legal minimum requirements.

Risk report:

The corporate objective of the bank, derived from its legal mandate and the corresponding Law Governing the Landwirtschaftliche Rentenbank, is the promotion of agriculture and rural areas. The bank's business activities are geared toward achieving this goal. It must be ensured that the bank is able to fulfill its promotional mandate at all times in the future.

For the purpose of achieving its corporate objective, the bank must also generate an adequate and, above all, consistent net profit in order to fulfill its mandate and to increase its own funds – as required by regulatory requirements – from the bank's earnings if no other sources are available. The bank's risk structure is essentially defined by the framework set by the Rentenbank Law and its Statutes.

Risk management:

The Board of Management of Landwirtschaftliche Rentenbank has the overall responsibility for risk management. It determines the bank's overall risk strategy, taking into account the proposals of the Risk Management Committee, which consists of all central and other departments. Risk management functions are also performed by the Central Treasury Department and the Central Department for Promotional Loan Business.

The results of the bank's overall operating and strategic planning show balanced financial structures. The financial position is sound and liquidity secured.

An essential part of the risk management system is the definition and monitoring of risk limits, which are based on the bank's risk-bearing capacity. A capital charge is determined for credit risk, market price risk, liquidity risk, and operational risk and allocated to the identified risk cover. The bank's Risk Manual provides a comprehensive overview of all business risks on the basis of risk management and controlling processes.

The inclusion of transactions in new products, business types, sales channels or new markets requires the adherence to a New Product Process (NPP). Within the scope of the NPP, the organizational units concerned analyze the risk level and the main consequences for management.

Risk control:

Risk control comprises the regular monitoring of the limits determined by the Board of Management as well as reporting on market price risks, operational risks, liquidity risks and risk-bearing capacity; risk reporting is based on risk level and regulatory requirements. The Central Department for Promotional Loan Business is responsible for assessing credit risks. The Board of Management and the Advisory Board are informed about the overall risk situation at least quarterly. The instruments used for risk management and monitoring are subject to constant review and updating.

Internal audit:

The Internal Audit Department is an instrument of, and reports directly to, the Board of Management. Notwithstanding the Board of Management's authority to issue instructions to cause additional reviews to be performed, the Internal Audit Department carries out its duties on its own and independently.

Based on a risk-based review planning, the Internal Audit Department generally reviews and assesses all activities and processes of the bank, including risk management and internal control system, on a risk-based and process-independent basis.

Credit risk:

The granting of loans and the associated assessment and assumption of credit risk is an essential element of our business activity.

Credit risk is defined as the risk of a potential loss as a result of default by or deterioration in the credit quality of business partners. The credit risk subsumes counterparty risk, issuer risk, country risk and structural risk.

Loans for the promotion of the agricultural sector, the food industry and rural areas are generally granted only to banks in the Federal Republic of Germany or in another country of the European Union that are engaged in business with companies in the agricultural sector or the food industry and with companies offering related upstream or downstream activities as well as activities in rural areas. The program-based loans, which require particularly large promotional resources, are limited to Germany as an investment location. Accordingly, the lending business of Landwirtschaftliche Rentenbank is almost exclusively limited to the refinancing of banks and other interbank business. Instruments used are global loans, general refinancing facilities and specific refinancing loans. The credit risk related to the ultimate borrower is borne by such borrower's principal bank. Risks associated with the ultimate borrower are borne by Landwirtschaftliche Rentenbank only in the case of direct lending business (business with non-banks). The bank has decided to expand the range of promotional activities within the scope of the existing legal restrictions. Accordingly, the bank will provide equity capital to suitable companies in the food and agricultural industries in the future. The bank launched a private equity fund

in an amount of €100 million in order to support established companies by acquiring minority shareholdings. These shareholdings are only acquired to a very limited degree, in compliance with the competitive neutrality toward the principal banks.

The Central Treasury Department is responsible for the standard promotional loan business and the securitized promotional loan business as well as for the derivatives business (generally only for hedging purposes). The derivatives business is limited to counterparties from EU/OECD countries with top credit quality.

The Bank concluded collateral management agreements with some counterparties. In these cases, the positive fair value from the derivatives business exceeding the contractually agreed allowance amounts and minimum transfer amounts, which depend on creditworthiness, are secured by cash deposits denominated exclusively in euros. In return, the bank undertakes to provide cash deposits denominated in euros in the case of negative fair values if these exceed the corresponding allowance and minimum transfer amounts. The collateral agreements reduce the utilization of the limits, the cover requirements for credit risks, and the utilization of the limits for large loan exposures (*Großkredite*).

The Board of Management defines the credit risk strategy on an annual basis and informs the Credit Committee, which is formed by the Advisory Board, about this strategy. Credit risk monitoring and control is based on uniform principles and does not depend on the type of business from which these risks result. The related tasks are performed by the Board of Management, the Central Department for Promotional Loan Business and the department for Risk Control. The Central Department for Promotional Loan Business is responsible for establishing and implementing a uniform credit risk strategy and for controlling the bank's credit risks. This includes, among other things, analyzing credit risks, establishing internal rating categories, creating templates for credit approvals, issuing the back office (or risk management) vote and controlling credit risks.

To ensure the good credit quality of the overall loan portfolio, we use adequate securitization instruments that focus on the risk strategy in connection with the risk-bearing capacity concept. For this purpose, we calculate a cumulative, potential default for an observation period of five years, taking into account historical probabilities of default. The calculations are made at the end of each quarter and are supplemented by standard and stress scenario analyses. The risk cover allocated for the counterparty risk amounted to €50 million as of the balance sheet date. During the year under review, internally established limits were monitored daily to ensure that they were complied at all times.

The rating category of the Landwirtschaftliche Rentenbank, which is determined on the basis of the bank-internal credit ranking and takes into consideration external ratings, is a key risk management instrument for credit risks which are reflected in the limit system. In addition, current information concerning negative financial data or a deterioration of the economic perspectives of a business partner may initiate a review or an adjustment of the credit ranking as well as an adjustment of the limit. The limit system governs the level and the structure of all credit risks. The basis for granting

facilities to the individual business partners and their annual prolongation is, in particular, an analysis of their financial statements and their annual reports as well as these partners' external ratings, if available. All business partners are rated based on an internal rating category system. The rating categories represent the basis for determining the limit in connection with our upper grid limits. Apart from the rating categories, additional structural features such as size classes and maturities of the overall loan portfolio are monitored and reported to the Board of Management and the Advisory Board within the scope of quarterly risk reporting.

Limits are recorded, and monitored daily, for all issuers and counterparties. In addition, we have established country-based credit and transfer limits, an overall upper limit for securitized promotional lending as well as upper limits for unsecured facilities for each rating category. They are also monitored daily.

Market price risk:

Market price risk arises in the form of interest rate risks, foreign exchange risks and other price risks. Potential losses related to items held in the bank's portfolio as a result of changing market prices. Landwirtschaftliche Rentenbank does not maintain a trading book within the meaning of Section 2 (11) of the German Banking Act (KWG). Open positions from transactions in the banking book are only entered into to a limited degree.

The objective of risk management is the identification, qualitative assessment and control of market price risks. Risk control focuses on quantifying market price risk, monitoring limits, reporting and control.

The bank limits interest rate risk by refinancing assets recognized in the balance sheets through liabilities recognized in the balance sheet with matching maturities and by using derivatives to account for any maturity mismatches.

The interest-rate risks from open positions may not exceed the risk limits determined by resolution of the Board of Management to a very restricted degree. Compliance with the limits is monitored daily and reported to the Board of Management. The utilization of the risk limits is measured on present value basis using a sensitivity of 100 basis points.

Gains or losses from maturity transformation are realized from short-term cash deposits and refinancing and, to a lesser extent, from securities transactions and the lending business. The risk cover allocated for the market price risk corresponds to the risk limit of €61 million.

Foreign currency risks and other price risks are hedged exclusively by means of on or off-balance sheet hedging transactions.

A risk indicator is calculated daily for the Treasury Management segment on the basis of a VaR analysis in accordance with the variance/co-variance approach. The indicator shows the maximum loss from market-related developments assuming a holding period of one day and a prediction accuracy of 99%. The key risk factors for the Treasury Management segment are euro interest rates. The value of the portfolio is determined by the interest rate curve for interbank loans (Euribor) and the interest rate curve for derivatives (EONIA). In addition to these interest rate curves, the corresponding volatilities of interest rates and correlations between the interest rates are also taken into account for the VaR calculation. These data are determined using a weighted 250 day history.

Sensitivity and scenario analyses as well as back-testing processes are part of risk management and risk control. Additional scenarios involving interest rate changes (stress scenarios) are calculated for treasury management, securities business and lending assuming various interest rate curves. The scenarios in the Treasury Management and Promotional Business segments are regularly validated using historical interest rate trends. Changes in the interest rate curves for short-term interbank loans (Euribor) and derivatives (EONIA) as well as long-term swap rates occurring within 10, 20, and 30 days. The quality of our VaR model is reviewed daily using a back testing procedure. For this purpose, the daily results arising from the market trend observed on the following day are compared with the forecasted VaR indicator, under the assumption of unchanged positions.

The bank regularly calculates all interest rate-sensitive items for the purpose of validating the interest rate risks at the level of the entire bank. The interest rate risks are determined using a calculation based on the present value. This analysis is performed on a quarterly basis and examines the effects of changes in market interest rates as of a particular date on the visible earnings contributions for all future periods by closing all open fixed-interest positions. Finally, the risk values determined for different interest rate change scenarios are analyzed in relation to liable equity in accordance with Section 10 of the German Banking Act (KWG). This did not result in any material capital charges.

Liquidity risks:

Liquidity risk is the risk of being unable to meet current or future payment obligations without restrictions or of being unable to raise the required funds under the expected terms and conditions.

The liquidity risks of the bank are monitored daily using a limit for cash balances set by the Board of Management. Open cash balances for a period of up to one year must remain within the limits of the relevant unused refinancing facilities at the Bundesbank. Our rating along with our short-term refinancing possibilities on the money and capital markets indicate that in efficient markets, the liquidity risk is manageable in the event principal and interest payments are not made when due. In case of a market disruption, liquidity may be raised in the amount of the bank's unused refinancing facilities at the Bundesbank. Furthermore, in order to ensure our solvency, we maintain a sizeable portfolio of liquid securities that are not eligible for repo transactions with the Bundesbank.

For the purpose of monitoring limit compliance with regard to medium and long-term liquidity, the scheduled maturities are presented for the following 15 years on a quarterly basis.

Stress scenarios are intended to examine the effects of unexpected events on the bank's cash position. The liquidity scenarios are an integral part of the internal control model. They were introduced for the first time in 2007 and are calculated and monitored on a quarterly basis. The scenario analyses take into account either a price decline in securities belonging to the liquidity reserve, a simultaneous drawdown of all irrevocable credit commitments, or default by a major borrower in the sense of performance risks. For this purpose, the liquidity requirement resulting from the scenarios is added to already known cash flows in order to examine the effects on the solvency of the bank. The scenarios are regularly reviewed with respect to their significance for the bank and their presentation within the scope of strategic liquidity management.

Pursuant to the regulatory requirements (Principle II of the German Banking Act (KWG)), weighted cash is compared with the weighted payment obligations for the same payment period. The ratios are then extrapolated to encompass the due dates to be observed for reporting purposes. In the 2007 reporting year, the monthly reported liquidity ratio for the period of up to 30 days equaled between 1.48 and 2.21 and was thus significantly above the 1.0 defined by regulatory requirements.

No liquidity risks are taken into account in the calculation of the risk-bearing capacity due to the bank's financial position.

Operational risk:

Operational risk refers to risks arising from non-working or defective systems or processes, human failure or external events. Operational risk primarily includes legal risks, operating risks and event or environmental risks, but does not comprise strategic risks, business risks and reputational risks.

Landwirtschaftliche Rentenbank minimizes operational risk through various measures that it applies to eliminate the cause of the risk, to control the risk or to limit damage. These measures include organizational precautions (separation of trading and settlement units as well as of front and back office operations, principle of dual control), detailed procedural instructions and having trained and qualified personnel. An emergency manual describes the procedures to be followed for disaster prevention measures and in case of an actual disaster event. Further emergency plans govern the procedures to be used for potential business disruptions. Legal risks from business transactions are reduced, insofar as possible, by using standardized contracts. The legal department is consulted at an early stage regarding decisions that could result in legal obligations or benefits for the bank.

Operational risks are quantified within the scope of the risk-bearing capacity concept using a process based on a basic indicator approach. The calculations are carried out on a quarterly basis within the framework of reporting to the Risk Management Committee, the Board of Management and the

Advisory Board. The risk cover allocated for the operational risk amounted to €12 million as of the balance sheet date.

All loss events of the bank are systematically collected and analyzed in a loss database. All current losses and near-losses are recorded on a decentralized basis by the relevant operational risk officers. The management of operational risks is performed in the individual business areas. This means that the measures to prevent and limit risks are primarily the responsibility of the organizational units. The analysis and aggregation of loss events as well as the methodological development of the instruments used is part of risk control.

The bank regularly carries out self-assessment procedures. The goal of such self assessment is to make use of knowledge to identify and evaluate risks in the business units in which these risks materialize. Potential operational risk scenarios are then assessed with respect to amount and frequency of loss. Additional preventive measures are taken to reduce operational risk.

Risk-bearing capacity:

The risk-bearing capacity concept ensures that the risk-bearing capacity for credit, market price, liquidity and operational risks is guaranteed at all times. Various risk scenarios are used to compare the sum total of the capital charges resulting from credit, market price, operational and liquidity risks with a portion of the aggregate risk cover. The allocated risk cover for credit and market price risks corresponds to the global limits as approved by the Board of Management. The results from the calculations of the risk-bearing capacity reflect the prudent risk policy of the bank. The bank's own funds exceed its risk exposure.

Outlook:

Global economic growth is expected to slow in the current year. Due to the mortgage crisis, economic performance in the U.S. will likely remain subdued; a recession is also no longer ruled out. While dependency of the world economy on the U.S. economy has declined due to the increasing significance of emerging markets in Asia and Eastern Europe, growth momentum in the export-driven European economies is likely to weaken. Export growth could be dampened by slackening growth in world trade volumes as well as a stronger Euro. The current inflation risk will continue for the time being due to high raw materials prices, but will be constrained by overall weaker economic growth. In January 2008, the U.S. Federal Reserve cut interest rates by 1.25 percentage points to 3.0% in view of continued uncertainty around the economic trend. Further rate cuts over the remainder of the year cannot be ruled out. The probability of a monetary easing by the ECB continues to be low - at least in the first months of the current year - in view of heightened concerns in the ECB Council concerning higher wage deals. Against the backdrop of the gradual slowdown in economic activity, we still expect interest rate levels on the capital markets to remain low despite the persistent threat of inflation for 2008. The overall conditions for our business activities remain positive in general.

In order to assess financial position and performance we have prepared comprehensive annual and 3-year plans. The plans consist of forecasts related to the Group's financial position, financial performance and costs and include the preparation of cost budgets as well as simulations. The annual plan examines in detail individual factors, while the purpose of the 3-year plan, which builds on this annual plan, is to show general trends.

The current planning reflects the expectation that new business volume will increase in fiscal years 2008 and 2009, with respect to both the promotional loan business and refinancing within the Group. Against this backdrop and considering the estimated future margins, we have forecasted earnings increases and a stable earnings trend in the individual segments within the framework of financial performance planning. Therefore, we expect to achieve prior-year levels with respect to net interest income and the operating result before risk provisioning.

Within the scope of the cost planning for the years 2008 and 2009, we took into account future capital expenditures due to regulatory requirements as well as corporate development measures. In spite of a rigorous cost management, we expect costs to increase in all functional areas.

Our medium to long-term promotional business was characterized by a buoyant credit demand in the first two months of the current fiscal year. We believe that in 2008, we will achieve the medium and long-term promotional lending volumes already reached in 2007 against the backdrop of comparable conditions.

Net interest income remained at the prior-year level in the first weeks of fiscal 2008. We expect this positive trend to continue over the remainder of the year and for at least the prior-year level to be achieved. For the current fiscal year, we anticipate an overall satisfying earnings trend, which will enable the bank to account for all identifiable risks as well as to further increase the bank's capital base and to extend promotional loans at low interest rates in the previous scope at minimum.

Report on events after the balance sheet date:

There were no events of material importance after the end of the 2007 fiscal year.

LANDWIRTSCHAFTLICHE RENTENBANK
FRANKFURT/MAIN

Financial Statements for the year ending 31st December, 2007

Prepared in accordance with the principles of the German Commercial Code
("Handelsgesetzbuch")

BALANCE SHEET AS OF DECEMBER 31, 2007
Assets

	Dec. 31, 2007		Dec. 31, 2006
	€	€	€ thousand
1 Cash and balances with central banks			
a) Cash on hand		88 518,36	161
b) Balances with central banks		90 687 665,21	10 132
of which:			10 293
with Deutsche Bundesbank €90 687 665.21 (2006: € thou 10 132)		90 776 183,57	
2 Loans and advances to banks			
a) Payable on demand		706 275 598,12	672 414
b) Other loans and advances		60 405 611 335,57	57 720 741
		61 111 886 933,69	58 393 155
3 Loans and advances to customers			
of which:			
Secured by charges on real property € -.- (2006: € thou -.-)			
Loans to local authorities €960 696 196.93 (2006: € thou 1 530 270)		1 579 704 477,80	2 076 066
4 Debt securities and other fixed-income securities			
a) Money market securities			
aa) Other issuers		254 298 882,75	0
of which:			
Securities eligible as collateral			
with Deutsche Bundesbank €101 950 848.75 (2006: € thou -.-)			
b) Bonds and debt securities			
ba) Public-sector issuers	593 479 592,67		603 999
of which:			
Securities eligible as collateral			
with Deutsche Bundesbank €363 832 517.66 (2006: € thou 363 833)			
bb) Other issuers	25 021 294 445,51	25 614 774 038,18	21 226 689
of which:			
Securities eligible as collateral			
with Deutsche Bundesbank €23 064 783 502.04 (2006: € thou 19 870 933)			
c) Own debt securities		2 912 968,77	3 677
Nominal amount €3 036 600.00 (2006: € thou 3 763)		25 871 985 889,70	21 834 365
5 Equity investments			
of which:			
in banks € -.- (2006: € thou -.-)			
in financial services institutions € -.- (2006: € thou -.-)		789 342,55	789
6 Interests in affiliated companies			
of which:			
in banks € -.- (2006: € thou -.-)			
in financial services institutions € -.- (2006: € thou -.-)		15 587 178,33	15 587
7 Trust assets			
of which:			
Trustee loans €112 194 997.02 (2006: € thou 114 890)		112 194 997,02	114 890
8 Intangible assets		381 885,94	435
9 Tangible assets		20 428 849,64	20 431
10 Other assets		108 102,76	1 887
11 Prepaid expenses			
a) From new issues and lending		8 712 438,43	11 560
b) Other		1 254 264,61	1 058
		9 966 703,04	12 618
Total assets		88 813 810 544,04	82 480 516

	Dec. 31, 2007		Liabilities
	€	€	Dec. 31, 2006 € thousand
1 Liabilities to banks			
a) Payable on demand	76 861 013,40		2 155 480
b) With an agreed maturity or period of notice	11 595 487 390,46		7 228 662
		11 672 348 403,86	9 384 142
2 Liabilities to customers			
Other liabilities			
a) Payable on demand	41 942 060,14		208 686
b) With an agreed maturity or period of notice	3 715 614 851,65		4 139 157
		3 757 556 911,79	4 347 843
3 Securitized liabilities			
Debt securities issued		70 010 151 235,64	65 456 984
4 Trust liabilities			
of which:			
Trustee loans €112 194 997,02 (2006: € thou 114 890)		112 194 997,02	114 890
5 Other liabilities		22 461 802,21	21 160
6 Edmund Rehwinkel Foundation		0,00	1 200
7 Prepaid expenses			
a) From new issues and lending	771 259,35		1 253
b) Other	27 806 456,95		27 782
		28 577 716,30	29 035
8 Provisions			
a) Provisions for pensions and similar obligations	74 477 489,40		74 574
b) Provisions for taxes	0,00		0
c) Other provisions	224 228 794,34		197 787
		298 706 283,74	272 361
9 Subordinated liabilities		1 022 352 790,09	1 071 191
10 Fund for general banking risks		1 057 000 000,00	981 000
11 Equity			
a) Subscribed capital	135 000 000,00		135 000
b) Retained earnings			
ba) Principal reserve pursuant to Section 2 (2) of the Law			
Governing the Landwirtschaftliche Rentenbank	245 779 467,16		
Transfers from guarantee reserve	40 015 149,76		
Transfers from net income for the year	31 500 000,00	317 294 616,92	245 779
bb) Guarantee reserve pursuant to Section 2 (3) of the Law			
Governing the Landwirtschaftliche Rentenbank	409 680 936,23		
Appropriations pursuant to Section 2 (3) of the Rentenbank Law	40 015 149,76	369 665 786,47	409 681
c) Distributable profit	10 500 000,00		10 250
		832 460 403,39	800 710
Total Liabilities and equity		88 813 810 544,04	82 480 516
1 Contingent liabilities			
Liabilities from guarantees and indemnity agreements		9 034 619,75	9 682
2 Other commitments			
Irrevocable loan commitments		2 963 231 680,11	8 572 436

Income statement for the period from January 1 to December 31, 2007

Expenses

	2007		2006
	€	€	€ thousand
1 Interest expenses			4 146 773 364,85
2 Fee and commission expenses			1 995 062,78
3 Net expense from financial operations			30 751,60
4 General administrative expenses			
a) Personnel expenses			
aa) Wages and salaries	17 256 233,78		16 156
ab) Social security contributions and expenses for pensions and other employee benefits	6 340 812,68		9 160
of which:		23 597 046,46	25 316
pension expenses €4 274 491.4 (2006: € thou 7 089.4)			
b) Other administrative expenses	13 993 845,37		11 576
		37 590 891,83	36 892
5 Depreciation, amortization and write-downs of intangible and tangible fixed assets			1 509 168,57
6 Other operating expenses			833 809,96
7 Expenses for specific securities and loans and advances			
a) Depreciation, amortization and write-downs of loans and advances, and specific securities as well as additions to provisions for possible loan losses		83 195 184,19	53 196
b) Additions to the fund for general banking risks		76 000 000,00	91 000
		159 195 184,19	144 196
8 Amortization and write-downs of equity investments, interests in affiliated companies and securities treated like fixed assets			0,00
9 Extraordinary expenses			0,00
10 Taxes on income			7 708,26
11 Other taxes not disclosed under item 6			114 614,57
12 Net income for the year			42 000 000,00
			41 000
Total expenses			4 390 050 556,61
			3 646 509
1 Net income for the year		42 000 000,00	41 000
2 Transfers from retained earnings			
from guarantee reserve pursuant to Section 2 (3) of the Law Governing the Landwirtschaftliche Rentenbank		40 015 149,76	0
3 Transfers to retained earnings			
to principal reserve pursuant to Section 2 (2) of the Law Governing the Landwirtschaftliche Rentenbank			
from guarantee reserve		40 015 149,76	0
from net income for the year		31 500 000,00	30 750
4 Distributable profit		10 500 000,00	10 250

Income

	2007	2006
	€	€ thousand
1 Interest income from		
a) Lending and money market transactions	3 295 021 969,38	2 788 519
b) Fixed-income securities and debt register claims	1 090 366 629,15	854 320
	4 385 388 598,53	3 642 839
2 Current income from		
a) Equities and other non-fixed-income securities	0,00	0
b) Equity investments	120 281,57	70
c) Interests in affiliated companies	0,00	0
	120 281,57	70
3 Fee and commission income	1 025 520,95	908
4 Net income from financial operations	0,00	0
5 Income from write-ups on loans and advances and specific securities as well as the reversal of provisions for possible loan losses	0,00	0
6 Income from write-ups on equity investments, interests in affiliated companies and securities treated like fixed assets	0,00	0
7 Other operating income	3 516 155,56	2 692
8 Extraordinary income	0,00	0
Total income	4 390 050 556,61	3 646 509

Notes to the Financial Statements according to German Commercial Law (HGB)

Accounting and Valuation Methods:

The annual accounts of Landwirtschaftliche Rentenbank have been prepared in accordance with the legal guidelines for bank balance sheets and the bank and financial services companies accounting regulations (RechKredV) effective from 11.12.1998. The layout of the balance sheet and the profit and loss account has been adapted to the RechKredV and to the forms.

The valuation of asset and debit items follows the rules contained in §§ 252 et seq. and 340e of the German Commercial Code (HGB). Securities have valued in strict accordance with the lower of cost or market value principle. The legal stipulations for revaluation have been carried out in accordance with § 280 (1) of the German Commercial Code (HGB).

Off-balance sheet financial instruments, used as hedging for balance-sheet items, are treated like secured transactions (with the necessary documentation) for the purposes of valuation. Zero bonds were valued at their issue price plus accrued rata interest based on the issue yield.

Investments in subsidiaries and affiliated companies are stated at their acquisition costs, where required less write-downs.

According to their expected useful life, tangible assets as well as intangible assets have been depreciated on a straight-line basis in accordance with commercial law.

Liabilities have been valued with the repayment sum or the nominal amount of the debt. Agio and disagio have been marked down pro rata temporis.

Pension provisions have been valued as previously, using an assumed annual rate of interest of 3.5%. The valuation of pension provisions has been based on the legal tables drawn up in 2005 G by Dr. K. Heubeck. Furthermore, future career trends were considered as assessment parameters. Additional provisions have been included for anniversary bonuses and for early retirement in accordance with collective agreements.

Provisions for the bank's own special loan programmes cover the interest subsidy in its entirety for the whole contracted term and the term of interest rate adjustment, respectively.

Adequate provisions were taken for all discernible credit risks. A general credit risk provision has been also deducted from the assets concerned.

In accordance with § 340h of the German Commercial Code (HGB), foreign currency amounts were converted and valued on the balance sheet date. Where hedge transactions have been used for foreign currency amounts, the items are valued as single valuation units.

For the 2007 financial year, Landwirtschaftliche Rentenbank drew up IFRS based consolidated accounts with LR Beteiligungsgesellschaft mbH, Frankfurt am Main, (LRB) and DSV Silo- und Verwaltungsgesellschaft mbH, Frankfurt am Main, (DSV) in accordance with § 315a of the German Commercial Code (HGB).

Additional Specifications on the Balance Sheet:

The additional specifications and explanations on individual items were drawn up in the order they appear in the balance sheet. The balance sheet items show no accrued interest.

Asset items in the balance sheet

	2007	2006
	€ million	€ million
Item 2: Due from banks		
This item includes:		
Subheading b) - other claims -		
divided according to the remaining time to maturity:		
- Up to three months	10 846	10 703
- Longer than three months up to one year	15 468	14 887
- Longer than one year up to five years	16 315	16 918
- Longer than five years	16 003	13 712
Item 3: Due from customers		
This item includes:		
- Due from affiliated companies	180	179
- Due from companies in which the bank has investment holdings	2	4
This item divided according to the remaining time to maturity:		
- Up to three months	1 246	1 725
- Longer than three months up to one year	169	14
- Longer than one year up to five years	56	212
- Longer than five years	1	5
Item 4: Bonds and other fixed-income securities		
This item includes:		
The marketable securities in this item are:		
- Listed	25 243	21 298
- Unlisted	293	246
Additionally, this item includes amounts which will be due in the year following the balance sheet date:		
Bonds and other fixed-income securities		
- From public issuers	29	-
- From other issuers	3 791	3 482

In accordance with the new § 10 (2b) 7 and in conjunction with (4c) of the German Banking Law (KWG), the bank has proved non-realised reserves for an amount of € 17 m (2006: € 17 m) and for the group € 101 m (2006: € 91 m) as liable capital. The previous year's values have been adjusted to the current legal status.

Asset items in the balance sheet

	2007 € million	2006 € million
Items 5, 6: The balance sheet items Shares, Investment Holdings and Holdings in affiliated companies do not include marketable securities.		
Item 7: Trust assets This item includes:		
- Special-Purpose Fund	82	77
- Due from banks	30	38
Item 9: Tangible assets This item includes:		
- Land and buildings used by the bank, flats	1	1
- Land and buildings scheduled for external use	19	19
- Equipment, furniture and fittings	1	0
Item 10: Other assets This item includes:		
- Maturing interest coupons	-	1
Assets denominated in foreign currencies	1 212	1 101

Fixed Asset Summary

Fixed assets € million	Acqui- sition costs	Addi- tions	Dis- posals	Cumula- tive de- preciation	Balance sheet value 31.12.07	Balance sheet value 31.12.06	Depreci- ation 2007
Intangible assets	1	0	-	1	0	0	0
Tangible assets	33	1	1	13	20	20	1
Investment holdings	1	-	-	0	1	1	-
Holdings in affiliated companies	27	-	-	11	16	16	-
Total	61	1	1	24	37	37	1

Liability items in the balance sheet

	2007	2006
	€ million	€ million
Item 1: Liabilities to banks		
This item includes:		
- Liabilities to companies in which the bank has investment holdings		
Subheading b) - with agreed term or period of notice – divided according to the remaining time to maturity:		
- Up to three months	7 372	3 041
- Longer than three months up to one year	647	585
- Longer than one year up to five years	1 655	2 318
- Longer than five years	1 439	789
Securities worth a total value of nominal € 23 246 m (2006: € 19 833 m) have been deposited at the Bundesbank for refinancing purposes.		
As a part of open market operations of the ECB, securities at a volume of € 5 000 m were credited at the branch office of the Deutsche Bundesbank in Frankfurt at the end of 2007 (2006: € 1 500 m).		
Item 2: Liabilities to customers		
This item includes:		
- Liabilities to companies in which the bank has investment holdings	0	0
- Liabilities to affiliated companies	10	10
Subheading b) - with agreed term or period of notice - divided according to the remaining time to maturity:		
- Up to three months	160	122
- Longer than three months up to one year	344	261
- Longer than one year up to five years	1 234	1 311
- Longer than five years	1 858	2 313
Item 3: Securitised liabilities		
This item includes following amount which will be due in the year following the balance sheet date:	23 729	18 696
Item 4: Trust liabilities		
This item includes:		
- Special-Purpose Fund	82	77
- Liabilities to customers	30	38
Item 5: Other liabilities		
This item includes pro rata interest for subordinated liabilities (before hedging):	18	18

Liability items in the balance sheet

	2007	2006
	€ million	€ million
Item 9: Subordinated Liabilities		
The subordinated liabilities were issued as note loans, loan agreements and bearer securities with global certificates. For the subordinated liabilities of € 1 022 m (2006: € 1 071 m) the net outlay after hedging was € 37 m (2006: € 26 m). A 15 % share of the subordinated liabilities' total amount accounts for a bond of JPY 25 bn equivalent to € 174 m after hedging. The bond is due on 21.04.2036. The related outlay rate before hedging is 2.8 %. The subordinated liabilities' financing conditions fulfill the requirements of § 10 (5a) of the German Banking Law (KWG) and exclude premature repayment.		
Debts denominated in foreign currency	44 866	44 169
Liabilities below the line		
Item 1: Contingent liabilities		
- Deficiency guarantees	5	5
- Bailment of security furnishings	4	5
Item 2: Other liabilities		
The decrease of irrevocable loan commitments predominantly is due to outstanding commitments in money market business with banks.		
Computation of cover		
Liabilities for which mandatory cover must be provided are:		
- Bearer securities	1 398	1 636
- Registered securities	5 995	6 825
The following assets are allocated to cover bonds issued:		
- Due from banks	14 821	16 660
- Due from customers	5	14

Explanations on the profit and loss account:

Income:

Breakdown by geographical markets

Items in € million		Germany	Europe/OECD
Interest income	2007	1 878	2 507
	2006	1 711	1 932
Current income from shares and other non-fixed income securities	2007	-	-
	2006	-	-
Current income from investment holdings	2007	-	-
	2006	-	-
Commission Income	2007	1	-
	2006	1	-
Other operating Income	2007	4	-
	2006	3	-

	2007 € million	2006 € million
Item 7: Other operating income		
The main components included in this item are:		
- Rental income from the bank's own buildings	1.8	1.5
- Other refunds	0.5	0.5
- Sale of owneroccupied flats	0.5	-

Expenses and income include no material amounts relating to prior years.

Supplementary Information:

Information on market risk-related transactions:

In principle, derivative business is only transacted to hedge balance-sheet effective transactions. The volume of this business is limited through position, counterparty and product-related limits and is constantly monitored within the framework of our risk management system.

Derivative transactions - volumes -

Netting and collateral agreements have not been taken into account in the breakdown.

€ million	Nominal value		Fair value	Fair value
	31.12.2007	31.12.2006	positive 31.12.2007	negative 31.12.2007
Interest-rate risks				
Interest-rate swaps	115 431	143 752	876	627
- Thereof: claims of redemption and conversion embedded in swaps	1 670	1 998	8	23
Swaptions				
- Purchases	-	-	-	-
- Sales	276	1 066	-	5
Other interest-rate forward contracts	2 008	9	3	-
Interest-rate risk total	117 715	144 827	879	632
Currency risks				
Cross-currency swaps	38 167	41 538	305	4 922
- Thereof: currency options embedded in swaps	158	206	1	19
- Thereof: claims of redemption embedded in swaps	67	110	0	7
Currency swaps	7 162	3028	1	142
Currency risk total	45 329	44 566	306	5 064
Stock and other price risks				
Stock index swaps	101	205	2	14
- Thereof: stock options embedded in swaps	101	102	2	14
Stock and other price risks total	101	205	2	14
Interest-rate, currency, stock and other price risks	163 145	189 598	1 187	5 710

Derivative transactions - breakdown by maturities -

Nominal value in € million	Interest-rate risk		Currency risk		Stock and other price risks	
	31.12.07	31.12.06	31.12.07	31.12.06	31.12.07	31.12.06
Remaining time to maturity:						
- Up to three months	52 249	68 601	8 760	6 996	-	-
- Longer than three months up to one year	18 642	31 620	6 773	8 295	-	130
- Longer than one year up to five years	31 284	32 413	18 502	21 472	101	75
- Longer than five years	15 540	12 193	11 294	7 803	-	-
Total	117 715	144 827	45 329	44 566	101	205

Derivative transactions - breakdown by counterparties -

€ million	Nominal value		Fair value positive	Fair value negative
	31.12.2007	31.12.2006	31.12.2007	31.12.2007
OECD banks	148 944	175 659	1 112	4 699
Other counterparties	14 201	13 939	75	1 011
Total	163 145	189 598	1 187	5 710

Forward transactions, particularly those in foreign currencies, not yet completed by the balance sheet date, were concluded to cover market price risk. Commitments for pending transactions at the year's end comprise interest-rate swaps, currency swaps, cross-currency swaps, interest-rate forward contracts as well as option transactions.

Miscellaneous

During the 2007 financial year, the total remuneration of the Board of Managing Directors amounted to € 2 371 thou (2006: € 1 599 thou). For the individual members of the Board of Managing Directors the remuneration for 2007 was fixed as follows:

€ thou	Fixed remuneration	Variable remuneration	Other remuneration	Total
Hans Bernhardt	250	225	28	503
Dr. Marcus Dahmen (since 01.10.2007)	75	-	3	78
Hans Jürgen Ploog	400	305	16	721
Dr. Horst Reinhardt	250	150	18	418
Dr. h.c. Uwe Zimpelmann (until 30.09.2007)	338	305	8	651

According to current regulations of remuneration, the Chairman of the Advisory Board obtains a fixed remuneration in the amount of € 25 thou and his deputy in the amount of € 12.5 thou. Members who are chairmen of an Advisory Board's committee, obtain a remuneration of € 10 thou, unless their remuneration is already higher. Members of the Advisory Board functioning within a committee obtain € 8.5 thou, members of the Advisory Board who do not function within a committee obtain € 7 thou. Additionally, members of the Advisory Board get an attendance fee of € 0.5 thou for each Advisory Board meeting.

The total remuneration granted to members of our Advisory Board for their activity during the financial year amounted to € 211 thou (2006: € 195 thou, both including VAT). Individual remuneration is listed in the following table (excluding VAT).

€ thou	Membership	Remuneration	Attendance fee
Gerd Sonnleitner (Chairman of the Advisory Board)	01.01. - 31.12.	25.0	2.5
Dr. Helmut Born	01.01. - 31.12.	8,5	1,5
Dr. Rolf-E. Breuer	01.01. - 31.12.	10.0	1.0
Dr. Ulrich Brixner	01.01. - 31.12.	8.5	1.0
Hans-Heinrich Ehlen	01.01. - 31.12.	7.0	1.5
Bruno Fehse	15.05. - 31.12.	4.4	1.0
Dr. Thomas R. Fischer	01.01. - 02.08.	5.0	-
Udo Folgart	01.01. - 30.06.	3.5	-
Heinrich Haasis	09.11. - 31.12.	1.4	-
Peter Hauck*	01.01. - 31.12.	7.0	1.0
Werner Hilse	01.01. - 31.12.	8.5	1.0
Berthold Leber*	01.01. - 31.12.	8.5	1.5
Erika Lenz	01.01. - 31.12.	8.5	1.5
Franz-Josef Möllers	01.01. - 31.12.	8.5	1.5
Manfred Nüssel	01.01. - 31.12.	8.5	1.0
Horst Seehofer*	01.01. - 31.12.	12.5	1.5
Norbert Schindler	01.07. - 31.12.	3.5	1.0
Dr. Volker Sklenar*	01.01. - 31.12.	7.0	0.5
Dr. Peter Traumann	01.01. - 14.05.	2.6	0.5
Dr. Jörg Wendisch	01.01. - 31.12.	8.5	2.0
Hans-Joachim Wilms	01.01. - 31.12.	8.5	1.0

* or attorney

As at 31st December 2007, there were provisions totalling € 10 986 thou (2006: € 6 676 thou) to meet pension commitments to former members of the Board of Managing Directors and their surviving dependants. Current benefit payments amounted to € 677 thou (2006: € 597 thou).

**Number of employees – excluding members of the Board of Managing Directors
– yearly average** (identical for both bank and group):

	2007			2006		
	Male	Female	Total	Male	Female	Total
Full-time employees	106	73	179	105	68	173
Part-time employees	2	18	20	3	21	24
Total	108	91	199	108	89	197

Substantial shareholdings as defined by § 285 (11) of the German Commercial Code (HGB):

	Capital € million 2007	Share in the capital %	Result € million 2007
LR Beteiligungsgesellschaft mbH, Frankfurt am Main	51.3	100.0	-0.8
Deutsche Bauernsiedlung - Deutsche Gesellschaft für Landentwicklung (DGL) GmbH, Frankfurt am Main (in liquidation)	9.2*	25.1	-0.2*
DSV Silo- und Verwaltungsgesellschaft mbH, Frankfurt am Main	12.1	100.0	0.4

* 2006

As long as Landwirtschaftliche Rentenbank is a 100 % shareholder of LR Beteiligungsgesellschaft mbH, the bank has committed itself in a letter of comfort to provide LR Beteiligungsgesellschaft mbH financial resources allowing it to fulfill its obligations on time at any time.

The listing of further companies according to § 285 (1) 11 of the German Commercial Code (HGB) we have waived according to § 286 (3) 1 of the German Commercial Code (HGB) as they are of minor significance for the net assets, financial position and profitability of the bank.

Fees for auditing and consulting according to § 285 (1) 17 of the German Commercial Code (HGB):

During the 2007 financial year, the expenses for auditing and consulting amounted to € 359 thou (2006: € 435 thou). These costs are made up of following amounts:

Items in € thou	2007	2006
Final audit	265	340
Other audit or evaluation services	78	74
Other services	16	21

The following table shows mandates for the legal constitution of the supervisory committees of large incorporated enterprises (§ 267 (3) German Commercial Code (HGB)) held by legal representatives or other members of staff, under § 340a (4) 1 German Commercial Code (HGB):

Hans Bernhardt	Landgesellschaft Mecklenburg-Vorpommern mbH, Leezen (Member of the Supervisory Board)
Dr. Marcus Dahmen	Verbund Katholischer Kliniken Düsseldorf gGmbH, Düsseldorf (Member of the Supervisory Board) Marien Hospital Düsseldorf GmbH, Düsseldorf (Member of the Supervisory Board)
Hans Jürgen Ploog	BVVG Bodenverwertungs- und verwaltungs GmbH, Berlin (Member of the Supervisory Board)
Dr. h.c. Uwe Zimpelmann	DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (Member of the Supervisory Board) Lohmann & Co. AG, Rechterfeld (Chairman of the Supervisory Board)

The members of the Board of Managing Directors and the Advisory Board for the 2007 financial year are to be found on pages 31 to 33.

Frankfurt am Main, 12 March 2008

LANDWIRTSCHAFTLICHE
RENTENBANK

The Board of Managing Directors



Dr. Dahmen



Bernhardt



Ploog



Dr. Reinhardt

▪ **Organs**

**Board of
Managing Directors**

Dipl.-Kfm. Hans Bernhardt

Dr. Marcus Dahmen
- Chairman (since 01.10.2007)
Hans Jürgen Ploog

Dr. Horst Reinhardt
(01.01.07- 30.09.07 stellvertretendes Vorstandsmitglied;
since 01.10.07 ordentliches Vorstandsmitglied)

Dipl.-Kfm. Dr. h. c. Uwe Zimpelmann
- Chairman (until 30.09.2007) -

Advisory Board

Chairman:

Präsident Gerd Sonnleitner
Deutscher Bauernverband e.V., Berlin

Deputy Chairman:

Horst Seehofer
Bundesminister für Ernährung, Land-
wirtschaft und Verbraucherschutz, Berlin

**Representatives of the Deutscher
Bauernverband e.V.:**

Generalsekretär Dr. Helmut Born
Deutscher Bauernverband e.V., Berlin

Präsident Udo Folgart
Landesbauernverband Brandenburg e.V., Teltow/Ruhlsdorf
(until 30.06.2007)

Präsident Werner Hilse
Landvolk Niedersachsen-Landesbauern-
verband e.V., Hannover

Ehrenpräsidentin Erika Lenz
Deutscher Landfrauenverband e. V., Berlin

Präsident Franz-Josef Möllers
Westfälisch-Lippischer-Landwirtschafts-
verband e.V., Münster

Präsident Norbert Schindler, MdB
Bauern- und Winzerverband, Rheinland-Pfalz Süd e.V., Berlin
(since 01.07.2007)

**Representative of the Deutscher
Raiffeisenverband e.V.:**

Präsident Manfred Nüssel
Deutscher Raiffeisenverband e.V., Berlin

**Representative of the Food
Industry:**

Präsident Bruno Fehse
Bundesverband der Agrargewerblichen
Wirtschaft e.V., Bonn
(since 15.05.2007)

Dr. Peter Traumann
Mitglied des Vorstandes Bundesvereinigung
der Deutschen Ernährungsindustrie e.V., Berlin
(until 14.05.2007)

State Ministers of Agriculture:

Baden-Wuerttemberg:

Peter Hauk
Minister für Ernährung und Ländlichen Raum
des Landes Baden-Württemberg, Stuttgart

Lower-Saxony:

Hans-Heinrich Ehlen
Minister für den Ländlichen Raum, Ernährung,
Landwirtschaft und Verbraucherschutz des Landes
Niedersachsen, Hannover

Free State of Thuringia:

Dr. Volker Sklenar
Minister für Landwirtschaft, Naturschutz
und Umwelt des Freistaates Thüringen, Erfurt

**Representative of the Trade
Unions:**

Hans-Joachim Wilms
Stellvertretender Bundesvorsitzender der
IG Bauen-Agrar-Umwelt, Berlin

**Representative of the Federal
Ministry of Food, Agriculture and
Consumer Protection:**

Dr. Jörg Wendisch
Ministerialdirektor, Bonn

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

Berthold Leber
Ministerialdirigent, Berlin

**Representatives of Banks
and
other Lending Experts:**

Dr. Rolf-E. Breuer
Ehem. Sprecher des Vorstands und
früherer Vorsitzender des Aufsichtsrates der
Deutsche Bank AG, Frankfurt am Main

Dr. Ulrich Brixner
Vorsitzender des Beirats der
DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

Dr. Thomas R. Fischer
ehem. Vorsitzender des Vorstandes der WestLB AG,
Düsseldorf
(until 02.08.2007)

Präsident Heinrich Haasis
Deutscher Sparkassen- und Giroverband e.V., Berlin
(since 09.11.2007)

Independent Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Landwirtschaftliche Rentenbank, Frankfurt am Main, for the business year from January 1 to December 31, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law as well as the supplementary regulations in the Statutes and the Rentenbank Law are the responsibility of the Bank's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Bank and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of the Landwirtschaftliche Rentenbank, Frankfurt am Main, comply with the legal regulations and the supplementary regulations in the Statutes and the Rentenbank Law and give a true and fair view of the net assets, financial position and results of operations of the Bank in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, provides a suitable view of the Bank's position and suitably presents opportunities and risks of future development.

Frankfurt am Main, March 12, 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Kläs
Wirtschaftsprüfer
[German Public Auditor]

Theileis
Wirtschaftsprüfer
[German Public Auditor]

▪ **Responsibility statement**

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the bank, and the management report of the bank 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, 12 March 2008

LANDWIRTSCHAFTLICHE
RENTENBANK

The Board of Managing Directors



Dr. Dahmen



Bernhardt



Ploog



Dr. Reinhardt

Report of the Advisory Board

The Advisory Board and its committees performed its duties delegated to them in accordance with the law and the Statutes, and advised and monitored the Board of Management in its orderly conduct of business throughout the fiscal year.

The separate financial statements as well as the complementary management report were prepared by the Board of Management in accordance with the accounting principles of the German Commercial Code (Handelsgesetzbuch, HGB) as of December 31, 2007. The financial statements and the management report were audited by the auditors Deloitte & Touche GmbH - Wirtschaftsprüfungsgesellschaft -, Frankfurt am Main, who issued an unqualified audit opinion. The consolidated financial statements as well as the complementary group management report as of December 31, 2007 were prepared by the Board of Management in accordance with the International Financial Reporting Standards (IFRS) and the additional requirements of German commercial law as defined in Section 315a (1) of the HGB. The consolidated financial statements and the group management report were audited by the auditors Deloitte & Touche GmbH - Wirtschaftsprüfungsgesellschaft -, Frankfurt am Main, who issued an unqualified audit opinion. The Advisory Board acknowledged and approved the findings of the audit.

The Advisory Board reviewed the separate financial statements and the consolidated financial statements, including the complementary management reports, as well as the annual report of Landwirtschaftliche Rentenbank. The Advisory Board adopts the bank's separate financial statements for fiscal year 2007 and approves the consolidated financial statements and the complementary management reports for fiscal year 2007.

In accordance with the regulation that the guarantee reserve (Deckungsrücklage) may not exceed 5% of the amount of the outstanding covered bonds pursuant to Section 2 (3) of the Law Governing the Landwirtschaftliche Rentenbank, the Advisory Board resolved to remove € 40 015 149.76 from the guarantee reserve and to increase the principal reserve (Hauptrücklage) by the same amount.

From the net income for the year of € 42 000 000.-- as reported in the income statement of the financial statements, € 31 500 000.-- are made available for the principal reserve pursuant to Section 2 (2) of the Law Governing the Landwirtschaftliche Rentenbank.

Furthermore, the Advisory Board resolved from the net profit for the year of € 10 500 000.-- to provide € 5 250 000.-- to the Special-Purpose Fund and € 5 250 000.- - to the Promotional Fund (Section 9 (2) of the Law Governing the Landwirtschaftliche Rentenbank) for other measures to promote agriculture and rural areas in the public interest.

The Advisory Board has satisfied itself that the Board of Management and the Advisory Board have complied with the corporate governance principles of Landwirtschaftliche Rentenbank as amended on 29 March 2007.

Frankfurt am Main, April 3, 2008

THE ADVISORY BOARD
OF LANDWIRTSCHAFTLICHE RENTENBANK

Gerd Sonnleitner
(Chairman)

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