

Semi-Annual Report
as of
30th June, 2005



rentenbank

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

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1. Business Trends

The first half of Landwirtschaftliche Rentenbank's business year 2005 was marked by buoyant new business activity and a further improvement in earnings. In the first six months, new business in medium and long-term promotional lending was higher than in the same period last year. It was possible to increase both net interest income and operating result. Higher lending business, low administrative expenses as well as favourable conditions in the money and capital markets together with continuing high demand for highest quality issues contributed to this result. Two-thirds of the total anticipated requirement for medium and long-term issues of between € 8 to 10 billion for 2005 has already been placed in the first six months.

2. New Business

Promotional Lending: In the first half of 2005, promotional business including prolongations and interest rate adjustments amounted to € 7 billion (6.4). Growth momentum came from the special loans for specific promotional purposes and assistance measures as well as the noticeably increased demand for securitised lending. Increased new business in these promotional areas compensated for weaker demand in standard promotional loans for agriculture and rural areas. Prolongations and interest rate adjustments were also well above the previous half year's level.

Once again, demand for our special loans grew slightly in the first half of 2005. By the end of June 2005, we had approved special loans amounting to € 1,145.2 million (1,097.6), 4.3 % more than in the first half of the year 2004. Thereof, € 753.7 million (734.4) or 65.8 % (66.9) was allocated to agricultural businesses within the framework of the special loan programmes for agriculture and young farmers. An amount of € 286 million or 38 % was allocated for agricultural businesses for financing of renewable energies. With effect from 01.07.2005, we repackaged these loans together with other promotional loans for environmental protection, consumer protection and animal keeping improvement measures

as part of our newly introduced programme “Environmental Protection and Sustainability”.

In the first half of the current year, we were also able to increase new business in financing rural structural development. We approved € 320 million (287.3) for this purpose, 11.4 % more than in the first half of 2004. As in the previous year, new business in our special loan programme for village renewal was affected by a high demand for financing of photovoltaic systems. Within this programme, we approved € 71.5 million (75.9) in total by the end of June, € 32.5 million of which accounted for financing in the area of renewable energies.

In addition to our special loans for specific promotional purposes and assistance measures, we also offer standard promotional loans for agriculture and rural areas. In this promotional area, we approved loans for an amount of € 1,826.6 million (2,633.9) by the end of June, a decrease of almost 30 % compared to the same period of the previous year. Pro-longations and interest rate adjustments relating to medium and long-term lending amounting to € 1,478.9 million (1,371.5) increased by 7.8 % compared to the previous half year’s level. Interest rate

adjustments with maturities of more than one year amounted to € 69.6 million. New business in securitised lending grew substantially in the first half of 2005 and was doubled to an amount of € 2,554.9 million (1,257.4).

New Issues: Rentenbank plans to raise € 8 to 10 billion of medium and long-term funding in 2005. With € 6.8 billion (5.3), the bank has already been able to issue approximately two-thirds of this volume in the first half year. The figure includes all transactions with maturities and non-call periods of more than two years. € 3.9 billion (2.9) thereof were drawn from the Euro Medium Term Note Programme (EMTN). The second most important refinancing instrument in this maturity bracket were issues registered with the U.S. Securities and Exchange Commission (SEC), which contributed € 1.7 billion (0.8). With a volume of € 0.9 billion (1.1) issues within the framework of our Australian Dollar Domestic Medium Term Note Programme (AUD-MTN) took third place. The US dollar was the most important currency taking a share of 42.7 %, followed by the euro with 25.2 % and the Australian dollar with 15.5 %. Interest rate risks and currency risks have been hedged by financial derivatives, primarily swaps.

Within the bank's short-term funding in particular the issuance of money-market transactions with maturities and non-call periods of up to one year increased, reaching € 9.7 billion (7.9) as at the end of June. 89.9 % or € 8.8 billion (7.4) thereof were issued under the Euro Commercial Paper Programme (ECP). Money-market related refinancing with maturities between one and two years slightly increased to € 2.2 billion (2.1). Total overall funding for the first half of the year amounted to € 18.7 billion (15.3).

3. Balance Sheet

At the end of June 2005, total assets reached € 87.6 billion (80.3). Compared to the level reported at the end of June 2004, this represents an increase of € 7.3 billion or 9.1 %. In accordance with the bank's particular business structure, amounts due from banks make up the largest item on the asset side of the balance sheet. This item increased by € 4.2 billion or 6.8 % to € 66.2 billion (62) by the end of June compared to 30.06.2004. Due to the strong increase in securitised lending, the securities portfolio grew to € 19.7 billion (16.8).

Due to buoyant issuing business in the first half of 2005, securitised liabilities increased by € 10.1 billion to € 58.5 billion (48.4) compared to the first six months of 2004. Liabilities to banks amounted to € 21.8 billion (24.3) at the end of June.

Total capital in the balance sheet (including subordinated liabilities) was reported at € 2,556 million (2,379.1) at 30.06.2005, 7.4 % higher than at the end of the first half of 2004.

4. Profit and Loss Account

Earnings continued to develop favourably in the first half of 2005. Net interest and commission income totalled € 109.9 million (107.5), exceeding the level reached in the first half of 2004 by 2.2 %. Administrative expenses, amounting to € 18.7 million (17.4), increased by € 1.3 million, 7.5 % above the previous year's level. The cost-income ratio also increased slightly, but still remains at a very low level of 17 % (16.1). Operating result before risk provisions and net valuation adjustments was increased to € 91.5 million (90.6) in the first half year.

5. Outlook

Throughout the coming months the favourable performance in earnings should continue. For the current year, we are therefore confident that we will once again achieve the good results of the business year 2004. By this means the conditions for increased promotional activities remain favourable. Taking into account the volume of business transactions concluded since the beginning of the year, we expect that our medium and long-term promotional lending increases in line with demand throughout the remaining year.

| New business | 30.06.05 in € m | 30.06.04 in € m | Change in % |
|---|--------------------|--------------------|----------------|
| <u>Promotional business</u> | | | |
| (medium and long-term) | 7,018 | 6,369 | 10.2 |
| thereof: Special loans | 1,145 | 1,098 | 4.3 |
| Other promotional loans incl. Special Purpose Fund | 13 | 8 | 62.5 |
| Standard promotional loans | 1,827 | 2,634 | -30.6 |
| Prolongations | 1,479 | 1,372 | 7.8 |
| Securitised lending | 2,555 | 1,257 | 103.3 |
| <u>Issuing business</u> | | | |
| thereof: Medium and long-term | 6,815 | 5,292 | 28.8 |
| Money-market related | 2,183 | 2,108 | 3.6 |
| Short-term | 9,737 | 7,865 | 23.8 |

| Selected Balance Sheet Items | 30.06.05 in € bn | 30.06.04 in € bn | Change in % |
|-------------------------------------|---------------------|---------------------|----------------|
| Total assets | 87.6 | 80.3 | 9.1 |
| Due from banks | 66.2 | 62.0 | 6.8 |
| Securities portfolio | 19.7 | 16.8 | 17.3 |
| Liabilities to banks | 21.8 | 24.3 | -10.3 |
| Securitised liabilities | 58.5 | 48.4 | 20.9 |

| | in € m | in € m | Change in % |
|--|--------|--------|----------------|
| Total capital in the balance sheet (including subordinated liabilities) | 2,556 | 2,379 | 7.4 |

| Profit and Loss Account | 30.06.05 in € m | 30.06.04 in € m | Change in % | |
|--|--------------------|--------------------|-------------------------|---|
| | | | compared to 30.06.04 | compared to 6/12ths of the 2004 figure |
| Net interest and commission income | 109.9 | 107.5 | 2.2 | 5.2 |
| Administrative expenses | 18.7 | 17.4 | 7.5 | 0.0 |
| Operating result (before risk provisions and net valuation adjustments) | 91.5 | 90.6 | 1.0 | 6.1 |

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