Half-Yearly Report

as of

30th June, 2008

rentenbank

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

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Half-yearly report as of June 30th, 2008

Business trend

The business trend of Landwirtschaftliche Rentenbank in the first half of 2008 was characterized by buoyant new business activity and a further improvement in financial performance. Once again, we were able to grant more loans for the agricultural sector and rural areas compared to the first six months of the previous year. We also increased both the net interest income and the operating result due to higher lending volumes, low administrative expenses and the still favorable refinancing possibilities of our bank on the international money and capital markets. The demand for issues of top credit quality remained on a high level. The total funding requirement for the full year 2008 in the medium and long-term issue business is expected to amount to €11 billion; more than two-thirds of this volume has already been placed in the first half of 2008.

Economic environment

The first half of 2008 was characterized by better-than-expected economic momentum worldwide, but also by a continued increase in inflation rates and higher interest rates. Fears of a possible recession in the U.S. have not yet materialized. The euro zone economy also grew better than originally expected. The increase in energy and raw material prices continued.

In the current year, the U.S. Federal Reserve cut its key rate in several moves to 2.0% against the backdrop of continued uncertainty around the economic trend and in view of the persistent crisis on the financial markets. In contrast to this, the European Central Bank (ECB) initially left its main refinancing rate unchanged in the first half of 2008. However, at the beginning of July, the ECB addressed increasing price inflation by raising its main refinancing rate to 4.25%. Although long-term interest rates increased as well, the euro zone experienced inverse interest rate curves in certain areas.

In fiscal year 2007/2008, the agricultural sector continued its positive earnings trend. However, at the end of the first half, farmers held an unfavorable view of both their current economic situation and their future prospects due to the increase in costs for animal feed, energy and fertilizers as well as reductions in producer's prices in some sectors. As a result, the business climate was characterized by somewhat more restrained investment intentions than in the previous surveys.

New business

Promotional business: Our new promotional business volume, including renewals and interest rate adjustments, totaled €13.4 billion in the first six months of the current year (H1 2007: €8.9 billion). All promotional business segments contributed to this increase in new business volume. Demand grew at double-digit rates compared to the first half of 2007 with respect to special loans for specific promotional purposes in the agricultural sector and rural areas as well as standard promotional loans and securitized lending. Renewals and interest rate adjustments also exceeded the prior-year level to a considerable degree.

Against the backdrop of the positive earnings trend in the agricultural sector, demand for special loans in the first half of 2008 grew by one-third compared to the corresponding period in the prior year in spite of the higher interest rate level. By the end of June, we had granted new special loans in a total amount of €1 970.3 million (H1 2007: €1 456.4 million), with a particular increase in loans granted for the refinancing of promotional activities of regional federal state promotional banks (*Landesförderinstitute*). High growth rates were once again achieved with respect to financings of farm buildings and purchases of land. The volume of promotional loans granted for rural development also exceeded the comparative prior-year level to a considerable degree. The promotion of infrastructure measures within the framework of our special “Regional Structural Measures” loan program grew at a lower rate than in the first six months of the previous year. The “Renewable Energies” area saw the first increase in demand for financing for photovoltaic installations since 2005. However, the increase in the photovoltaic

segment could not compensate for the decline in financing for biogas plants. Our loans for liquidity assistance were also in high demand in the first half of 2008. In this context, our loans providing for a repayment option prior to expiry of the fixed-interest term, which we introduced at the end of 2007, became popular among farmers.

In addition to our special loans for specific promotional purposes and assistance measures, we also grant standard promotional loans for the agricultural sector and rural areas. In this promotional segment, we had granted new loans of €3 664.7 million (H1 2007: €2 817.1 million) as of the end of June 2008. Renewals and interest rate adjustments in connection with medium and long-term loan agreements climbed to €4 164.2 million (H1 2007: €2 440.2 million), of which €133.2 million related to interest rate adjustments with a term of more than one year. New business in securitized lending amounted to €3 579.0 million (H1 2007: €2 160.8 million).

New issues: In the first half of the year, €7.9 billion (H1 2007: €8.3 billion) of the expected total funding requirement for 2008 of €11 billion for medium and long-term maturities had already been raised. The Euro Medium Term Note (EMTN) program accounted for €5.3 billion (H1 2007: €5.4 billion). With an issue volume of €2.0 billion (H1 2007: €2.0 billion), global bonds registered with the U.S. Securities and Exchange Commission (SEC) represented the second most important refinancing instrument in this maturity range. Issues under our Australian Dollar Medium Term Note (AUD-MTN) program amounted to €0.3 billion (H1 2007: €0.5 billion), thus

remaining in third place. The U.S. dollar continued to be the most important issue currency with a share of 53.9%, followed by the euro with a share of 15.9%.

The volume of short-term funding of up to two years amounted to €0.9 billion (H1 2007: €3.8 billion). The total issue volume in the first half of 2008 came to €8.8 billion (H1 2007: €12.1 billion). These figures do not include funds drawn from the Euro Commercial Paper (ECP) program. The outstanding volume of the ECP program increased from €10.6 billion at the end of 2007 to €13.3 billion on June 30, 2008.

Risk strategy: Rentenbank has no exposure with respect to structured credit products or credit derivatives. Currency risks or structured market price risks are hedged through derivatives if these risks are part of the lending or issuing business. Market price risks in the area of fixed or floating interest rate positions in euros are only entered into subject to strict limits and are continuously monitored. Derivatives are generally used only for hedging purposes.

It is of key significance for Landwirtschaftliche Rentenbank to achieve a total margin composed of the spreads from the lending business and our refinancing opportunities on the money and capital markets. Hence, we place special emphasis on the constant monitoring and control of credit and counterparty risks.

The bank's liquidity risk is strictly limited and is continuously monitored, too. In efficient markets, liquidity is secured with the

refinancing opportunities on the money and capital markets. In case of market disruptions, liquidity is ensured with a sufficiently large portfolio of securities eligible for repo transactions with the Bundesbank.

Unconsolidated financial statements in accordance with the German Commercial Code (HGB)

Balance sheet: Unless another reporting date is indicated, the comments on the balance sheet for the six months ended June 30, 2008 are comparing the current figures with the balance sheet for the fiscal year ended December 31, 2007. The figures for the end of fiscal year 2007 are set forth in brackets. Total assets amounted to €95.9 billion (€88.8 billion) as of June 30, 2008, up 8.0% compared to the amount reported at the end of 2007. Total assets declined by 7.9% against the figure reported in the balance sheet as of June 30, 2007 (€104.1 billion). This decrease is a result of a more defensive money market business.

In accordance with the provisions of the Rentenbank Law and Statutes, 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 €65.3 billion (€61.1 billion), which represents a share of 68.1% in total assets. Loans and advances to customers decreased to €1.1 billion (€1.6 billion) due to the decline of amounts payable on demand. The securities portfolio, which almost exclusively comprises bonds and notes of European banks, increased by €3.5 billion to €29.4 billion (€25.9 billion).

On the liability side of the balance sheet, liabilities to banks grew by €4.6 billion to €16.3 billion (€11.7 billion) as a result of the increase in the volume of overnight and term deposits. Liabilities to customers amounted to €3.8 billion as of June 30, 2008 (€3.8 billion). Once again, securitized liabilities were increasingly used for refinancing

purposes in the first half of 2008. Due to strong issuance activity in the first half of 2008, securitized liabilities grew by €2.4 billion to €72.4 billion (€70.0 billion). The increase in this balance sheet item is exclusively the result of the increased Commercial Paper volume of approx. €13.1 billion (€10.5 billion).

Total capital is reported at €2 896.2 million (€2 901.3 million). Equity (including the fund covering general banking risks and excluding the interim net income reported for the period ended on June 30, 2008) comprises the following items:

€ million	30.06.2008
Capital stock	135
Retained earnings	687
Fund covering general banking risks	1 057
Total	**1 879**

Subordinated liabilities decreased by €5 million to €1 017 million (€1 022 million) on a net basis. Of the subordinated liabilities, €830 million (€885 million) can be classified as equity pursuant to Section 10 (2b) Sentence 1 No. 5 of the German Banking Act (*Kreditwesen-gesetz*, KWG).

Both the total capital ratio of 15.2% (16.5%, based on Principle I *[Grundsatz I]* of the German Banking Act) and the core capital ratio of 10.1% (10.6%, Principle I), calculated in accordance with the German Solvency Regulation (Solvabilitätsverordnung), were higher than the regulatory minimum requirements.

Condensed Balance Sheet (HGB)

Essential assets	30.06.2008 € million	31.12.2007 € million
Loans and advances to banks	65 291	61 112
Loans and advances to customers	1 121	1 580
Debt securities and other fixed-income securities	29 364	25 872
All other assets	170	250
Total assets	**95 946**	**88 814**

Essential liabilities	30.06.2008 € million	31.12.2007 € million
Liabilities to banks	16 278	11 672
Liabilities to customers	3 842	3 758
Securitized liabilities	72 426	70 010
Subordinated liabilities	1 017	1 022
Fund covering general banking risks	1 057	1 057
Equity	850	833
All other liabilities	476	462
Total liabilities	**95 946**	**88 814**

Income statement: All comparative figures included in the comments on the income statement for the first half of 2008 refer to the figures for the first half of 2007 and set forth in brackets.

The bank's financial performance continued to improve in the first half of 2008. Interest income, including current income from shares and other non-fixed-income securities and equity investments, reached €2 149.6 million (€2 093.8 million). After deducting interest expenses of €1 985.8 million (1 975.9 million), net interest income came to €163.8 million (€117.9 million).

Net interest income for all segments – Treasury Management, Promotional Business, and Capital Investment – exceeded the

respective levels achieved in the first six months of the previous year. The Treasury Management segment shows the interest income generated from the liquidity supply and management. This segment's contribution to earnings tripled in the reporting period to €46.2 million (€14.1 million). The net interest result of the Promotional Business segment, which comprises the net interest income related to promotional loan activities, improved by 13.5% to €74.7 million (€65.8 million). The Capital Investment segment, which includes, for segment reporting purposes, net interest income from investment of the bank's own funds, increased its earnings contribution by 12.9% to €42.9 million (€38.0 million).

Compared to the first six months of the previous year, general administrative expenses, including depreciation and depreciations on property and equipment, increased by €3.7 million to €20.9 million (€17.2 million). Personnel expenses increased by 26.6% to €13.8 million especially due to higher expenses for pension provisions, while other administration expenses grew by 10.5% to €6.3 million following capital spending - especially in the IT area - necessary due to regulatory requirements. The cost/income ratio improved compared to the first half of 2007 from 14.5% to 12.7%.

The operating result before risk provisioning and valuation adjustments increased in the first half of 2008 by 41.9% to €144.0 million (€101.5 million).

Amortization and write-downs of loans and advances and securities, as well as additions to provisions for possible loan losses, have

been recognized in sufficient amounts and take into account all identifiable risks. The measurement result is primarily characterized by provisions for the promotional business and from measuring our securities portfolio at the lower of cost or market principle (*Niederstwertprinzip*).

After taking into account income taxes of €0.0 million (€0.0 million), interim net income reported for the period ended June 30, 2008 amounts to €27.9 million (€65.6 million).

Condensed income statement (HGB)

	01.01.-30.06. 2008 € million	01.01.-30.06. 2007 € million
Interest income	2 149.6	2 093.8
Current income	0.0	0.0
Interest expenses	1 985.8	1 975.9
Net interest income	163.8	117.9
Net commission income	-0.3	-0.2
General administrative expenses	20.1	16.6
Depreciation, amortization and write-downs of intangible and tangible fixed assets	0.8	0.6
Net other operating income	1.4	1.0
Operating result before risk provisioning and valuation adjustments	**144.0**	**101.5**
Expenses for specific securities and loans and advances	116.1	35.9
Taxes on income	0.0	0.0
Interim net income	**27.9**	**65.6**

Consolidated financial statements in accordance with IFRS

At €147.2 million as of June 30, 2008, net interest income before provision for loan losses/promotional contribution reported in the consolidated financial statements in accordance with IFRS also significantly exceeded the prior-year level of €102.6 million. The increase was mainly attributable to the improvement of the margins generated from new business. The group's operating result before profit or loss from fair value measurement and hedge accounting came to €110.4 million in the first six months, up 46.6% from the prior-year level of €75.3 million. This lower level compared to the result reported in accordance with HGB is primarily attributable to the fact that the promotional contribution of special loan programs is already taken into account in the calculation of net interest income under IFRS, while under HGB it is taken into account only after the determination of the operating result. The result from fair value measurement and hedge accounting for the first half of 2008 shows a value adjustment leading to a reduction in the amount of €123.8 million. This reduction is due to the fact that the measurement of liabilities and assets in accordance with IFRS is more strongly geared toward market value than measurement under HGB. The result of the impairment test showed that no defaults or non-performance events have occurred or are expected to occur with respect to the lending business or to securities. As we basically hold all transactions until final maturity, we assume, that the measurement-based corrections are of a temporary nature, which will be reversed with a positive effect on earnings, at the latest upon maturity of the transactions.

Consolidated financial statements (IFRS)

Extract from the balance sheet	30.06.2008	31.12.2007
	€ billion	€ billion
Total assets	95.5	88.7
Loans and advances to banks	64.4	60.2
Financial investments	29.2	26.0
Liabilities to banks	15.6	11.1
Securitized liabilities	65.7	64.9

Extract from the consolidated income statement	01.01.-30.06.2008	01.01.-30.06.2007
	€ million	€ million
Net interest income before provision for loan losses/promotional contribution	147.2	102.6
Provision for loan losses/promotional contribution	18.5	11.7
Administrative expenses	20.2	17.7
Operating result before profit and loss from fair value measurement and hedge accounting	110.4	75.3
Result from fair value measurement and from hedge accounting	-123.8	29.8
Group's net income for the year	-13.6	104.8

Outlook

The positive earnings trend is expected to continue over the coming months. In view of the economic downswing and the concurrent slightly more restrictive monetary policy of the European Central Bank, we will not be able to continue the high growth achieved in the first half of 2008 at the same rate. This applies to both operating result and new business development. However, we are confident that we will exceed the very good operating result achieved in fiscal year 2007 in the current year. Against the backdrop of these favorable conditions, we will be able to continue our promotional business activities on a high level in line with the demand trend.

The half-yearly financial report can be found on our website at:
www.rentenbank.de/e/Bank/Publikationen.html

Forward-Looking Statements

This half-yearly report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of Rentenbank's management and currently available information. Such statements include, in particular, statements about our plans, strategies and prospects. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Except as required by law, Rentenbank does not have any intention or obligation to update publicly any forward-looking statements after they are made, whether as a result of new information, future events or otherwise.

New Business		30.06.2008 € million	30.06.2007 € million	Change in %
Promotional business (medium and long-term)		13 378.2	8 874.5	50.7
thereof:	Special loans incl. Special Purpose Fund	1 970.3	1 456.4	35,3
	Standard promotional loans	3 664.7	2 817.1	30,1
	Renewals	4 164.2	2 440.2	70,6
	Securitized lending	3 579.0	2 160.8	65,6
Issuing business (medium and long-term)		7 873.5	8 313.4	-5.3

Selected Balance Sheet Items (in accordance with HGB)	30.06.2008 € billion	30.06.2007 € billion	31.12.2007 € billion
Total assets	95.9	104.1	88.8
Loans and advances to banks	65.3	79.4	61.1
Debt securities and other fixed-income securities	29.4	23.8	25.9
Liabilities to banks	16.3	24.0	11.7
Securitized liabilities	72.4	72.0	70.0
	€ million	€ million	€ million
Total capital (including subordinated liabilities)	2 896.2	2 800.2	2 901.3

Extract from the Income Statement (in accordance with HGB)	01.01.-30.06.2008 € million	01.01.-30.06.2007 € million	01.01.-31.12.2007 € million
Net interest income	163.8	117.9	238.7
General administrative expenses	20.1	16.6	37.6
Operating result before risk provisioning and valuation adjustments	144.0	101.5	201.2
Cost-income ratio	12.7 %	14.5 %	16.3 %

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