Landwirtschaftliche Rentenbank

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+
Support Rating	1
Support Rating Floor	AAA

Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Foreign-Currency Long-Term Rating	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Landwirtschaftliche Rentenbank

(IFRS)	31 Dec 15	31 Dec 14
Total assets (EURm)	93,293	88,846
Total equity (EURm)	3,686	3,307
Operating profit (EURm)	446	62
Operating ROAA (%)	0.5	0.1
Operating ROAE (%)	12.8	1.9
Fitch Core Capital (FCC)/ risk-weighted assets (%)	23.3	18.4

Related Research

Fitch Affirms Six German Development Banks at 'AAA' (March 2016)

Fitch Affirms Germany at 'AAA' (April 2016)

Germany - September 2016 Global Economic Outlook Forecast (October 2016)

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Key Rating Drivers

Support-Driven Ratings: Landwirtschaftliche Rentenbank's ratings are based on support from Germany (AAA/Stable). Rentenbank benefits from the institutional liability (Anstaltslast) from the German state, which ensures its continuation as an economic entity. All the bank's liabilities are also covered by a direct, explicit and unconditional guarantee from Germany that came into effect on 1 January 2014.

No VR Assigned: Fitch Ratings does not assign a Viability Rating (VR) to Rentenbank because the bank's business model is entirely dependent on the support of its state guarantor, and its policy role limits managerial and strategic flexibility.

Support Unaffected by European Resolution Regime: Fitch views state support for Rentenbank as unaffected by the implementation of the EU's Bank Recovery and Resolution Directive or the Single Resolution Mechanism. This is because Rentenbank is only engaged in non-competitive activity. Its policy role and guarantee structure have been reviewed by the European Commission. According to Rentenbank's governing law, no insolvency proceedings may be applied to the bank and it can only be dissolved by law.

Business Model Set by Governing Law: Rentenbank was established in 1949 with the mandate to support the development of the agricultural sector and rural areas. The bank's permissible activities are specified in its governing laws. Its main task is to grant low-interest-rate loans to agriculture-related firms via their local banks. Any significant change to the bank's activities would require an amendment of the governing law, which could put its state support at risk. This makes a material change to the bank's business model highly unlikely.

Asset Quality Reflects Bank Exposure: Rentenbank's non-performing loans (NPLs) are immaterial despite falling agricultural commodity prices and challenging operating conditions for many agriculture-related businesses. This is because it extends promotional loans primarily through the borrowers' banks and retains no risk of default of the ultimate borrowers. Loans to banks – mostly public-sector and cooperative banks – represent about 60% of total assets. The remaining assets mainly comprise bank bonds and municipal loans.

Funding Benefits from State Guarantee: Rentenbank is primarily wholesale-funded. Non-bank deposits are low and accepted only in relation to promotional business. The bank enjoys strong capital market access and beneficial refinancing conditions due to the explicit guarantee for its liabilities and their regulatory zero risk-weight. The German regulator has confirmed that credit risks of Rentenbank's bonds are equal to those resulting from an investment in comparable bonds issued by Germany.

Satisfactory Performance, Strong Capitalisation: Although profit maximisation is not one of Rentenbank's business objectives, its performance and efficiency have been satisfactory, underpinned by low funding cost, good cost-efficiency and minimal impairment charges. However, profits reported under IFRS are volatile due to sizeable swings in unrealised fair value and hedge accounting results. The Tier 1 capital ratio increased to a strong 22.7% at end-1H16.

Rating Sensitivities

Sovereign Rating and Support Arrangements: Rentenbank's ratings are directly linked to those of Germany. They would be directly affected by a downgrade of the sovereign. The bank's ratings are also sensitive to changes in the terms of the state guarantee.

Support

- Policy role and explicit support commitments of the German government drive the ratings
- Support commitments are extended in two forms: the state's institutional liability (Anstaltslast) and direct explicit and unconditional guarantee, covering the obligations of the bank
- Changes to support arrangements or the bank's business model are unlikely
- Rentenbank's governing law excludes a possibility of insolvency proceedings with regard to the bank

IDRs Based on Explicit Support from Germany

Rentenbank does not have any shareholders. Its equity capital was provided by the agricultural and forestry sectors in the post-war years. The paid-in capital is not associated with ownership or control rights and its structure is comparable with that of an endowment fund. The bank's Issuer Default Ratings (IDRs) reflect its policy role and the explicit support commitment of the German government provided through two formal support arrangements, which allow the bank a strong access to low-cost funding through the capital markets. The benefits of low funding costs are passed on to borrowers in line with the bank's promotional mandate.

The German state has an institutional liability, known as Anstaltslast, that obliges the state to ensure the continued operation of the bank in the event of financial difficulties. In addition, all liabilities of the bank are covered by a direct explicit and unconditional guarantee from Germany that came into effect on 1 January 2014. The guarantee is stipulated in the Rentenbank's governing law and ensures the compliance with the EU Capital Requirements Regulation (CRR) regarding the zero risk-weighting of the bank's debt instruments. With respect to the guarantee and with the reference to the CRR, the German regulator has confirmed that it views the credit risks of Rentenbank's bonds as equal to those associated with an investment in comparable bonds issued by the German state.

Fitch believes that the nature of the state support for Rentenbank is unlikely to change materially in the medium term due to the bank's policy role and strategic importance for the development of the agricultural sector and rural areas. The support structure is agreed with the EU, as long as the bank's activities are limited to non-competitive promotional business. This also makes significant changes to the bank's business models unlikely.

Debt Ratings

Fitch rates subordinated debt instruments issued by Rentenbank at 'AAA', the same level as senior debt ratings. We believe that the support mechanisms provide the same protection to senior and subordinated debt instruments.

Operating Environment

- Assets are dominated by exposures to local banks
- The generally benign operating environment in Germany supports asset quality of the domestic banks
- Falling prices of agricultural commodities weaken the performance of the farming sector
- Difficult conditions in the agribusiness negatively affect farmers' investment activities

Domestically Focused Business Model

About 70% of Rentenbank's assets are loans to German banks or municipal entities. The bank's access to and costs of funding are reliant on the support commitments and the sovereign rating of Germany. In view of this, the macroeconomic conditions in Germany are relevant for the bank. However, their impact has largely been limited to the volume of promotional lending, which is driven by the investment climate in agriculture and rural areas. There is no evidence of an impact of macro conditions on the bank's net interest income, NPL ratios or other typical performance indicators and we do not expect that to change.

The operating environment in Germany is benign. The domestic banks' sound asset quality is supported by unemployment rates at a post-reunification low, still healthy property markets and low corporate insolvencies. Fitch expects sound domestic economic fundamentals, low interest rates and energy prices to continue to support growth. However, subdued global demand trends may have an adverse impact on the export-oriented German SME sector. An additional source of risk are the consequences of the Brexit vote, which cannot be fully assessed yet but are likely to weigh on the EU economies, mainly due to lower exports to the UK. Fitch forecasts GDP growth of 1.7% in 2016, followed by 1.4% in 2017 and 2018.

As a development bank with the mandate to promote agricultural business Rentenbank is affected by the sector trends. The sentiment in the agricultural industry has deteriorated due to declining prices of certain agricultural commodities, particularly grain, dairy and pork. Lower demand from export markets, competition and market adjustments following the removal of the milk quota have contributed to the price decline.

Related Criteria

Global Bank Rating Criteria (July 2016)

Due to the indirect lending via local banks, which bear the default risks of the ultimate borrowers, the challenging conditions in agribusiness do not directly affect Rentenbank's asset quality. However, they affect the investment plans of the agricultural firms and their demand for promotional loans. In 1H16, the volume of new agricultural promotional loans and commitments fell. Demand for liquidity assistance loans remained high, driven by cash-flow problems many farmers face due to low prices.

- Well-developed and effectively supervised domestic banking sector
- Development banks strategically important and deeply entrenched in the domestic financial system
- Continuing demand for promotional match-funded long-term lending to the capital-intensive agricultural industry expected

Developed Banking Sector

The German domestic banking sector is well-developed and effectively supervised. Fitch expects a stable performance of Germany's banking sector, supported by low loan impairment charges, excluding banks with large exposures to shipping, and sound funding and liquidity. However, the loose monetary policy of the ECB, in combination with strong competition, continues to hamper banks' revenue generation. Increasing regulatory costs exacerbate the effects of margin compression on banks' profitability.

Germany's development banks are strategically important for the German economy and deeply entrenched in the domestic financial system. The aggregated balance sheet of German development banks represents almost 12% of banking sector assets. We believe these banks, and specifically Rentenbank, will remain an important part of the system. This is because, in light of the tightening of regulatory requirements, we expect a continuing demand for promotional match-funded long-term lending to the capital-intensive agricultural industry.

- Rentenbank is supervised by the ECB as well as the Federal Ministry of Food and Agriculture (in coordination with the Federal Ministry of Finance)
- Rentenbank cannot be subject to insolvency proceedings; it may only be dissolved by law

Regulatory Supervision

Rentenbank is supervised by the ECB and is subject to the Supervisory Review and Evaluation Process (SREP). In addition, according to its governing laws, the bank is subject to the supervision by the Federal Ministry of Food and Agriculture, which carries out its supervisory functions in coordination with the Federal Ministry of Finance.

Rentenbank Largely Unaffected by Resolution Legislation

Rentenbank is subject to the German Recovery and Resolution Act (SAG) and has established a recovery plan pursuant to the SAG's requirement. However, according to its governing law, Rentenbank cannot be subject to insolvency proceedings. It may only be dissolved by law. Accordingly, provisions regarding subordination of certain unsecured debt instruments to other senior unsecured liabilities in case of insolvency do not apply to the bank.

Company Profile

- Narrowly defined business model as a result of the policy mandate anchored in the governing law

Business Model Determined by the Policy Mandate

Rentenbank is a Frankfurt-based public law institution established in 1949. It is one of two German development banks that operate on a national level and benefit from the guarantee from the federal government. The bank's governing law narrowly specifies its mandate as a development institution, whose role is to promote the agricultural sector and rural areas. The promotional activities are mainly carried out in the form of financing agricultural companies, the associated upstream or downstream industries, development of rural infrastructure, renewable energy and agriculture-related environmental projects. The legal framework stipulates that promotional lending shall be generally performed via local banks in a competitively neutral way. This indirect lending approach has a strong positive impact on Rentenbank's risk profile.

Management and Strategy

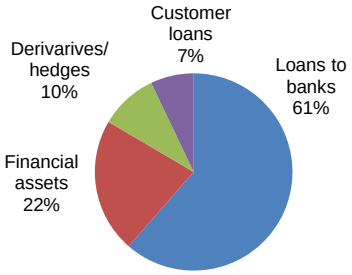
- Governing law and statutes define strategic objectives and governance structure

Mandate and Structure of Management Bodies Outlined in the Legal Framework

Rentenbank's governing law and statutes outline the structure and responsibilities of the bank's corporate governance, its strategic objectives and permissible activities. Its board of managing directors consists of three members, who have a high degree of professional experience. The speaker of the board has been in the service of the bank for 20 years.

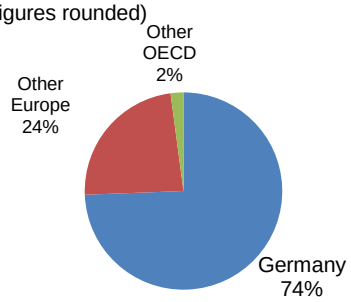
- Credit risk exposure is largely limited to the financial institutions
- Market risks are actively hedged. Derivative transactions are entered into for hedging purposes

Credit Exposure by Asset Type at End-2015
(Figures rounded)



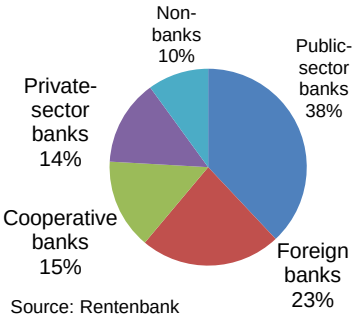
Source: Rentenbank

Credit Exposure by Region at End-2015
(Figures rounded)



Source: Rentenbank

Credit Exposure by Counter-Party Type at End-2015
(Figures rounded)



Source: Rentenbank

The supervisory board mainly comprises the representatives of the German agricultural and food sectors as well as federal and regional ministries, but also comprises three experts representing the private, public and co-operative pillars of the banking sector. It is mandated to ensure that Rentenbank's management and business activities are in line with its governing law. The board's mandate also includes decisions about general credit strategy guidelines and corporate governance principles. A risk committee comprising the representatives of the federal ministries, banking and agricultural sectors, advises the board on Rentenbank's current and future risk appetite and strategy. Rentenbank adheres to the German Public Corporate Governance Code.

Risk Appetite

Credit Risk Exposure Mainly to Banks

Banks, mainly domiciled in Germany, act as Rentenbank's direct counterparties in the promotional business. In addition, promotional loans may be granted to other EU- or Norway-based banks and the German federal states. Default risks of the ultimate borrowers are borne by their banks, so that the credit risk exposure of Rentenbank is largely limited to the financial institutions. Risks to the corporate borrowers may be assumed as part of the bank's direct lending. However, Rentenbank has had no new business in this area for several years and the outstanding exposure is immaterial.

Rentenbank holds securities for liquidity management purposes. In accordance with its risk strategy, the bank does not invest in structured securities, including asset-backed securities and collateralised debt obligations. The risk strategy also defines the framework for the bank's risk appetite by setting the risk limits.

Market Risk Actively Hedged

Rentenbank is a non-trading book bank as defined by the CRR. It holds no investments for trading purposes. A relatively large portfolio of derivative instruments is used only for market risk hedges. Interest-rate risks are managed using micro and macro hedges. The management defines limits for open interest-rate risk positions. Compliance with limits is monitored on a daily basis. Foreign-exchange risks arise primarily from the bank's large foreign-currency-denominated liabilities. However, this risk is nearly fully hedged using cross-currency swaps.

The bank's fair-value reporting and hedge accounting are important drivers of volatility in reported earnings. However, fair-value fluctuations generally remain unrealised, as long as the bank adheres to its buy-and-hold investment strategy and counterparties do not default. The risks resulting from the latter are reduced by netting and collateral agreements.

Financial Profile

Asset Quality

Limited Default Risks

Rentenbank's asset quality is robust with low NPLs given the predominant exposure to domestic banks, most of which is rated above the 'A' range. The public-sector and cooperative banks represent over 80% of bank loans.

Customer loans mainly comprise receivables from the German federal states. Counterparties in derivatives transactions with positive fair values are mainly investment-grade-rated foreign banks. Credit risks associated with these transactions are limited by netting and collateral agreements. Rentenbank's investment portfolio is dominated by bonds issued by highly rated, primarily foreign banks. It serves primarily the liquidity management purposes. The bank does not invest in structured products.

Manageable Exposure to the Eurozone Periphery

The liquidity portfolio includes investments in bonds of sovereigns and banks from peripheral eurozone countries. This exposure is subject to close monitoring. Although gross exposure is

material, about 75% hereof is covered by collateral, which in our view mitigates the related risks.

Exposure to Peripheral Eurozone Countries

(EURm)	Italy	Portugal	Spain	Total	
Government bonds	319.6	79.9	93.2	492.7	
Bank bonds	448.4	94.2	1,381.8	1,924.4	
Derivatives	-	-	4.7	4.7	
Gross exposure	768.0	174.1	1479.7	2,421.8	(66% of FCC)
Collateral	377.6	94.2	1381.7	1,853.5	
Net exposure	390.4	79.9	98.0	568.3	(15% of FCC)

Source: Rentenbank, Fitch

Earnings and Profitability

IFRS

(%, rounded)	2015	2014	2013	2012
Net interest income/average earning assets	0.4	0.4	0.4	0.4
Operating profit/average total assets	0.5	0.1	0.6	0.3
Operating profit/risk-weighted assets	2.8	0.4	3.9	1.9

Source: Rentenbank, Fitch

Sufficient Earnings Needed to Retain a Long-Term Business Capacity

Although profit maximisation is not one of Rentenbank's primary business goals, the bank views sufficient earnings generation as a way to maintain its long-term capacity to carry out promotional activities without reliance on state subsidies.

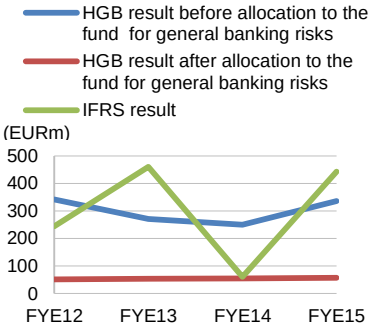
- Sufficient earnings generation is needed to maintain bank's long-term capacity to fulfil its promotional mandate without state subsidies
- Net interest margin is below that of commercial banks
- Moderate operating costs and very low risk costs support the results

Net interest income is Rentenbank's main recurring revenue source. In 2015, it remained largely stable. About 58% of net interest revenues were attributable to promotional business, with the rest going to capital investments and treasury management. Given the business model, the bank's net interest margin lags notably behind those of its commercial bank peers. Although the bank's funding costs are at a historically low level, the benefits of the low costs are partly passed on through reduced lending rates. Additional expenses, not captured in net interest income, arise from the bank's provisions for promotional contributions in a net amount of about EUR15m for 2015 (the difference between expenses of EUR82m and income of EUR67m from the utilisation of promotional contributions). They reflect the amortisation of interest-rate reductions over the term of a special promotional loan.

The low net interest margin underpins the importance of good cost control. The main cost components are personnel, IT and consulting expenses. Similar to its peers, Rentenbank expects increasing regulatory requirements to continue to drive the cost base. However, the bank's efficiency metrics remain strong, supported by the lack of a branch network or marketing. Much of the administrative burden related to negotiation or servicing loans to ultimate borrowers is assumed by Rentenbank's counterparties. Low loan impairment charges further underpin the bank's profitability.

- Swings in fair value and hedge accounting results drive the volatility of IFRS-profits

Results under IFRS vs. Local GAAP: Effect of Valuation



Source: Rentenbank, Fitch

IFRS Valuation Results Drive Bottom-Line Volatility

Profits reported under IFRS have historically been volatile due to large swings in fair value and hedge accounting results. Interest- and exchange-rate fluctuations do not significantly affect the valuation, because they are mitigated by mostly term-matched funding and hedges. A large driver of fair value fluctuations are credit spread movements, including those on the banks' own debt. However, Rentenbank generally follows a buy-and-hold strategy so that revaluation results usually remain unrealised and fade out as the maturity of the affected transactions approaches.

Total net contribution of fair value and hedge accounting to the bank's annual result was a gain of EUR205m in 2015 and a EUR184m loss in 2014. In 1H16, fair value and macro-hedging losses were the driver of a EUR31m loss for the period. Results reported under German GAAP are materially more stable.

Selective Profit and Loss Figures End-2015 – German GAAP vs. IFRS

(EURm, rounded)	German GAAP	IFRS
Net interest income (incl. dividends)	362	331
Net commission income	-2	-2
Fair value and hedge accounting	-	205
Other income	5	4
Operating expenses (incl. promotional contributions)	-81	-88
Impairments	53	-4
Operating profit before allocations	336	446
Allocations to fund for general banking risks (§340g)	-279	-
Pre-tax-profit	**57**	**446**

Source: Rentenbank, Fitch

Capitalisation and Leverage

Capital Ratios

(%)	1H16	2015	2014	2013
Fitch Core Capital/risk-weighted assets	-	23.3	18.4	26.8
Core equity Tier 1 capital ratio (phase-in)	22.7	20.2	16.4	23.9
Leverage ratio	-	3.6	3.5	-

Source: Rentenbank, Fitch

- Low RWA density supports risk-weighted capital ratios

Strong Capital Ratios Reflect Low Risk-Weighted Assets

Rentenbank's capital ratios based on risk-weighted assets (RWAs) are strong, whereas the leverage ratio is moderate. This primarily reflects the low risk-weighting of the bank's assets. About 87% of the bank's RWAs relate to credit risks. Rentenbank applies the standardised approach to calculate credit risk related RWA. Almost 30% of bank's exposure at end-2015 carried a zero risk-weight because the respective counterparties are public-sector agencies, regional authorities, development banks and central banks. The remaining assets are predominantly loans to banks, most of which carry risk-weights of 20%.

Rentenbank is supervised by the ECB and subject to the SREP. The bank does not disclose its SREP requirement, only that it meets it. Under its governing law, a large share of Rentenbank's profit is retained and allocated to reserves, which underpins the bank's capitalisation. The balance is used for purposes related to the development of the German agricultural sector.

Funding and Liquidity

- Strong access to a well-diversified investor base is underpinned by the policy role and state guarantee
- Regulatory liquidity ratios are strong

Strong Funding

Rentenbank does not collect deposits from the general public and is predominantly wholesale-funded. The bank's access to capital market funding, which includes unsecured long-dated issuances, is very strong. Fitch expects it to remain unimpaired even if general capital market liquidity or sentiment deteriorates. The bank's funding is underpinned by its policy role and explicit state guarantee. Preferential regulatory treatment of Rentenbank's debt instruments also adds to their attractiveness for investors. Of particular importance are the zero risk-weight of the bank's debt instruments under the standardised approach, their recognition as highly liquid and repo-eligible assets as well as the exception from legal subordination or bail-in.

Diversified Investors and Funding

The bank's investor base is well-diversified by sector and region. It includes commercial and central banks, public institutions, asset managers, insurance companies, pension funds and corporates. Nearly half of the medium- and long-term funding is placed with banks. Geographically, Europe (mostly outside of Germany) was the main funding market in 2015, representing about half of medium- and long-term debt issued. About a quarter was placed in Asia and 10% in the Americas. Rentenbank has a EUR60bn Euro Medium Term Note programme and a Global Bond programme registered with the SEC.

Solid Liquidity Management

Rentenbank's status and state guarantee helps it limit liquidity risks. In addition, the bank benefits from a large portfolio of liquid assets, which can be disposed of or used as collateral in repo transactions. Liquidity shortages are also limited by mainly term-matched funded lending. Rentenbank's regulatory liquidity ratios are strong and well above minimum requirements or sector averages. It reported a liquidity coverage ratio of about 210% at end-2015.

Landwirtschaftliche Rentenbank

Income Statement

figures rounded	31 Dec 2015 Year End EURm Audited - Unqualified	31 Dec 2014 Year End EURm Audited - Unqualified	31 Dec 2013 Year End EURm Audited - Unqualified	31 Dec 2012 Year End EURm Audited - Unqualified
1. Interest Income on Loans	1,159	1,244	1,310	1,422
2. Other Interest Income	2,569	2,283	2,364	2,535
3. Dividend Income	7	6	4	3
4. Gross Interest and Dividend Income	**3,734**	**3,532**	**3,678**	**3,960**
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	3,403	3,208	3,345	3,594
7. Total Interest Expense	**3,403**	**3,208**	**3,345**	**3,594**
8. Net Interest Income	**331**	**325**	**334**	**366**
9. Net Gains (Losses) on Trading and Derivatives	2	(83)	30	(245)
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	n.a.	n.a.
11. Net Gains (Losses) on Assets at FV through Income Statement	203	(101)	192	190
12. Net Insurance Income	n.a.	n.a.	n.a.	n.a.
13. Net Fees and Commissions	(2)	(2)	(2)	(2)
14. Other Operating Income	4	3	4	5
15. Total Non-Interest Operating Income	**207**	**(182)**	**223**	**(53)**
16. Personnel Expenses	34	34	32	31
17. Other Operating Expenses	54	43	54	42
18. Total Non-Interest Expenses	**88**	**78**	**86**	**73**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	n.a.	n.a.
20. Pre-Impairment Operating Profit	**450**	**65**	**471**	**240**
21. Loan Impairment Charge	4	3	12	(0)
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	n.a.	n.a.
23. Operating Profit	**446**	**62**	**459**	**240**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.
25. Non-recurring Income	n.a.	n.a.	n.a.	3
26. Non-recurring Expense	n.a.	n.a.	n.a.	n.a.
27. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.
28. Other Non-operating Income and Expenses	n.a.	n.a.	n.a.	n.a.
29. Pre-tax Profit	**446**	**62**	**459**	**244**
30. Tax expense	3	2	(1)	(0)
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.
32. Net Income	**443**	**60**	**460**	**244**
33. Change in Value of AFS Investments	(57)	93	250	584
34. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.
35. Currency Translation Differences	n.a.	n.a.	n.a.	n.a.
36. Remaining OCI Gains/(losses)	6	(27)	(6)	n.a.
37. Fitch Comprehensive Income	**392**	**126**	**705**	**828**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	n.a.	n.a.
39. Memo: Net Income after Allocation to Non-controlling Interests	443	60	460	244
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	n.a.	n.a.
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	n.a.	n.a.
Exchange rate	USD1 = EUR0.91850	USD1 = EUR0.82370	USD1 = EUR0.72510	USD1 = EUR0.75790

Landwirtschaftliche Rentenbank

Balance Sheet

figures rounded	31 Dec 2015 Year End EURm	31 Dec 2014 Year End EURm	31 Dec 2013 Year End EURm	31 Dec 2012 Year End EURm
Assets				
A. Loans				
1. Residential Mortgage Loans	n.a.	n.a.	n.a.	n.a.
2. Other Mortgage Loans	n.a.	n.a.	n.a.	n.a.
3. Other Consumer/ Retail Loans	n.a.	n.a.	n.a.	n.a.
4. Corporate & Commercial Loans	n.a.	n.a.	n.a.	n.a.
5. Other Loans	6,382	5,530	5,571	4,961
6. Less: Reserves for Impaired Loans	1	0	0	308
7. Net Loans	**6,381**	**5,530**	**5,571**	**4,652**
8. Gross Loans	**6,382**	**5,530**	**5,571**	**4,961**
9. Memo: Impaired Loans included above	3	0	n.a.	n.a.
10. Memo: Loans at Fair Value included above	n.a.	n.a.	n.a.	n.a.
B. Other Earning Assets				
1. Loans and Advances to Banks	55,457	51,408	49,751	52,375
2. Reverse Repos and Cash Collateral	n.a.	n.a.	n.a.	n.a.
3. Trading Securities and at FV through Income	4,971	5,664	4,728	5,926
4. Derivatives	8,538	7,559	3,913	7,486
5. Available for Sale Securities	11,681	12,535	13,148	14,241
6. Held to Maturity Securities	3,261	3,502	3,018	2,423
7. Equity Investments in Associates	n.a.	n.a.	n.a.	n.a.
8. Other Securities	n.a.	n.a.	n.a.	n.a.
9. Total Securities	**28,450**	**29,260**	**24,808**	**30,075**
10. Memo: Government Securities included Above	n.a.	n.a.	n.a.	n.a.
11. Memo: Total Securities Pledged	n.a.	n.a.	n.a.	n.a.
12. Investments in Property	14	15	15	16
13. Insurance Assets	n.a.	n.a.	n.a.	n.a.
14. Other Earning Assets	n.a.	n.a.	n.a.	n.a.
15. Total Earning Assets	**90,302**	**86,213**	**80,145**	**87,118**
C. Non-Earning Assets				
1. Cash and Due From Banks	21	29	33	204
2. Memo: Mandatory Reserves included above	n.a.	n.a.	n.a.	n.a.
3. Foreclosed Real Estate	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	23	22	22	23
5. Goodwill	n.a.	n.a.	n.a.	n.a.
6. Other Intangibles	13	14	16	15
7. Current Tax Assets	1	2	2	1
8. Deferred Tax Assets	n.a.	0	2	1
9. Discontinued Operations	n.a.	n.a.	n.a.	n.a.
10. Other Assets	2,932	2,566	1,714	1,036
11. Total Assets	**93,293**	**88,846**	**81,932**	**88,398**
Liabilities and Equity				
D. Interest-Bearing Liabilities				
1. Customer Deposits - Current	135	112	105	115
2. Customer Deposits - Savings	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits - Term	30	21	304	95
4. Total Customer Deposits	**165**	**133**	**408**	**210**
5. Deposits from Banks	2,829	2,185	5,550	2,868
6. Repos and Cash Collateral	n.a.	n.a.	n.a.	n.a.
7. Commercial Paper and Short-term Borrowings	20,181	17,008	12,792	5,191
8. Total Money Market and Short-term Funding	**23,176**	**19,326**	**18,750**	**8,268**
9. Senior Unsecured Debt (original maturity > 1 year)	58,362	58,517	53,334	67,035
10. Subordinated Borrowing	729	692	687	924
11. Covered Bonds	n.a.	n.a.	n.a.	n.a.
12. Other Long-term Funding	n.a.	n.a.	n.a.	n.a.
13. Total LT Funding (original maturity > 1 year)	**59,092**	**59,209**	**54,021**	**67,959**
14. Derivatives	7,153	6,811	5,797	5,832
15. Trading Liabilities	n.a.	0	n.a.	n.a.
16. Total Funding	**89,420**	**85,345**	**78,568**	**82,060**
E. Non-Interest Bearing Liabilities				
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	161	164	132	122
4. Current Tax Liabilities	n.a.	n.a.	n.a.	n.a.
5. Deferred Tax Liabilities	n.a.	n.a.	n.a.	0
6. Other Deferred Liabilities	n.a.	n.a.	n.a.	n.a.
7. Discontinued Operations	n.a.	n.a.	n.a.	n.a.
8. Insurance Liabilities	n.a.	n.a.	n.a.	n.a.
9. Other Liabilities	25	29	39	3,713
10. Total Liabilities	**89,607**	**85,538**	**78,738**	**85,895**
F. Hybrid Capital				
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	n.a.	n.a.
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	n.a.	n.a.
G. Equity				
1. Common Equity	3,624	3,195	3,148	2,682
2. Non-controlling Interest	n.a.	n.a.	n.a.	n.a.
3. Securities Revaluation Reserves	107	163	71	(180)
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	n.a.	n.a.
5. Fixed Asset Revaluations and Other Accumulated OCI	(45)	(51)	(24)	n.a.
6. Total Equity	**3,686**	**3,307**	**3,194**	**2,503**
7. Total Liabilities and Equity	**93,293**	**88,846**	**81,932**	**88,398**
8. Memo: Fitch Core Capital	3,673	3,294	3,177	2,487

Exchange rate USD1 = EUR0.91850 USD1 = EUR0.82370 USD1 = EUR0.72510 USD1 = EUR0.75790

Landwirtschaftliche Rentenbank

Summary Analytics

	31 Dec 2015 Year End	31 Dec 2014 Year End	31 Dec 2013 Year End	31 Dec 2012 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	19.5	22.4	24.2	34.6
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	4.2	4.3	4.4	4.5
4. Interest Expense/ Average Interest-bearing Liabilities	3.9	3.9	4.2	4.4
5. Net Interest Income/ Average Earning Assets	0.4	0.4	0.4	0.4
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.4	0.4	0.4	0.4
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.4	0.4	0.4	0.4
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	38.4	(127.0)	40.1	(16.9)
2. Non-Interest Expense/ Gross Revenues	16.4	54.4	15.4	23.3
3. Non-Interest Expense/ Average Assets	0.1	0.1	0.1	0.1
4. Pre-impairment Op. Profit/ Average Equity	12.9	2.0	16.6	11.3
5. Pre-impairment Op. Profit/ Average Total Assets	0.5	0.1	0.6	0.3
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	0.9	4.6	2.5	(0.0)
7. Operating Profit/ Average Equity	12.8	1.9	16.2	11.3
8. Operating Profit/ Average Total Assets	0.5	0.1	0.6	0.3
9. Operating Profit / Risk Weighted Assets	2.8	0.4	3.9	1.9
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	12.7	1.9	16.2	11.5
2. Net Income/ Average Total Assets	0.5	0.1	0.6	0.3
3. Fitch Comprehensive Income/ Average Total Equity	11.2	3.9	24.8	39.0
4. Fitch Comprehensive Income/ Average Total Assets	0.4	0.2	0.8	0.9
5. Taxes/ Pre-tax Profit	0.6	3.1	(0.1)	(0.1)
6. Net Income/ Risk Weighted Assets	2.8	0.3	3.9	1.9
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	23.3	18.4	26.8	19.4
2. Tangible Common Equity/ Tangible Assets	3.9	3.7	3.9	2.8
3. Tier 1 Regulatory Capital Ratio	20.2	16.4	23.9	21.9
4. Total Regulatory Capital Ratio	23.2	19.3	29.3	28.2
5. Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Equity/ Total Assets	4.0	3.7	3.9	2.8
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
8. Internal Capital Generation	12.0	1.8	14.4	9.7
E. Loan Quality				
1. Growth of Total Assets	5.0	8.4	(7.3)	(0.5)
2. Growth of Gross Loans	15.4	(0.7)	12.3	57.9
3. Impaired Loans/ Gross Loans	0.04	0.01	n.a.	n.a.
4. Reserves for Impaired Loans/ Gross Loans	0.02	0.00	0.00	6.2
5. Reserves for Impaired Loans/ Impaired Loans	42.3	25.0	n.a.	n.a.
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	0.04	0.01	n.a.	n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity	0.04	0.01	n.a.	n.a.
8. Loan Impairment Charges/ Average Gross Loans	0.1	0.1	0.2	0.0
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	(1.3)
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.04	0.01	n.a.	n.a.
F. Funding and Liquidity				
1. Loans/ Customer Deposits	3,860.9	4,152.0	1,364.7	2,365.6
2. Interbank Assets/ Interbank Liabilities	1,960.1	2,353.1	896.4	1,826.2
3. Customer Deposits/ Total Funding (excluding derivatives)	0.2	0.2	0.6	0.3
4. Liquidity Coverage Ratio	210.3	n.a.	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

Landwirtschaftliche Rentenbank
Reference Data

	31 Dec 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
	Year End	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
A. Off-Balance Sheet Items				
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	n.a.	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	n.a.	n.a.
3. Guarantees	1	2	2	3
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	n.a.	n.a.
5. Committed Credit Lines	842	195	115	496
6. Other Contingent Liabilities	n.a.	n.a.	n.a.	n.a.
7. Total Assets under Management	n.a.	n.a.	n.a.	n.a.
B. Average Balance Sheet				
Average Loans	5,956	5,551	5,424	4,107
Average Earning Assets	88,258	83,179	82,925	88,496
Average Assets	91,069	85,389	83,970	89,598
Average Managed Securitized Assets (OBS)	n.a.	n.a.	n.a.	n.a.
Average Interest-Bearing Liabilities	87,383	81,957	79,733	82,668
Average Common equity	3,410	3,171	2,889	2,600
Average Equity	3,497	3,251	2,844	2,123
Average Customer Deposits	149	271	282	322
C. Maturities				
Asset Maturities:				
Loans & Advances < 3 months	n.a.	n.a.	n.a.	n.a.
Loans & Advances 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Loans and Advances 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Loans & Advances > 5 years	n.a.	n.a.	n.a.	n.a.
Debt Securities < 3 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Debt Securities > 5 Years	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks < 3 Months	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks > 5 Years	n.a.	n.a.	n.a.	n.a.
Liability Maturities:				
Retail Deposits < 3 months	n.a.	n.a.	n.a.	n.a.
Retail Deposits 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Retail Deposits 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Retail Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.
Other Deposits < 3 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Other Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.
Deposits from Banks < 3 Months	n.a.	n.a.	n.a.	n.a.
Deposits from Banks 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Deposits from Banks 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Deposits from Banks > 5 Years	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	n.a.	n.a.
Senior Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.
Total Senior Debt on Balance Sheet	n.a.	n.a.	n.a.	n.a.
Fair Value Portion of Senior Debt	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.
Total Subordinated Debt on Balance Sheet	729	692	687	924
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.
D. Risk Weighted Assets				
1. Risk Weighted Assets	15,751	17,907	11,877	12,827
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	15,751	17,907	11,877	12,827
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
5. Fitch Adjusted Risk Weighted Assets	15,751	17,907	11,877	12,827
E. Equity Reconciliation				
1. Equity	3,686	3,307	3,194	2,503
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	n.a.	n.a.
3. Add: Other Adjustments	n.a.	n.a.	n.a.	n.a.
4. Published Equity	3,686	3,307	3,194	2,503
F. Fitch Core Capital Reconciliation				
1. Total Equity as reported (including non-controlling interests)	3,686	3,307	3,194	2,503
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	n.a.	n.a.	n.a.	n.a.
3. Non-loss-absorbing non-controlling interests	n.a.	n.a.	n.a.	n.a.
4. Goodwill	n.a.	n.a.	n.a.	n.a.
5. Other intangibles	13	14	16	15
6. Deferred tax assets deduction	n.a.	n.a.	n.a.	n.a.
7. Net asset value of insurance subsidiaries	n.a.	n.a.	n.a.	n.a.
8. First loss tranches of off-balance sheet securitizations	n.a.	n.a.	n.a.	n.a.
9. Fitch Core Capital	**3,673**	**3,294**	**3,177**	**2,487**

Exchange Rate	USD1 = EUR0.91850	USD1 = EUR0.82370	USD1 = EUR0.72510	USD1 = EUR0.75790

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.