



rentenbank

Press release

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Fiscal year 2016: Demand for Rentenbank's promotional loans close to record high

Landwirtschaftliche Rentenbank, based in Frankfurt am Main, reported continued strong demand for its promotional loans. New business in special promotional loans totaled EUR 7.7 billion in 2016, thus nearly reaching the prior year's record high (2015: EUR 7.8 billion). In particular, the financing of wind turbines in rural areas was on the rise. However, many agricultural enterprises faced financial constraints, which dampened new business in the Agriculture promotional line.

"Our low-interest special promotional loans cover a remarkably broad spectrum of financing opportunities. In 2016, we not only helped to accelerate growth but also supported agricultural enterprises in crisis. On the one hand, our special promotional loans served to fuel the boom in renewable energy projects in rural areas. On the other hand, our liquidity assistance program played a crucial role especially in the first half of 2016, helping many agricultural enterprises to get through price crises and their aftermath," said Horst Reinhardt, Speaker of Rentenbank's Board of Managing Directors.

Significant rise in demand for renewable energy and agribusiness loans

New business in the Renewable Energy promotional line increased sharply by approximately 27 % to EUR 1.9 billion in 2016 (2015: EUR 1.5 billion). Demand for the financing of wind turbines was particularly high, rising by around 37 % to EUR 1.5 billion.

The Agribusiness promotional line also saw impressive growth in 2016. New business grew by one fifth to EUR 954.4 million (2015: EUR 793.5 million), driven by the substantial increase in demand for the financing of buildings and farm inputs.

Demand for agricultural loans dampened by price crisis

In contrast, new business was down in the Agriculture promotional line. The volume of new loans decreased by roughly 25 % to EUR 2.4 billion (2015: EUR 3.2 billion) as many agricultural enterprises were adversely affected by low prices for milk, pork, and other agricultural commodities. However, the situation improved considerably in the second half of 2016, leading to a drop in demand for Rentenbank's liquidity assistance loans from EUR 345.2 million in 2015 to EUR 108.0 million.

Increase in promotional performance

In 2016, Germany's development agency for agribusiness used EUR 66.4 million of its income to provide interest rate reductions for its special promotional loans. Further, Rentenbank awarded grants of EUR 3.0 million for the Research on Agricultural Innovation program. The total amount of income used for promotional measures (promotional performance) was EUR 84.2 million (2015: EUR 82.9 million), including the distributable profit of EUR 14.8 million.

Borrowing activities:

EMTN program as the most important funding instrument

In 2016, Rentenbank raised EUR 12.7 billion of medium and long-term funding in the domestic and international capital markets, thus almost reaching the prior year's record high of EUR 13.0 billion. The share of foreign investors amounted to 82 % (2015: 93 %). Rentenbank placed 47 % of the funding volume with commercial banks (2015: 46 %) and a further 32 % (2015: 35 %) with central banks. The Euro Medium Term Note (EMTN) program remained the most important funding instrument, accounting for EUR 9.0 billion (2015: EUR 7.3 billion) or more than 70 % of the total funding volume. The bank also issued two USD global bonds, equivalent to a total of EUR 2.8 billion (2015: EUR 3.0 billion).

Rise in operating profit

The preliminary operating profit before provision for loan losses and valuation, reported in accordance with the German Commercial Code (HGB), increased by 9 % to EUR 254.4 million (2015: EUR 233.5 million). The 2015 figure was adjusted for a positive one-off effect of EUR 49.8 million, involving a special payout from the subsidiary LRB. After provision for loan losses and valuation as well as alloca-

tion to reserves, the Board of Managing Directors expects to report net income of EUR 59.0 million for 2016 (2015: EUR 57.0 million).

Growth in total assets

According to initial calculations, total assets (HGB) amounted to EUR 86.3 billion at year-end 2016 (December 31, 2015: EUR 83.9 billion). Loans and advances to banks increased to EUR 57.8 billion (2015: EUR 55.7 billion). In contrast, the securities portfolio decreased to EUR 17.8 billion (2015: EUR 18.3 billion). Securitised liabilities rose to EUR 70.0 billion (2015: EUR 67.3 billion). Own funds increased to EUR 4.9 billion (2015: EUR 4.7 billion).

Stronger capital ratios

The bank's capital ratios, based on the Capital Requirements Regulation (CRR), continued to improve in 2016. The Common Equity Tier 1 capital ratio was 23.2 % (December 31, 2015: 20.2 %) and the total capital ratio 25.7 % (December 31, 2015: 23.2 %).

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Service: Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness and rural areas. Within the framework of its statutory promotional mandate, Rentenbank provides low-interest loans for agriculture-related investments via other banks in line with its competitive neutrality. The appropriation of profits is subject to the promotional mandate as well. The bank is a public law institution whose capital stock was formed by contributions paid by the German agricultural and forestry sector. The bank mainly raises funds in the international capital markets and is triple-A rated by the three major rating agencies.

Forward-Looking Statements: This press release 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.