



rentenbank

## Press release

August 28, 2013

First half of 2013:

### **Rentenbank's promotional loans granted to the agricultural sector continue to rise**

- *Special promotional loans: commitments for farm buildings, machinery and land purchases grow at double-digit rates, promotional loans for renewable energies below prior-year level.*
- *Issuance activity: more than half of the medium and long-term funding requirement for 2013 has already been raised, U.S. dollar most important currency.*
- *Capital ratios improve: total capital ratio: 31.7%, core capital ratio: 25.6%.*

**The business trend of Landwirtschaftliche Rentenbank, Frankfurt/Main, during the first half of 2013 was characterized by a buoyant demand for low-interest special promotional loans granted to the agricultural sector. According to the half-yearly financial report of Germany's development agency for agribusiness published today, the Bank reports another significant increase in promotional loans granted for farm buildings, machinery and land purchases in the first six months of 2013. In contrast, new business in the promotional field for financing renewable energies was below the prior-year level due to significantly lower financings for photovoltaic installations.**

#### ***New business in special promotional loans rises 7.5% compared to prior-year period***

New business in Rentenbank's low-interest special promotional loans came to €3.1 billion in the first six months of 2013, thus exceeding the figure achieved in the prior-year period by approx. 7.5%. The loan portfolio in this field had a volume of €31.2 billion as of end of June, 3.3% above the 2012 year-end figure (€30.2 billion). Special promotional loans accounted for 46.5% (45.0%) of the total promotional volume, which amounted to €67.1 billion (€67.1 billion). "With our promotional loans, we are making an important contribution to low financing costs and stable financing conditions in the entire agribusiness, thus supporting

the agricultural sector in improving its competitiveness and strengthening its sustainability", said Horst Reinhardt, Speaker of the Board of Managing Directors of Rentenbank.

### ***U.S. dollar most important issuance currency***

To finance its lending business, Rentenbank raised €5.6 billion (June 30, 2012: €6.3 billion) medium and long-term capital market funds in the first six months of the current fiscal year, 50% of that amount under its Euro Medium Term Note (EMTN) program. In addition, Rentenbank placed Kangaroo bonds in an amount equivalent to €1.4 billion (€0.7 billion) under its Australian MTN program. Another €1.4 billion in funding volume was raised through a global bond. The most important issuance currency in the first half of 2013 was the U.S. dollar with a share of 33.3% (7.9%) of funds raised, followed by the Australian dollar with a share of 30.5% (11.8%).

### ***Financial performance continues to be satisfying***

Rentenbank's financial performance as reported under German Commercial Code (HGB) continued to develop satisfactorily in the first half of 2013. The operating result before provision for loan losses and valuation amounted to €129.6 million (€160.5 million). The decline was primarily attributable to the expected lower net interest income in the amount of €156.2 million (€183.7 million). The reduction in net interest income was mainly a result of lower margins in the "Treasury Management" segment as well as higher provisions for interest rate subsidies for the Bank's special promotional loans.

### ***IFRS financial statements: operating result in line with expectations***

The operating result as reported under IFRS has developed in line with expectations in the current fiscal year. The main reason for the decline of the operating result to €128.2 million (June 30, 2012: €156.8 million) was the lower net interest income following lower margins. Group's total comprehensive income amounted to €346.1 million as of June 30, 2013, which is below the prior-year figure of €468.4 million. This decline was attributable to the lower operating result, but primarily to the lower measurement gains. "The market parameters remain highly volatile. Therefore, future measurement results cannot be predicted reliably. Group's net income may be significantly influenced by the measurement result and, therefore, allows likewise no plausible forecast", said Hans Bernhardt, responsible for finance within the Board of Managing Directors of Rentenbank.

### **Total assets at €75.5 billion**

At the end of June 2013, total assets as reported under HGB amounted to €75.5 billion, which is below the figure as of year-end 2012 (€79.2 billion). Loans and advances to banks decreased to €48.6 billion (€51.2 billion). Their share in total assets was nearly unchanged at 64.4% (64.6%). The decline of loans and advances to banks is largely attributable to the lower volume of short-term positions in money market transactions. The securities portfolio, which almost exclusively comprises bonds and notes of European banks, declined to €20.4 billion (€22.0 billion), owing to redemptions and subdued new business. The securitized liabilities amounted to €60.7 billion (€62.2 billion), representing the largest liability item on the balance sheet with a share of 80.4% (78.5%) in total assets.

### **Capital ratios rise**

Own funds reported on the balance sheet (including subordinated liabilities) were €3.9 billion as of June 30, 2013 (December 31, 2012: €4.0 billion). Both the total capital ratio of 31.7% (27.5%) and the core capital ratio of 25.6% (21.3%), calculated in accordance with the German Solvency Regulation, improved compared with year-end 2012, and were again significantly above the regulatory requirements of 8% and 4%, respectively.

---

*The full half-yearly financial report 2013 (published in English and German) can be found at: [www.rentenbank.de](http://www.rentenbank.de)*

### **Press contact:**

*Juliane Wolff, Phone: +49 (0)69/2107-393, Fax: -6447, email: [wolff@rentenbank.de](mailto:wolff@rentenbank.de)*

*Service: Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness. Within the framework of its legal promotional mandate, Rentenbank provides low-interest loans for agriculture-related investments via other banks in line with its competition 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 Germany's agricultural and forestry sector. The bank mainly raises funds in 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.