



rentenbank

Press release

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Rentenbank in 2022: Substantial increase in demand for special promotional loans

Frankfurt. 2022 was a very successful year for the promotional lending business of Landwirtschaftliche Rentenbank. The volume of new promotional loans rose substantially. The increase in demand was especially strong in the Rural Development and Renewable Energy lines. The main driver in the Rural Development line was the strong demand for Rentenbank's global loans by the development banks of the German states, while in the Renewable Energy line it was the strong demand for wind power financing. In total, the volume of new, low-interest special promotional loans granted rose to EUR 6.9 billion (2021: EUR 5.6 billion). To fund its promotional lending business, Rentenbank raised about EUR 11.8 billion (2021: EUR 10.7 billion) in medium- and long-term funds in the capital market. The capital ratios were nearly unchanged from the previous year.

Considerable gains in the Rural Development and Renewable Energy lines

In 2022, the Rural Development line accounted for the largest share of new special promotional loans, the volume of such loans rising by 71.1% to EUR 2.1 billion (2021: EUR 1.2 billion). The main reason for this development was the considerable increase in demand for Rentenbank's global loans by the German states' development banks. They use the loans particularly to finance infrastructure projects in rural areas. There was also a substantial increase in the volume of new promotional loans granted in the Renewable Energy line again, which rose by 47.6% to EUR 1.6 billion (2021: EUR 1.1 billion), particularly as a result of strong demand for wind power financing. In the Agriculture line, on the other hand, the volume of new promotional loans fell to EUR 2.0 billion (2021: EUR 2.5 billion).

"We are especially pleased with the strong increase in our Renewable Energy line," said Nikola Steinbock, Chairwoman of Rentenbank's Management Board. "That is because these loans make an important contribution to environmental and climate protection, as well as the security of energy supplies. To further incentivise the agricultural sector to invest in climate and environmental protection measures, we have offered loans at even more

preferential terms under our “Areas of Future Development” programme since November 2022”, Nikola Steinbock said. The programme is currently divided into four areas of future development across Rentenbank’s promotional lines, which have been identified as being especially worth of promotion on the basis of the social and political discourse of our time. These four areas of future development are the expansion of regional food production, the increased use of agrivoltaic systems, environmentally friendly land use including a transition phase to ecological farming, and the establishment of agroforestry and paludiculture systems. The programme supports the transformation of the agricultural and food sector to make it more sustainable. For this reason, the areas of future development are continuously being expanded and adapted. This way, new ideas and approaches to solutions should be implemented more quickly in practice.

Euro is the most important currency of issuance

To fund its promotional lending business, Rentenbank raised about EUR 11.8 billion (2021: EUR 10.7 billion) in medium- and long-term funds in the capital market in the 2022 financial year. The euro was the most important currency of issuance, accounting for 65% (2021: 62%) of the total issuance volume, followed by the US dollar at 19% (2021: 25%). The British pound accounted for 6% (2021: 4%) of total issuance volume. The biggest investor groups were still commercial banks and central banks, together accounting for 84% (2021: 74%) of the total volume placed.

Lower operating profit

The operating profit before provision for loan losses/valuation came to EUR 157.8 million (2021: EUR 187.7 million). Net interest income declined to EUR 268.8 million (2021: EUR 285.7 million). Compared to the previous year, Rentenbank extended EUR 17.6 million more interest rate grants for its special promotional loans, which reduced the bank’s net interest income. Administrative expenses rose to EUR 112.5 million (2021: EUR 90.0 million), particularly as a result of higher expenses for employee pensions and extensive IT investments. The cost/income ratio came to 36.7% (2021: 32.9%).

Capital ratios nearly unchanged

At the end of 2022, Rentenbank’s capital ratios calculated on the basis of the EU Capital Requirements Regulation (CRR) were nearly unchanged from the previous year. The Common Equity Tier 1 capital ratio was 31.7% (2021: 31.8%) and the total capital ratio was 31.7% (2021: 32.0%). Both capital

ratios are well above the regulatory minimum requirements applicable to Rentenbank.

CFO Marc Kaninke said the following about Rentenbank's results and balance sheet structure: "We are proud and satisfied to have generated such a good result in an extremely challenging environment. Moreover, our capital base is strong enough that we have an ample cushion for additional promotional lending to the agricultural sector" even in turbulent times.

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Background:

Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness and rural areas. Its promotional mandate covers not only agriculture and forestry, but also the entire food value chain, the increased use of energy from renewable sources, and the promotion of bio-economy solutions. Rentenbank attaches particular importance to the promotion of innovation, including research and development in universities, the early-stage financing of agriculture-related start-ups, and the market introduction and practical use of new technologies and products. Rentenbank's promotional instruments are subsidies, subordinated loans, and special promotional loans. The special promotional loans are granted via the local banks of the ultimate borrowers on a competitively neutral basis. Rentenbank provides funding to banks, savings banks, and local authorities operating in rural areas. The Bank is a federal institution under public law whose capital stock was formed by contributions from the German agriculture and forestry sectors. It is subject to the German Banking Act (KWG) and is regulated by the Federal Financial Supervisory Authority (BaFin) and the Bundesbank. As one of the few triple-A rated institutions in Germany, Rentenbank raises funds in the capital markets.

This press release contains certain forward-looking statements that are based on current expectations, estimates, forecasts and projections of the Management Board and on the information currently available to it. These statements include, in particular, statements about our plans, strategies and prospects. Such forward-looking statements are identified by words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates' and similar expressions. These statements are not to be understood as guarantees of future performance; instead, they are dependent on factors that involve risks and uncertainties and are based on assumptions that may prove to be incorrect. Unless required by law, we assume no obligation to update forward-looking statements after the publication of the present press release.