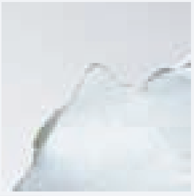
Half-Yearly Financial Report as of 30th June, 2010





Germany's development agency for agribusiness

rentenbank

Key Figures

In accordance with German Commercial Code (HGB)

Balance sheet in € billion (extract)	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
Total assets	81.9	78.6	75.8
Loans and advances to banks	51.1	49.1	46.4
Debt securities and other fixed-income securities	28.3	28.4	28.1
Liabilities to banks	3.5	8.7	4.3
Securitized liabilities	63.4	59.9	61.6
Total capital in € million	2 862.5	3 001.9	3 125.7

Income statement in € million (extract)	Jan. 1, 2010-Jun. 30, 2010	Jan. 1, 2009-Jun. 30, 2009	Jan. 1, 2009-Dec. 31, 2009
Net interest income	199.3	222.1	423.4
Administrative expenses	22.9	22.3	75.0
Operating result before risk provisioning and valuation adjustments	**179.2**	**195.7**	**347.4**

Selected ratios in %	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
Cost-income ratio	11.3	10.2	17.8
Core capital ratio (SolvV)	16.0	14.6	15.3
Total capital ratio (SolvV)	25.3	22.7	23.8

Employees	222	219	218

In accordance with International Financial Reporting Standards (IFRS)

Consolidated balance sheet in € billion (extract)	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
Total assets	90.4	80.1	77.8
Loans and advances to banks	50.9	48.9	45.8
Financial investments	28.4	27.8	27.9
Liabilities to banks	3.0	8.1	3.7
Securitized liabilities	69.1	57.4	60.3

Consolidated statement of comprehensive income in € million (extract)	Jan. 1, 2010-Jun. 30, 2010	Jan. 1, 2009-Jun. 30, 2009	Jan. 1, 2009-Dec. 31, 2009
Net interest income before provision for loan losses/promotional contribution	173.0	206.5	381.0
Provision for loan losses/promotional contribution	9.6	43.4	40.4
Administrative expenses	24.6	22.1	47.1
Operating result before profit and loss from fair value measurement and hedge accounting	**141.2**	**136.6**	**291.8**

Rating

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

Half-Yearly Financial Report as of 30th June, 2010

Contents

Business operations in the first half of 2010

Further increase in promotional business for the agribusiness

Special promotional loans up by almost one third

Given increasing signs of an economic recovery and, most recently, a slight upward trend in prices for wheat, milk, and pork, the first half of 2010 saw some stabilization in both the business sentiment and the farmers' attitude towards future investments. Further falls in interest rates also gave a boost to demand for our promotional lending. Our promotional strategy focuses on special promotional loans granted at particularly low interest rates, with a primary emphasis on agriculture, agribusiness, the food industry, renewable energies, and rural development. By the end of June, we granted new special promotional loans of € 2 809.6 million in total (first half of 2009: € 2 130.4 million), up 31.9 % on the first six months of 2009. The growth was particularly attributable to a significant increase in liquidity assistance loans and lending extended for renewable energies. In contrast, promotional loans for rural development declined, amongst others due to a decrease in the demand for loans from federal state promotional banks. Already in 2009, as part of various fiscal stimulus packages, the German federal government had provided additional funds to regional and local authorities to support public infrastructure projects. These packages expire at the end of the current year.

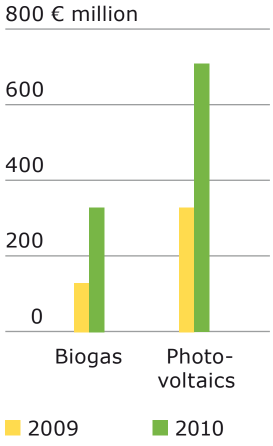
Special promotional loans in the first half-year

€ million	2010	2009
Agriculture	1 115.9	634.1
Renewable energies	1 089.7	493.5
Agribusiness and food industry	115.6	91.1
Rural development	376.0	521.6
thereof: Federal state promotional banks (municipal business)	*361.0*	*458.7*
Federal state promotional banks (special promotional loans)	110.8	190.5
Other (including Special Purpose Fund)	1.6	199.6
Total	**2 809.6**	**2 130.4**

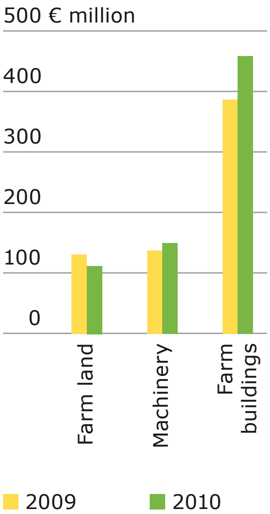
Uninterrupted trend in renewable energies

Our "Energy from the Countryside" program became the main growth driver for new business as the loan amount granted under this program doubled. New loans worth € 1 089.7 million (first half of 2009: € 493.5 million) were extended to support renewable energies. Growth in the financing for both biogas plants and photovoltaic installations was significantly stronger than in the equivalent period in 2009. Loans granted for photovoltaic installations amounted to € 711.8 million (first half of 2009: € 332.8 million), while new lending business in biogas plants reached € 329.7 million (first half of 2009: € 127.0 million). Given the uncertainties regarding pricing trends in other markets and the attractive opportunities that continue to be presented by the German Renewable Energy Sources Act *(Erneuerbare Energien-Gesetz (EEG))*, many farmers are committing to further capital investment in this area. A sustained fall in the price of solar panels, in particular, also gave a further boost to capital investment in photovoltaics. In addition, the reduction in feed-in tariffs anticipated for the second half of the year gave some impetus to investing activities in the first six months.

Promotional business "New energies" in the first half-year



Special promotional loans in the first half-year



Another consequence of the boom in renewable energies was a strong growth in our leasing business: by June 30, we committed € 70.8 million (first half of 2009: € 4.7 million) under our promotional lending programs to refinance leases, of which around 95 % was for photovoltaic installations.

More promotional loans for farm buildings and machinery

The lending business for farm buildings and machinery also performed well compared to the first six months of 2009. Across all promotional lending programs, we provided new loans of € 459.6 million (first half of 2009: € 388.3 million) for farm buildings. The demand for promotional loans for machinery exceeded that in the first half of 2009, amounting to € 150.2 million (first half of 2009: € 139.6 million). In contrast, demand for promotional loans for the purchase of land was rather muted. The bank granted loans of € 112.1 million (first half of 2009: € 132.9 million) for this purpose.

Sharp rise in liquidity assistance

In March, the German federal government made available € 25 million to subsidize interest rates on our liquidity assistance loans. In the first half of 2010, the bank provided liquidity of € 438.7 million in total (first half of 2009: € 21.6 million) for the financial stability of affected businesses. Of this, € 398.1 million was extended with interest rates subsidized additionally by the German government.

Other new business

In addition to the special loans for specific promotional purposes and assistance measures, the bank also provides standard promotional loans for the agricultural sector and rural areas. In this area of promotional business, the bank extended new loans of € 1 001.3 million (first half of 2009: € 1 194.6 million) by the end of June. New business in securitized lending reached a volume of € 4 011.4 million (first half of 2009: € 2 737.1 million). Total new promotional business rose by 27.9 % to € 7.8 billion (first half of 2009: € 6.1 billion).

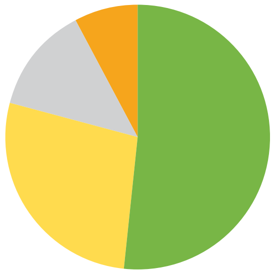
Promotional lending volume continues to increase

As a result of the high level of new business, total promotional lending volume on the balance sheet as of June 30, 2010 increased to € 67.4 billion, up 2.4 % on the figure of € 65.8 billion as of December 31, 2009. In the first half of the year, the portfolio of special promotional loans grew by 8.7 % to € 21.3 billion (Dec. 31, 2009: € 19.6 billion) owing to the brisk new business activity. Special promotional loans therefore accounted for 31.6 % (Dec. 31, 2009: 29.8 %) of the total promotional lending volume.

New issues:
US dollar most important issue currency

In the first half of 2010, € 6.7 billion (first half of 2009: € 6.0 billion) have already been raised, equivalent to two thirds of the expected total funding requirement for 2010, estimated at € 10 billion for medium and long-term maturities. The Euro Medium Term Note (EMTN) program remained the most important refinancing instrument, with a volume of € 4.9 billion (first half of 2009: € 4.0 billion). The second most important instruments were SEC-registered global bonds with an issue volume of € 1.0 billion (first half of 2009: € 0.0 billion). In 2009, domestic registered bonds took second rank. In the first half of 2010, the bank also placed ‚Kangaroo' bonds in an amount equivalent to € 0.8 billion (first half of 2009: € 0.0 billion) under the AUD-MTN program.

Medium and long-term issues, breakdown by currencies in the first half-year 2010



Medium and long-term issue volume (more than 2 years)

	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	€ billion		Share in %	
EMTN	4.9	4.0	72.3	66.2
AUD-MTN	0.8	0.0	12.2	0.0
Global bonds	1.0	0.0	15.5	0.0
International loans/promissory notes	0.0	0.2	0.0	3.3
Domestic capital market instruments	0.0	1.8	0.0	30.5
Total	6.7	6.0	100.0	100.0

As international financial markets continue to normalize, we increased our share of issues placed with foreign investors again. The share of sales accounted for by foreign investors rose in the first half of 2010 to 86 % (first half of 2009: 30 %). There was also a corresponding increase in the share of our issue volume denominated in foreign currency. The highest share was accounted for by the US dollar with 51.8 % (first half of 2009: 1.2 %), followed by the euro with 27.4 % (first half of 2009: 86.7 %). More than half of the issue volume (53.7 %) was placed with commercial banks, followed by central banks, which accounted for 23.4 %.

Short-term funding requirements (up to two years) were covered in the first six months solely through tranches from the Euro Commercial Paper (ECP) program. The outstanding volume in the ECP program reached € 12.0 billion as at June 30, 2010, compared with € 10.5 billion as of December 31, 2009.

Separate financial statements (HGB) for the period ended June 30, 2010

Balance sheet

Unless another reporting date is indicated, the comments on the balance sheet as of June 30, 2010 compare the current figures with the balance sheet as of December 31, 2009. These figures are given in brackets. As of June 30, 2010, total assets amounted to € 81.9 billion (€ 75.8 billion), an increase of 8.0 % on the figure at the end of 2009. This growth was, amongst others, a result of the higher volume of promotional loans, but also of higher collaterals provided by our contracting partners in the derivative's business within collateral agreements.

In accordance with the provisions of the Rentenbank Law and Statutes, the bank generally extends its loans via other banks. Accordingly, loans and advances to banks accounted for the significant share of 62.4 % of the assets on the balance sheet. As of June 30, 2010, the amount of this item was € 51.1 billion (€ 46.4 billion). The securities portfolio, which almost exclusively comprises bonds and notes from European banks, increased by € 0.2 billion to € 28.3 billion (€ 28.1 billion).

On the liability side of the balance sheet, securitized liabilities represented the largest single line item, representing 77.4 % of total liabilities and equity. In the first half of 2010, securitized liabilities increased by € 1.8 billion to € 63.4 billion (€ 61.6 billion). The increase in this balance sheet item can be primarily attributed to the Commercial Paper volume, which grew to € 11.6 billion (€ 10.0 billion).

The equity of € 1 019 million (€ 899 million) includes the capital stock of € 135 million (€ 135 million), the retained earnings of € 753 million (€ 753 million) and the interim net income of € 131 million (net profit of € 11 million).

Total capital in the balance sheet decreased by € 263 million to € 2 863 million (€ 3 126 million) due to maturities and fluctuations in exchange rates of subordinated liabilities. As of June 30, 2010, total capital can be broken down as follows:

	June 30, 2010	Dec. 31, 2009
	€ million	€ million
Capital stock	135	135
Retained earnings	753	753
Fund covering general banking risks	1 170	1 170
Subordinated liabilities	805	1 068
Total capital	**2 863**	**3 126**

The total capital ratio was 25.3 % (23.8 %), while the core capital ratio was 16.0 % (15.3 %). Both ratios were calculated in accordance with the German Solvency Regulation (SolvV).

Condensed balance sheet (HGB)	June 30, 2010	Dec. 31, 2009
Essential assets	€ million	€ million
Loans and advances to banks	51 078	46 411
Loans and advances to customers	1 792	978
Debt securities and other fixed-income securities	28 315	28 126
Other assets	709	327
Total assets	**81 894**	**75 842**
Essential liabilities		
Liabilities to banks	3 528	4 309
Liabilities to customers	5 822	5 862
Securitized liabilities	63 416	61 623
Subordinated liabilities	805	1 068
Fund covering general banking risks	1 170	1 170
Equity	1 019	899
Other liabilities	6 134	911
Total liabilities	**81 894**	**75 842**

Income statement

All comparative figures included in the comments on the income statement for the first half of 2010 refer to the figures for the first half of 2009 and are given in brackets.

The bank's financial performance in the first half of 2010 was satisfactory. Interest income, including current income from shares, other variable-yield securities, and equity investments, reached € 1 459.4 million (€ 1 679.2 million). After deducting interest expenses of € 1 260.1 million (€ 1 457.1 million), net interest income came to € 199.3 million (€ 222.1 million).

Compared with the first six months of 2009, administrative expenses, including depreciation and impairment losses on tangible assets, increased by € 0.6 million to € 22.9 million (€ 22.3 million). Personnel expenses increased by 4.2 % to € 14.9 million as a result of growth in the number of employees primarily due to the recruiting of former freelancers, while other administrative expenses rose just slightly by 1.4 % to € 7.1 million. Cost-income ratio rose from 10.2 % in the first half of 2009 to 11.3 % for the first six months of 2010.

The operating result before risk provisioning and valuation adjustments fell by 8.4 % to € 179.2 million in the first half of 2010 (€ 195.7 million). However, this decrease was lower than expected. The operating result before risk provisioning and valuation adjustments is therefore higher than the figure budgeted in the annual operating plan.

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 influenced by provisions for the promotional business and write-downs resulting from the measurement of the securities portfolio at the lower of cost or market.

After taking into account income taxes of € 0.0 million (€ 0.0 million), interim net income for the six months ended June 30, 2010 amounted to € 131.4 million (€ 141.4 million).

Condensed income statement (HGB)		
	Jan. 1 – June 30, 2010	Jan. 1 – June 30, 2009
	€ million	€ million
Interest income	1 459.2	1 679.0
Current income	0.2	0.2
Interest expense	1 260.1	1 457.1
Net interest income	199.3	222.1
Net fee and commission income	1.5	0.1
General administrative expenses	22.0	21.3
Depreciation, amortization and write-downs of intangible and tangible fixed assets	0.9	1.0
Net other operating result	1.3	–4.2
Operating result before risk provisioning and valuation adjustments	**179.2**	**195.7**
Expenses for specific securities and loans and advances	47.8	54.3
Taxes on income	0.0	0.0
Interim net income	**131.4**	**141.4**

Interim consolidated financial statements (IFRS) for the period ended June 30, 2010

Interim group management report

Interim group management report

Economic environment

The recovery in the global economy was faster than expected in the first half of 2010. Economic growth was very dynamic in developing countries and emerging markets, in particular. However, there was also a significant rise in production in industrialized countries. Compared with other countries in the euro zone, Germany experienced above-average growth. Nevertheless, the high levels of public-sector debt in many industrialized countries means that there are now few remaining opportunities for further fiscal stimulus. Furthermore, a significant number of economic stimulus packages will come to an end during the second half of the year. Many countries, mainly in Europe, have embarked on or have announced fiscal consolidation programs in response to the European sovereign debt crisis spreading from Greece and pressure from the financial markets. At the end of the first half of the year, the banking crisis in Spain was also having a particularly negative impact on the outlook.

Inflation in the euro zone remained at a moderate level in the first six months of 2010, the opportunities for price increases being held back by low capacity utilization and high levels of unemployment. There were therefore no indications that the extensive additional liquidity pumped into the system by central banks was positively impacting demand in product markets and thereby driving up prices.

The EU and the European Central Bank (ECB) responded to the debt crisis in Greece by providing a package of guarantees worth € 750 billion. This should help stabilize financial markets in the medium term. However, there was a significant increase in volatility in financial markets against the background of the debt crisis. Many investors pulled out of high-risk asset classes and turned to safe investments. As a result, there were further falls in long-term yields, the yield on 10-year German federal bonds being just 2.50 percent at the end of the first half of 2010.

The economic sentiment in German agriculture recovered again in the first six months of this year. This primarily reflects the return of positive trends in agricultural markets with farmers showing a significant overall willingness to invest, particularly in renewable energies such as biogas or photovoltaics.

Company performance

Key features of Rentenbank's performance in the first half of 2010 were an increase in new business and a return to normal levels of financial performance. In particular, the low-interest special promotional loans provided stimulus for growth and an increase in promotional lending volume. Total assets grew for the first time in two years. Demand for our issues remained high, driven by the demands of many investors for safe investments. The total funding requirement for 2010 in our medium-term and long-term issue business is expected to reach € 10 billion; almost two thirds of this had already been placed by June 30. As a result of the significant narrowing in spreads on short-term interbank business, net interest income fell below the prior-year level again following the exceptionally high growth rates generated in 2008 and 2009. However, the contraction was not as great as forecasted. Earnings continue to be well in excess of the levels achieved prior to the crisis.

Total assets and business volume

Unless another reporting date is indicated, the comments on the balance sheet as at June 30, 2010 compare the figures in that balance sheet with the consolidated balance sheet as at December 31, 2009, the comparative figures being shown in brackets.

From the balance sheet	Jun. 30, 2010 € billion	Dec. 31, 2009 € billion
Total assets	90.4	77.8
Loans and advances to banks	50.9	45.8
Financial investments	28.4	27.9
Liabilities to banks	3.0	3.7
Securitized liabilities	69.1	60.3

As at June 30, 2010, total assets had climbed to € 90.4 billion from € 77.8 billion as at December 31, 2009, an increase of € 12.6 billion or 16.2 percent. The increase largely resulted from fluctuations in exchange rates and cash collateral received under collateral management agreements. Total assets of the consolidated subsidiary LR Beteiligungsgesellschaft mbH, Frankfurt am Main, were € 220.5 million as at June 30, 2010 (€ 232.2 million). The equivalent figure for DSV Silo- und Verwaltungsgesellschaft mbH, Frankfurt am Main, a wholly-owned subsidiary of LR Beteiligungsgesellschaft mbH and also included in the consolidation, amounted to € 17.6 million (€ 17.8 million). Contingent liabilities excluding irrevocable loan commitments amounted to € 4.9 million (€ 119.1 million).

The Group generally acts as a neutral player in the market place and extends its loans via other banks. Accordingly, loans and advances to banks accounted for a significant proportion of the assets on the balance sheet, although this proportion was down to 56.3 percent from 58.9 percent. As at June 30, 2010, the carrying amount of this item was € 50.9 billion (€ 45.8 billion), an increase of € 5.1 billion on the figure as at December 31, 2009, largely as a result of the investment of cash collateral received. The rise in the volume of special promotional loans also contributed to the growth in this figure.

Loans and advances to customers rose by € 0.9 billion to € 1.5 billion (€ 0.6 billion).

Financial investments almost exclusively comprise bank bonds and notes. They increased by € 0.5 billion to € 28.4 billion (€ 27.9 billion).

On the liabilities side of the balance sheet, liabilities to banks decreased by € 0.7 billion to € 3.0 billion (€ 3.7 billion), mainly as a result of the repayment of € 0.9 billion in fixed-term deposits.

Liabilities to customers increased by € 0.2 billion to € 6.0 billion (€ 5.8 billion). This balance sheet item primarily consisted of registered bonds and promissory note loans, the carrying amount of these instruments as at June 30, 2010 being € 5.8 billion (€ 5.6 billion).

The portfolio of securitized liabilities increased from € 60.3 billion as at December 31, 2009 to € 69.1 billion as at June 30, 2010, an increase of € 8.8 billion or 14.6 percent. This increase was largely attributable to the effects of currency translation in respect of issues denominated in US dollars. This resulted in corresponding offsetting effects in the carrying amounts of derivatives entered into by the Bank for hedging purposes. The Medium Term Note programs (MTN) are the most significant refinancing instruments used by the Bank, the carrying amount as at June 30, 2010 being € 44.8 billion (€ 40.2 billion). Global bonds totaled € 12.2 billion (€ 9.9 billion) at the end of the half year. The carrying amount of the ECP program, which is part of money market funding, rose by € 1.9 billion to € 12.1 billion (€ 10.2 billion).

The funds borrowed on the money and capital markets for refinancing purposes were under agreements entered into on an arm's length basis.

Derivatives are generally entered into to hedge market price risk. As a result of the Bank's performance in the first half of 2010 and changes resulting from marking to market – in particular, changes resulting from the currency translation of items denominated in US dollars – the positive fair values of derivative financial instruments increased by € 5.4 billion to € 8.3 billion (€ 2.9 billion), while the negative fair values decreased by € 0.8 billion to € 3.6 billion (€ 4.4 billion).

There was only a negligible increase of 0.3 million in provisions to € 102.8 million (€ 102.5 million). A gross sum of € 3.6 million was added to pension provisions; provisions of € 2.3 million were utilized for current pension payments. The present value of the pension obligations was determined with a discount rate of 5.2 percent.

Financial performance

All comparative figures included in the comments on financial performance as reported in the half-year financial report for 2010 refer to the first half of 2009 and are shown in brackets.

Operating result

From the income statement	Jun. 30, 2010 € million	Jun. 30, 2009 € million
Net interest income before provision for loan losses/ promotional contribution	173.0	206.5
Provision for loan losses/ promotional contribution	9.6	43.4
Administrative expenses	24.6	22.1
Interim net income for the period before result from fair value measurement, hedge accounting and taxes	141.2	136.6

There was an upward trend in the current fiscal year in the operating result before the result from fair value measurement and from hedge accounting, and before taxes. Interest income, including contributions from fixed-income securities and equity investments, reached € 2 075.7 million (€ 2 011.6 million). After deducting interest expenses of € 1 902.7 million (€ 1 805.1 million), net interest income amounted to € 173.0 million (€ 206.5 million). This equated to a year-on-year fall of € 33.5 million or 16.2 percent, attributable to narrower spreads in short-term interbank business. The provision for loan losses/promotional contribution fell by € 33.8 million to € 9.6 million (€ 43.4 million) owing to the fact that no writedowns were necessary in the first half of 2010. As a result, the operating result improved slightly by € 4.6 million to € 141.2 million (€ 136.6 million).

In the Promotional Business segment, interim net income for the period before the result from fair value measurement and from hedge accounting, and before taxes, saw a significant increase to € 57.1 million (€ 12.0 million) owing to a higher volume of promotional business, steady margins, and lower additions to the provision for loan losses. On the other hand, the equivalent interim net income for the period in the Treasury Management segment contracted as a result of the decrease in net interest income to € 37.4 million (€ 81.9 million). The Capital Investment segment saw a slight improvement in its interim net income for the period to € 46.7 million (€ 42.7 million).

Measurement result

The measurement result comprises the result from fair value measurement and from hedge accounting through profit or loss and the change in the revaluation reserve. The revaluation reserve is an item in which the unrealized gains and losses from the measurement of securities are recognized in other comprehensive income. The debt crisis in Europe led to an increase in risk premiums as a result of changes in credit ratings. This in turn led to a fall in the value of the Bank's own liabilities (measurement gains) and its assets (measurement losses). Measurement gains on liabilities reported in the group's income statement were therefore offset by measurement losses on assets, in particular in the revaluation reserve. A substantial widening of the basis swap spread (cost of foreign exchange) also led to significant measurement losses. As at June 30, 2010, there was an overall measurement loss of € 265.7 million compared with an overall measurement gain of € 279.7 million as at June 30, 2009.

Due to the buy-and-hold strategy of the Group as a non-trading book institution (Nichthandelsbuchinstitut) within the meaning of the German Banking Act (KWG), these measurement losses are merely of a temporary nature, provided that there are no counterparty defaults. They will be partially reversed in 2010 and in the following years in the form of measurement gains as a result of changes in market data and a reduction of remaining terms to maturity.

Total comprehensive income of the group

Interim net income for the period	Jun. 30, 2010 € million	Jun. 30, 2009 € million
Interim net income for the period before result from fair value measurement, hedge accounting and taxes	141.2	136.6
Result from fair value measurement and from hedge accounting	−20.1	237.1
Change in revaluation reserve	−245.6	42.6
Interim net income for the period	−124.7	416.2

Total comprehensive income for the six months ended June 30, 2010, including the change in the revaluation reserve, amounted to a loss of € 124.7 million, a decrease of € 540.9 million on the corresponding income figure of € 416.2 million for the equivalent period in 2009. The decrease was almost exclusively attributable to the fall of € 545.4 million in the measurement result.

Equity

Total equity as reported on the balance sheet as at June 30, 2010 was € 2 100.1 million (€ 2 236.1 million). The breakdown of this equity is as follows:

	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Subscribed capital	135.0	135.0
Retained earnings	2 263.4	2 263.4
Revaluation reserve	−419.2	−173.6
Interim net income for the period (Jun. 30)/ Group's net profit (Dec. 31)	120.9	11.3
Total equity	**2 100.1**	**2 236.1**

The decrease in equity arose solely as a result of the unrealized measurement losses of € 245.6 million reported in the revaluation reserve, which could partly be compensated by the positiv interim net income.

Subordinated liabilities declined by € 205.2 million as a result of exchange-rate fluctuations and liabilities becoming due for repayment. The terms and conditions of all subordinated liabilities fulfilled the requirements of section 10 (5a) German Banking Act (KWG) and preclude early repayment or conversion.

As at June 30, 2010, the core capital ratio calculated as specified by the German Solvency Regulation (SolvV) pursuant to sections 10 and 10a KWG was 16.6 percent (15.3 percent). The total capital ratio was 26.1 percent (23.9 percent).

Risk report

The comments in the risk report as at June 30, 2010 compare the current figures with those as at December 31, 2009. The figures for the end of fiscal year 2009 are given in brackets. The prior-year period referred to in any comparisons is the period from January 1, 2009 to December 31, 2009.

Basis of the report

Due to the business activities of its subsidiaries and the letter of comfort issued to LR Beteiligungsgesellschaft mbH, all material risks are concentrated in Rentenbank and are therefore managed. The subsidiaries are funded exclusively with Group resources.

The Group's corporate objective, derived from the Bank's legal mandate, is to promote the agricultural sector, the food industry, and rural areas. The business activities of the Group are geared toward achieving this goal. Care must be taken to ensure that the Group is able to fulfill this promotional mandate at all times in the future.

For the purposes of achieving its corporate objective, the Bank must also generate an adequate and consistent operating result in order to fulfill its mandate and to increase its own funds from its earnings because no other sources are available.

The Group's risk structure is essentially defined by the framework established by the Rentenbank Law and the Bank's Statutes.

Risk management and risk-bearing capacity

The organization of risk management, and the monitoring of the limits based upon the Bank's risk-bearing capacity, have not changed significantly compared with the procedures and processes described in the management report for the fiscal year ended December 31, 2009. The following section therefore includes only details of the current risk-bearing capacity and its utilization.

As at June 30, 2010, the risk cover as defined by IFRS was as follows:

	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Available operating result	220.0	220.0
+ Retained earnings (other reserves)	110.0	5.0
= Risk cover 1	**330.0**	**225.0**
+ Retained earnings (other reserves)	1 400.4	1 505.4
+ Interim net income for the period	120.9	–
+ Revaluation reserve	–419.2	–173.6
= Risk cover 2	**1 432.1**	**1 556.8**
+ Retained earnings (principal reserve, guarantee reserve)	753.0	753.0
+ Subscribed capital	135.0	135.0
+ Subordinated liabilities	916.7	1 121.9
= Risk cover 3	**3 236.8**	**3 566.7**

Risk cover 1 amounted to € 330 million as at June 30, 2010. Following a more risk-sensitive measurement of credit risk, risk cover 1 had been increased by € 105 million on the figure as at December 31, 2009. Compared with the methodology used for the latter, the methodology used for the calculation of credit risk as at June 30, 2010 provided for a significantly higher probability of default among the Bank's business partners. Risk cover 2 decreased to € 1 432 billion (€ 1 557 billion), specifically as a result of the revaluation reserve. Risk cover 3 also decreased, as a consequence of the contraction in subordinated liabilities, to 3.237 billion (€ 3 567 billion).

The allocated risk cover 1 for credit, market price, and operational risk is in line with the global limits approved by the Board of Managing Directors. No liquidity risk has been taken into account, since the Group has sufficient cash funds, and amongst others its triple A ratings enable it to obtain sufficient funds at any time on the money or capital markets or from the German central bank (Deutsche Bundesbank).
As part of the process of validating the risk parameters used in the assessment of credit risk, the risk cover allocated for credit risk was increased by € 100 million to € 230 million.

Allocated risk cover	Jun. 30, 2010		Dec. 31, 2009	
	€ million	%	€ million	%
Credit risk	230.0	69.7	130.0	57.8
Market price risk	61.0	18.5	61.0	27.1
Operational risk	30.0	9.1	30.0	13.3
Total risk limit	**321.0**	**97.3**	**221.0**	**98.2**
Risk cover 1	**330.0**	**100.0**	**225.0**	**100.0**

The calculation of the potential utilization of the risk cover is based on two risk scenarios. In these calculations, certain changes according to predefined scenarios are applied to the underlying risk factors for credit, market price, and operational risk.

Risk scenario 1 (standard scenario) involves adverse changes in the conditions in relevant business and organizational environments that could lead to possible losses. These conditions include market price fluctuations, turmoil on the money and capital markets leading to an increase in the number of loan defaults, or the failure of the internal control system. In the statement of risk-bearing capacity, the exposure arising from the standard scenario is compared against the total risk limit.

In addition to the changes in conditions described under risk scenario 1, risk scenario 2 (stress scenario) includes spread risk under extreme conditions.
The stress scenario is compared against risk cover 2.

The following table shows the exposure to the different types of risk under risk scenarios 1 and 2:

	Risk scenario 1				Risk scenario 2			
	Jun. 30, 2010		Dec. 31, 2009		Jun. 30, 2010		Dec. 31, 2009	
	€ million	%	€ million	%	€ million	%	€ million	%
Credit risk	95.7	64.6	54.0	59.8	456.4	46.8	138.9	31.4
Market price risk	25.8	17.4	14.8	16.4	30.0	3.1	21.1	4.8
Market price risk (spread risk)	–	–	–	–	436.7	44.7	239.0	54.1
Operational risk	26.6	18.0	21.5	23.8	53.2	5.4	43.0	9.7
Total risk exposure	**148.1**	**100.0**	**90.3**	**100.0**	**976.3**	**100.0**	**442.0**	**100.0**
Total risk limit	**321.0**		**221.0**		**–**		**–**	
Utilization of total risk limit		**46.1**		**40.9**		**–**		**–**
Risk cover 1 and 2, respectively	**330.0**		**225.0**		**1 432.1**		**1 556.8**	
Risk cover 2 less potential imprecision in measurement					**1 430.1**		**1 554.8**	
Utilization of risk cover		**44.9**		**40.1**		**68.2**		**28.4**

65 percent (60 percent) of the total risk exposure in risk scenario 1 was attributable to credit risk as at June 30, 2010. As a result of the more risk-sensitive calculation methodology for credit risk, credit risk exposure increased by € 41.7 million.

Market price risk accounted for 17 percent (16 percent) and operational risk 18 percent (24 percent) of the Group’s total risk exposure. In the first half of 2010, interest-rate risk increased as a result of higher net asset positions as due dates and new business.

Assuming a standard scenario, the total risk exposure as at June 30, 2010 was € 148.1 million (€ 90.3 million). The equivalent figure assuming a stress scenario was € 976.3 million (€ 442.0 million). In the standard scenario, 46 percent (41 percent) of the total risk limit was utilized. The utilization rate for risk cover 2, which mainly comprises other retained earnings, was 68 percent (28 percent).

The significant rise in utilization in the stress scenario was caused primarily by the refinement in the credit risk calculation methodology referred to above. Another factor was the additional allowance in the scenario to take account of the widening of spreads in view of the very volatile market parameters.

The results from the calculations of risk-bearing capacity reflect the Group’s risk strategy, which is based on sustainability and stability.

Risk categories – individual risks

There have been no material changes in definitions, organization, and reporting related to individual risks since the comments included in the consolidated financial statements for fiscal year 2009. The calculation methodology for quantifying potential credit risk was refined and, as a result, significantly higher rates for the probability of default were used in risk scenarios. A further stress scenario for credit risk was added. Given the very significant volatility in market parameters and to ensure adequate allowance for market price risk, scenarios were adjusted as part of the validation process to take into account the widening of spreads. The following section therefore includes only details regarding the aforementioned changes and the current risk situation for each individual risk category.

Credit risk

Current risk situation

The figures describing the current risk situation relate to gross carrying amounts in accordance with IFRS 7.B9, which correspond to the carrying amounts of the relevant balance sheet items in the IFRS consolidated financial statements. Loans and advances to banks and to customers include the corresponding portions from the item 'fair value changes of hedged items in a portfolio hedge' as well as irrevocable loan commitments. Irrevocable loan commitments of € 1 539.0 million (€ 801.5 million) were recognized at their nominal amounts.

Gross lending volume

	Loans and advances to banks		Loans and advances to customers		Derivatives		Financial investments	
	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Gross lending volume	**53 072.0**	**46 986.7**	**1 533.6**	**612.9**	**8 297.1**	**2 872.4**	**28 404.9**	**27 937.3**
Cash collateral	0.0	0.0	0.0	0.0	5 469.0	262.9	0.0	0.0
Covered bonds (Pfandbriefe)	545.7	803.8	0.0	0.0	0.0	0.0	6 743.8	5 787.3
Public-sector covered bonds (Öffentliche Pfandbriefe)	256.3	264.2	0.0	0.0	0.0	0.0	1 096.0	816.7
State guarantee (Gewährträgerhaftung)	13 549.8	12 204.6	1 416.5	487.8	0.0	0.0	9 232.7	8 067.1
Covered, securitized promotional lending	258.5	257.4	2.4	3.4	0.0	0.0	1 144.3	511.2
Securitized money market funding	5 659.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assignment of claims	14 893.9	13 390.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending volume	**17 908.4**	**20 066.7**	**114.7**	**121.7**	**2 828.1**	**2 609.5**	**10 188.1**	**12 755.0**

Net lending volume represents the unsecured portion of the balance sheet item.

The following tables present the credit risk exposures separately by region, currency, sectors, and rating category, without taking credit risk mitigation techniques into account.

Risk concentration by country

June 30, 2010	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
Banks								
Germany	46 791.2	88.2	0.0	0.0	948.4	11.4	7 380.4	26.0
Other EU countries	6 280.7	11.8	0.0	0.0	4 270.9	51.5	19 310.1	68.0
OECD countries	0.1	0.0	0.0	0.0	1 128.0	13.6	40.1	0.1
Total banks	**53 072.0**	**100.0**	**0.0**	**0.0**	**6 347.3**	**76.5**	**26 730.6**	**94.1**
Other counterparties								
Germany	0.0	0.0	1 513.6	98.7	0.0	0.0	685.4	2.4
Other EU countries	0.0	0.0	20.0	1.3	1 702.0	20.5	988.9	3.5
OECD countries	0.0	0.0	0.0	0.0	247.8	3.0	0.0	0.0
Total other counterparties	**0.0**	**0.0**	**1 533.6**	**100.0**	**1 949.8**	**23.5**	**1 674.3**	**5.9**
Total	**53 072.0**	**100.0**	**1 533.6**	**100.0**	**8 297.1**	**100.0**	**28 404.9**	**100.0**

December 31, 2009	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
Banks								
Germany	40 046.0	85.2	0.0	0.0	390.1	13.6	7 936.4	28.4
Other EU countries	6 940.6	14.8	0.0	0.0	1 435.2	50.0	18 846.5	67.5
OECD countries	0.1	0.0	0.0	0.0	373.2	13.0	111.4	0.4
Total banks	**46 986.7**	**100.0**	**0.0**	**0.0**	**2 198.5**	**76.6**	**26 894.3**	**96.3**
Other counterparties								
Germany	0.0	0.0	591.3	96.5	0.0	0.0	274.1	1.0
Other EU countries	0.0	0.0	21.6	3.5	592.3	20.6	768.9	2.7
OECD countries	0.0	0.0	0.0	0.0	81.6	2.8	0.0	0.0
Total other counterparties	**0.0**	**0.0**	**612.9**	**100.0**	**673.9**	**23.4**	**1 043.0**	**3.7**
Total	**46 986.7**	**100.0**	**612.9**	**100.0**	**2 872.4**	**100.0**	**27 937.3**	**100.0**

Risk concentration by currency

June 30, 2010	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
EUR	52 931.8	99.8	1 533.6	100.0	–42 576.5	–513.1	27 099.7	95.5
CAD	0.0	0.0	0.0	0.0	1 367.4	16.5	174.3	0.6
JPY	71.7	0.1	0.0	0.0	3 151.1	38.0	285.2	1.0
USD	0.1	0.0	0.0	0.0	35 053.7	422.5	378.4	1.3
AUD	0.0	0.0	0.0	0.0	5 578.2	67.2	0.0	0.0
GBP	12.2	0.0	0.0	0.0	916.4	11.0	389.1	1.4
CHF	22.6	0.0	0.0	0.0	2 505.9	30.2	37.6	0.1
Other currencies	33.6	0.1	0.0	0.0	2 300.9	27.7	40.6	0.1
Total	**53 072.0**	**100.0**	**1 533.6**	**100.0**	**8 297.1**	**100.0**	**28 404.9**	**100.0**

Risk concentration by currency

December 31, 2009	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
EUR	46 830.1	99.7	612.9	100.0	–23 825.9	–829.5	27 026.0	96.7
CAD	0.0	0.0	0.0	0.0	634.3	22.1	143.4	0.5
JPY	72.9	0.2	0.0	0.0	2 439.4	84.9	300.6	1.1
USD	0.1	0.0	0.0	0.0	16 323.9	568.4	367.3	1.3
AUD	0.0	0.0	0.0	0.0	3 800.3	132.3	0.0	0.0
GBP	19.7	0.0	0.0	0.0	408.7	14.2	19.5	0.1
CHF	20.2	0.0	0.0	0.0	1 718.1	59.8	33.6	0.1
Other currencies	43.7	0.1	0.0	0.0	1 373.6	47.8	46.9	0.2
Total	**46 986.7**	**100.0**	**612.9**	**100.0**	**2 872.4**	**100.0**	**27 937.3**	**100.0**

The changes in currencies compared with December 31, 2009 were mainly influenced by the individual components of the cross-currency swaps. The positive fair values of derivative financial instruments were allocated to the asset side of the balance sheet based on their fair value. Substantial changes to risk concentrations may occur if the fair value of an item changes from positive to negative, or vice versa.

Risk concentration by banking group

June 30, 2010	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
Private-sector banks/ other banks	11 771.2	22.2	0.0	0.0	687.2	8.3	2 704.9	9.5
Foreign banks	6 280.8	11.8	0.0	0.0	5 398.9	65.1	19 350.2	68.1
Public-sector banks	26 456.4	49.9	0.0	0.0	178.5	2.2	4 298.3	15.2
Cooperative banks	7 063.5	13.3	0.0	0.0	82.7	1.0	377.2	1.3
Central banks	1 500.1	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Non-banks	0.0	0.0	1 533.6	100.0	1 949.8	23.4	1 674.3	5.9
Total	**53 072.0**	**100.0**	**1 533.6**	**100.0**	**8 297.1**	**100.0**	**28 404.9**	**100.0**

December 31, 2009	Loans and advances to banks		Loans and advances to customers		Derivates		Financial investments	
	€ million	%	€ million	%	€ million	%	€ million	%
Private-sector banks/ other banks	8 132.3	17.3	0.0	0.0	287.8	10.0	2 916.2	10.4
Foreign banks	6 940.6	14.8	0.0	0.0	1 808.4	63.1	18 958.0	68.0
Public-sector banks	25 608.4	54.5	0.0	0.0	60.8	2.1	4 644.1	16.6
Cooperative banks	6 305.4	13.4	0.0	0.0	41.5	1.4	376.0	1.3
Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-banks	0.0	0.0	612.9	100.0	673.9	23.4	1 043.0	3.7
Total	**46 986.7**	**100.0**	**612.9**	**100.0**	**2 872.4**	**100.0**	**27 937.3**	**100.0**

Risk-weighted assets by rating category (€ million)

June 30, 2010	Measurement method*	AAA	AA	A	BBB	BB-B	CCC-C	DDD-D	Total
				Rating categories					
Loans and advances to banks									
Special loans	Amortized cost	37.1	326.4	204.7	32.5	0.0	0.0	0.0	**600.7**
	Fair Value	4 090.2	3 770.3	11 108.1	1 730.2	0.0	0.0	0.0	**20 698.8**
Other	Amortized cost	1 026.8	2 118.0	663.5	118.8	0.0	16.8	0.0	**3 943.9**
	Fair Value	2 121.8	16 411.7	6 828.1	2 016.4	250.5	200.1	0.0	**27 828.6**
Loans and advances to customers	Amortized cost	199.6	224.5	7.1	38.2	0.0	0.0	0.0	**469.4**
	Fair Value	459.4	535.0	0.0	69.8	0.0	0.0	0.0	**1 064.2**
Derivatives	Fair Value	0.2	3 491.2	4 766.0	18.7	19.7	1.3	0.0	**8 297.1**
Financial investments	Amortized cost	487.1	1 139.2	1 741.1	393.9	166.1	90.6	0.0	**4 018.0**
	Fair Value	10 599.1	9 497.6	3 570.3	554.7	165.2	0.0	0.0	**24 386.9**
Total		**19 021.3**	**37 513.9**	**28 888.9**	**4 973.2**	**601.5**	**308.8**	**0.0**	**91 307.6**

December 31, 2009	Measurement method*	AAA	AA	A	BBB	BB-B	CCC-C	DDD-D	Total
				Rating categories					
Loans and advances to banks									
Special loans	Amortized cost	15.4	346.8	186.6	6.6	0.0	0.0	0.0	**555.4**
	Fair Value	3 886.7	3 329.4	10 078.8	1 503.3	0.0	0.0	0.0	**18 798.2**
Other	Amortized cost	763.8	2 182.3	1 072.5	143.7	9.9	198.2	0.0	**4 370.4**
	Fair Value	748.0	12 536.6	7 781.3	1 729.0	279.5	188.3	0.0	**23 262.7**
Loans and advances to customers	Amortized cost	16.0	1.1	9.5	39.9	0.0	0.0	0.0	**66.5**
	Fair Value	472.8	0.0	0.0	73.6	0.0	0.0	0.0	**546.4**
Derivatives	Fair Value	0.2	1 444.0	1 402.2	11.1	13.5	1.4	0.0	**2 872.4**
Financial investments	Amortized cost	436.2	1 040.6	2 049.0	460.7	159.6	89.0	0.0	**4 235.1**
	Fair Value	8 307.5	10 329.6	3 951.9	846.0	148.4	118.8	0.0	**23 702.2**
Total		**14 646.6**	**31 210.4**	**26 531.8**	**4 813.9**	**610.9**	**595.7**	**0.0**	**78 409.3**

* Amortized cost = measurement categories ’loans and receivables’ and ’held to maturity’
Fair value = hedge accounting and measurement categories ’held for trading’, ’designated as at fair value’, and ’available for sale’

Comparison of internal rating categories with the average external ratings of the agencies Standard & Poor's, Moody's, and Fitch (€ million)

June 30, 2010

Internal rating category	External rating category: AAA	AA	A	BBB	BB-B	CCC-C	DDD-D	without external rating	**Total**
AAA	16 822.5	0.0	0.0	0.0	0.0	0.0	0.0	2 198.8	**19 021.3**
AA	2 690.2	20 032.8	595.1	0.0	0.0	0.0	0.0	14 195.8	**37 513.9**
A	0.0	3 161.6	22 142.4	576.3	0.0	0.0	0.0	3 008.6	**28 888.9**
BBB	0.0	146.3	1 507.5	733.8	0.0	0.0	0.0	2 585.6	**4 973.2**
BB-B	0.0	0.0	118.4	285.0	85.0	0.0	0.0	113.1	**601.5**
CCC-C	0.0	0.0	210.0	74.0	10.0	0.0	0.0	14.8	**308.8**
DDD-D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**19 512.7**	**23 340.7**	**24 573.4**	**1 669.1**	**95.0**	**0.0**	**0.0**	**22 116.7**	**91 307.6**

December 31, 2009

Internal rating category	External rating category: AAA	AA	A	BBB	BB-B	CCC-C	DDD-D	without external rating	**Total**
AAA	14 060.0	0.0	0.0	0.0	0.0	0.0	0.0	586.6	**14 646.6**
AA	2 489.6	18 409.9	364.0	0.0	0.0	0.0	0.0	9 946.9	**31 210.4**
A	0.0	2 624.6	20 161.1	817.5	0.0	0.0	0.0	2 928.6	**26 531.8**
BBB	0.0	290.5	1 420.2	934.0	0.0	0.0	0.0	2 169.2	**4 813.9**
BB-B	0.0	0.0	144.4	224.6	85.1	0.0	0.0	156.8	**610.9**
CCC-C	0.0	0.0	310.0	277.7	0.0	0.0	0.0	8.0	**595.7**
DDD-D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**16 549.6**	**21 325.0**	**22 399.7**	**2 253.8**	**85.1**	**0.0**	**0.0**	**15 796.1**	**78 409.3**

(In the tables, the 20 rating categories in the internal rating system have been aggregated into seven overall rating categories)

Provision for loan losses

If exposures are at risk of default, the Bank recognizes provisions for loan losses. No specific valuation allowances for loan losses were recognized in the first half of 2010. Portfolio valuation allowances of 1.6 million were reversed, resulting in a balance of € 4.5 million.

Standard scenarios

Calculations for measuring potential loan defaults under the standard scenario are based on the annual potential default in terms of exposure. As at June 30, 2010, the cumulative potential default amounted to € 95.7 million (€ 54.0 million). The average potential default in the first half of 2010 amounted to € 106.9 million (€ 52.9 million). The ratio of this average potential default to the allocated risk cover for credit risk as at June 30, 2010 was 46.5 percent (40.7 percent). The highest exposure was € 125.5 million (€ 71.9 million) and therefore below the limit of € 230 million approved by the Board of Managing Directors for the standard scenario. The lowest exposure, and also the exposure as at the balance sheet date, was € 95.7 million (€ 43.4 million).

Stress scenarios

In an initial stress scenario, the calculation of the annual potential default is first based upon exposure plus drawdown of all internally granted limits. As at June 30, 2010, the cumulative potential default under this stress scenario amounted to € 117.8 million (€ 69.8 million). In three further stress scenarios, the annual potential default is based upon exposure and drawdown of all internally granted limits plus each of the following in turn: a doubling of default probability; adverse change in credit ratings; and, a measure of risk concentration. From these four stress scenarios, the maximum annual potential default as at June 30, 2010 amounted to € 456.4 million (€ 138.9 million).

Market price risk

Current risk situation

Standard scenarios

The present value sensitivity of all open interest-rate-sensitive transactions related to the items 'money market funding' and 'promotional lending' is calculated daily, assuming a positive parallel shift of 100 basis points (bp) in the yield curves.

As at June 30, 2010, the amount included as risk cover for market price risk in 'money market funding' and 'promotional lending' was € 25.8 million (€ 14.8 million). The average limit utilization in the first six months of 2010 was € 13.5 million (€ 13.0 million), which equates to an average utilization of 22.1 percent (21.0 percent). In the six months under review, the maximum exposure was € 26.0 million (€ 21.0 million), the lowest € 5.4 million (€ 5.3 million). No limits were exceeded in the whole of 2009, nor in 2010.

Stress scenarios

Scenarios are based on a flat increase in the yield curve (+150 bps for short maturities and +50 bps for long maturities) and a steep increase in the curve (+50 bps for short maturities and +150 bps for long maturities). As at June 30, 2010, the greater risk was in a steeper yield curve (2009: steeper yield curve).

As at June 30, 2010, the scenario analysis produced a market price risk in 'money market funding' of € 24.3 million (€ 12.6 million). In the 'lending business', which together with the 'securities business' forms part of the 'promotional lending' segment, the amount included as risk cover for market price risk based on the scenario analysis was € 5.6 million (€ 8.4 million with a positive shift of 200 bps). In the 'securities business', the amount included as risk cover for market price risk based on the scenario analysis (positive shift of 150 bps for maturities of up to 90 days, 100 bps for maturities of up to five years, and 50 bps for maturities of up to ten years) was € 0.08 million (€ 0.08 million).

The sum of the amounts for market price risk in 'money market funding' and 'promotional lending' in the period under review was below the € 61 million limit approved by the Board of Managing Directors for the standard scenario.

Spread risk has an impact on the carrying amounts of existing items on the balance sheet. Spread risk is additionally reflected by three market price risk scenarios.

The scenario assumed a swing of 60 bps for risk premiums (spread risk) in 'money market funding'. This is equivalent to a downshift in the derivatives curve (EONIA) of 30 bps and an upshift in the interbank credit curve (EURIBOR) of 30 bps. The resulting risk was € 10.2 million (€ 1.0 million). As at December 31, 2009, the scenario had assumed a widening of 20 bps in spreads. The increase was caused by the Bank's entry into EONIA swaps in addition to adjustments to the scenario.

The scenario assumed a 20 bps increase for the costs of the swap of liquidity in various currencies into euros, resulting in a spread risk of € 210.2 million (€ 177.8 million).

Within each rating category, the stress scenario assumed a parallel downshift of 40 bps for credit spreads representing risk premiums linked to the credit rating of a transaction. In the case of net liability positions, falling credit spreads lead to a measurement loss.
In the scenario, the existing net liability position led to a risk of € 216 million (€ 60 million with a downshift of 20 bps).

Value-at-risk (VaR)

This indicator shows the maximum loss in 'money market funding' from market-based changes, assuming a holding period of one day and prediction accuracy of 99 percent. VaR as at June 30, 2010 was € 1.0 million (€ 0.4 million).

Liquidity risk

Current risk situation

Instruments available for managing the short-term liquidity position are interbank funds, securitized money market funding, ECP issues, and open-market transactions with Deutsche Bundesbank. The Bank's triple A ratings along with its short-term refinancing options on the money and capital markets indicate that, in efficient markets, the liquidity risk is manageable in the event that principal and interest payments are not made when due. If there is disruption in the markets, the Bank is able to obtain liquidity equivalent to its available refinancing facilities. These facilities have continuously exceeded the liquidity requirement for up to two years.

Stress scenarios

Rentenbank regularly carries out analyses using four scenarios. The scenarios are monitored separately and on a cumulative basis. In these analyses, the liquidity requirement resulting from the scenarios is added to cash flows already known in order to examine the effects on the Bank's solvency. As was the case at December 31, 2009, the results of the scenario analyses demonstrated that, as at the balance sheet date, the Group would be able to meet its payment obligations at all times without restriction.

Operational risk

Current risk situation

No significant losses (€ 5 thousand or more) were recorded in the loss database in the period under review. In the six months up to June 30, 2009, two significant individual losses of € 10 thousand had been incurred as a result of operational risk.

Outlook

The Bank expects to see the result from fair value measurement and from hedge accounting continue to return to normal levels. In the next few months, growth rates are likely to see a further fall with earnings below the level of the exceptional years in 2008 and 2009 but still above the levels of other years. Nevertheless, the Bank will certainly exceed the results set out in the annual operating plan.

Market parameters continue to be subject to significant volatility and it is therefore not really possible to forecast the measurement result. We are similarly unable to reliably predict the consolidated net income for the year, since the measurement result may have a considerable impact on that figure.

Report on events after the balance sheet date

There were no significant events after the end of the reporting period.

Consolidated statement of comprehensive income (IFRS) for the period January 1 to June 30, 2010

	Notes	Jun. 30, 2010 € million	Jun. 30, 2009 € million
Interest income		2 075.7	2 011.6
Interest expense		1 902.7	1 805.1
Net interest income	1	**173.0**	**206.5**
Provision for loan losses/promotional contribution	2,7	9.6	43.4
thereof recognition for special loan programs		33.3	44.3
thereof amortization for special loan programs		21.0	18.1
Net interest income after provision for loan losses/ promotional contribution		**163.4**	**163.1**
Fee and commission income		2.5	1.1
Fee and commission expenses		1.0	1.0
Net fee and commission income		**1.5**	**0.1**
Net trading result		0.0	0.0
Net result from financial investments		–0.1	0.0
Administrative expenses	3	24.6	22.1
Net other operating result		1.0	–4.5
Result from fair value measurement and from hedge accounting	4	–20.1	237.1
Net result from taxes		–0.2	–0.1
Interim net income for the year		**120.9**	**373.6**
Change in revaluation reserve		–245.6	42.6
Total comprehensive income		**–124.7**	**416.2**

Consolidated balance sheet (IFRS) as at June 30, 2010

Assets	Notes	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Cash and balances with central banks		536.3	102.2
Loans and advances to banks	5,7	50 909.6	45 840.5
thereof promotional contribution		*–236.8*	*–229.0*
Loans and advances to customers	6,7	1 533.5	612.8
thereof promotional contribution		*–0.1*	*–0.1*
Fair value changes of hedged items in a portfolio hedge	8	623.5	344.8
Positive fair values of derivative financial instruments	9	8 297.1	2 872.4
Financial investments	10	28 404.9	27 937.3
Investment property		17.0	17.3
Property and equipment		25.2	25.5
Intangible assets		3.0	3.3
Current income tax assets		2.7	1.0
Deferred tax assets		2.2	2.3
Other assets		40.9	88.4
Total assets		**90 395.9**	**77 847.8**

Liabilities and equity	Notes	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Liabilities to banks	11	2 960.1	3 660.0
Liabilities to customers	12	5 998.9	5 784.8
Securitized liabilities	13	69 129.3	60 263.2
Negative fair values of derivative financial instruments	14	3 640.5	4 362.9
Provisions	15	102.8	102.5
Subordinated liabilities	16	916.7	1 121.9
Other liabilities		5 547.5	316.4
Equity			
Subscribed capital		135.0	135.0
Retained earnings		2 263.4	2 263.4
Revaluation reserve		–419.2	–173.6
Group's net profit		120.9	11.3
Total liabilities and equity		**90 395.9**	**77 847.8**

Consolidated statement of changes in equity

Statement of changes in equity January 1 to June 30, 2010

€ million	Subscribed capital	Retained earnings	Revaluation reserve	Group's net profit	Group's interim net profit	H1 2010
Equity as of Jan. 1, 2010	**135.0**	**2 263.4**	**–173.6**	**11.3**	**0.0**	**2 236.1**
Net income for the year					120.9	120.9
Change in unrealized gains and losses			–245.6			–245.6
Group's net result	***0.0***	***0.0***	***–245.6***	***0.0***	***120.9***	***–124.7***
Appropriation of net profit				–11.3		–11.3
Equity as of June 30, 2010	**135.0**	**2 263.4**	**–419.2**	**0.0**	**120.9**	**2 100.1**

Statement of changes in equity January 1 to June 30, 2009

€ million	Subscribed capital	Retained earnings	Revaluation reserve	Group's net profit	Group's interim net profit	H1 2009
Equity as of Jan. 1, 2009	**135.0**	**2 351.6**	**–440.9**	**10.8**	**0.0**	**2 056.5**
Net income for the year					373.6	373.6
Change in unrealized gains and losses			42.6			42.6
Group's net result	***0.0***	***0.0***	***42.6***	***0.0***	***373.6***	***416.2***
Appropriation of net profit				–10.8		–10.8
Equity as of June 30, 2009	**135.0**	**2 351.6**	**–398.3**	**0.0**	**373.6**	**2 461.9**

Condensed consolidated cash flow statement

	H1 2010 € million	H1 2009 € million
Cash and cash equivalents as of Jan. 1	**102**	**28**
Cash flow from operating activities	931	295
Cash flow from investing activities	–267	–280
Cash flow from financing activities	–230	–37
Effect of exchange rate differences	0	0
Cash and cash equivalents as of Jun. 30	**536**	**6**

The consolidated cash flow statement shows the changes in cash and cash equivalents for the period from January 1 to June 30 for the fiscal years 2010 and 2009, based on cash flows from operating activities, investing activities and financing activities. Cash and cash equivalents correspond to the balance sheet item 'cash and balances with central banks'.

The cash flows from operating activities were determined using the indirect method. In this method, the net income for the period is adjusted for non-cash items and for payments and receipts arising from investing and financing activities. The adjusted net income for the period is further adjusted for changes in assets and liabilities. Interest paid and received together with dividends are classified under cash flows from operating activities. Cash flows from investing and financing activities were determined using the direct method.

As an indicator of a bank's liquidity position, the consolidated cash flow statement is only of limited informative value. In this respect, please refer to the comments in the interim group management report regarding the Bank's liquidity management.

Notes to the consolidated financial statements

Basis of presentation

These condensed interim consolidated financial statements of Landwirtschaftliche Rentenbank have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to section 37y of the German Securities Trading Act (WpHG) in conjunction with section 37w WpHG. The standards and interpretations that are relevant to these interim consolidated financial statements are the standards that are required to be applied to consolidated financial statements for fiscal year 2010 and that had been published and adopted by the European Union as at the date these interim financial statements were prepared, as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). The changes to the IFRS 1, IFRS 2, IFRS 3, IAS 27, and IAS 39 standards, and the IFRIC 15, IFRIC 16, and IFRIC 17 interpretations, which apply from the 2010 fiscal year, have no effect on these interim consolidated financial statements. For further information, please refer to the notes to the consolidated financial statements for the year ended December 31, 2009.

In accordance with IAS 34, the condensed interim consolidated financial statements comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the condensed consolidated cash flow statement, and selected disclosures in the notes. In addition, Landwirtschaftliche Rentenbank has prepared an interim group management report pursuant to section 37w WpHG.

The disclosures on credit, liquidity, and market price risk resulting from financial instruments are generally presented in the Risk Report, which is an integral part of the interim group management report.

Accounting policies

The condensed interim consolidated financial statements are based on the same accounting policies and consolidation principles used for the consolidated financial statements for the year ended December 31, 2009, in which the accounting policies and consolidation principles are described in detail.

The presentation of pension provisions and the disclosures relating to the actual pension obligation are based on the actuarial report as at December 31, 2009.

Disclosures on selected items in the consolidated statement of comprehensive income

(1) Net interest income

	Jun. 30, 2010 € million	Jun. 30, 2009 € million	Change in € million
Interest income from			
Loans and advances to banks and customers	654.3	965.9	–311.6
Derivative financial instruments	1019.8	543.0	476.8
Financial investment	396.1	490.4	–94.3
Other	0.9	9.7	–8.8
Current income from			
Shares and other non-fixed-income securities	0.3	0.4	–0.1
Equity investments	4.3	2.2	2.1
Total interest income	**2 075.7**	**2 011.6**	**64.1**
Interest expenses for			
Liabilities to banks and customers	158.1	209.8	–51.7
Securitized liabilities	1 100.5	1 176.2	–75.7
Derivative financial instruments	617.0	394.8	222.2
Subordinated liabilities	21.1	21.1	0.0
Other	6.0	3.2	2.8
Total interest expenses	**1 902.7**	**1 805.1**	**97.6**
Net interest income	**173.0**	**206.5**	**–33.5**

(2) Provision for loan losses/promotional contribution

	Jun. 30, 2010 € million	Jun. 30, 2009 € million	Change in € million
Expenses for additions to promotional contribution	33.3	44.3	–11.0
Income from the amortization of promotional contribution	21.0	18.1	2.9
Impairment and write-off of loans and advances	0.0	17.6	–17.6
Reversal of portfolio-based valuation allowances	1.6	0.0	1.6
Recoveries on loans and advances previously written off	1.1	0.4	0.7
Provision for loan losses/promotional contribution	**9.6**	**43.4**	**–33.8**

Provision for loan losses/promotional contribution includes, in particular, the measurement loss at the market interest rate for the special loans determined on the commitment date (addition of promotional contributions) and the amortization of these amounts over the remaining term (amortization of promotional contribution).

No write-downs on loans and advances or specific valuation allowances were necessary in the first half of 2010. The portfolio valuation allowance for latent risk was reduced by € 1.6 million.

(3) Administrative expenses

	Jun. 30, 2010 € million	Jun. 30, 2009 € million	Change in € million
Other administrative expenses for			
Personnel expenses	16.5	14.2	2.3
Public relations	1.2	2.0	–0.8
IT licenses, fees, consulting services	2.0	0.8	1.2
Audits, contributions, donations	0.6	0.6	0.0
Occupancy expenses	0.5	0.7	–0.2
Miscellaneous administrative expenses	1.6	1.4	0.2
Total other administrative expenses	**22.4**	**19.7**	**2.7**
Depreciation and amortization of			
Intangible assets	1.4	1.7	–0.3
thereof internally generated software	*1.3*	*1.4*	*–0.1*
Residential and office buildings	0.3	0.3	0.0
IT equipment	0.3	0.2	0.1
Office equipment and vehicles	0.1	0.1	0.0
Technical and other equipment	0.1	0.1	0.0
Total depreciation and amortization	**2.2**	**2.4**	**–0.2**
Total administrative expenses	**24.6**	**22.1**	**2.5**

(4) Result from fair value measurement and from hedge accounting

	Jun. 30, 2010 € million	Jun. 30, 2009 € million	Change in € million
Micro hedge accounting	–3.3	0.6	–3.9
Macro hedge accounting	–81.0	–62.8	–18.2
Fair value measurement	64.2	299.3	–235.1
Total	**–20.1**	**237.1**	**–257.2**

The result from fair value measurement and from hedge accounting comprises the unrealized gains and losses from changes in the fair value of derivatives and financial instruments classified as financial assets/liabilities at fair value through profit or loss.

It also includes the changes in the fair value of hedged items under hedge accounting attributable to changes in interest rates. In case of ineffectiveness, the cumulative changes in the fair value of former hedged items attributable to changes in interest rates are amortized.

Income and expenses from the amortization of, among other things, premiums/discounts, upfront payments and promotional contributions etc., which represent part of the changes in fair value, are recognized in net interest income.

Measurement at fair value of notionally closed foreign currency positions leads to currency translation differences which are reported here.

Please refer to the 'Financial performance' section of the interim group management report for further disclosures on the result from fair value measurement and from hedge accounting.

Segment reporting

There have been no material changes with regard to the definition of the segments or to the allocation of earnings, assets and liabilities to the individual segments compared with the 2009 consolidated financial statements.

	Treasury Management		Promotional Business		Capital Investment		Total	
from Jan. 1 to Jun. 30	2010 € million	2009 € million	2010 € million	2009 € million	2010 € million	2009 € million	2010 € million	2009 € million
Net interest income	40.0	84.5	82.7	76.2	50.3	45.8	173.0	206.5
Provision for loan losses/ promotional contribution	0.0	0.0	9.6	43.4	0.0	0.0	9.6	43.4
Net fee and commission income	0.0	0.2	1.5	−0.1	0.0	0.0	1.5	0.1
Net result from financial investments	0.0	0.0	0.0	0.0	−0.1	0.0	−0.1	0.0
Administrative expenses	2.3	2.5	16.9	14.5	3.2	2.7	22.4	19.7
Depreciation and amortization	0.3	0.3	1.6	1.7	0.3	0.4	2.2	2.4
Net other operating result	0.0	0.0	1.0	−4.5	0.0	0.0	1.0	−4.5
Result from fair value measurement and from hedge accounting	−3.5	−2.3	−16.6	239.4	0.0	0.0	−20.1	237.1
Net result from taxes	0.0	0.0	−0.2	−0.1	0.0	0.0	−0.2	−0.1
Interim net income for the period	**33.9**	**79.6**	**40.3**	**251.3**	**46.7**	**42.7**	**120.9**	**373.6**
	Jun. 30, 2010 € billion	Dec. 31, 2009 € billion	Jun. 30, 2010 € billion	Dec. 31, 2009 € billion	Jun. 30, 2010 € billion	Dec. 31, 2009 € billion	Jun. 30, 2010 € billion	Dec. 31, 2009 € billion
Segment assets	**13.2**	**8.4**	**74.8**	**67.1**	**2.4**	**2.3**	**90.4**	**77.8**
Segment liabilities (incl. equity)	**18.4**	**12.6**	**69.6**	**62.9**	**2.4**	**2.3**	**90.4**	**77.8**

Disclosures on selected balance sheet items

(5) Loans and advances to banks

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Payable on demand	426.0	2.5	423.5
Time deposits	7 735.7	4 215.2	3 520.5
Promissory note loans/registered bonds	19 474.4	21 370.6	–1 896.2
Special loans	20 676.1	19 008.8	1 667.3
thereof promotional contribution	*–236.8*	*–229.0*	*–7.8*
Open market transactions	1 500.1	0.0	1 500.1
Global refinancing facility	724.4	741.8	–17.4
Other	372.9	501.6	–128.7
Total	**50 909.6**	**45 840.5**	**5 069.1**

(6) Loans and advances to customers

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Payable on demand	0.2	0.1	0.1
Medium- and long-term loans	46.0	54.0	–8.0
Promissory note loans	986.3	69.7	916.6
Special loans	499.2	487.6	11.6
thereof promotional contribution	*–0.1*	*–0.1*	*0.0*
Other	1.8	1.4	0.4
Total	**1 533.5**	**612.8**	**920.7**

(7) Provision for loan losses/promotional contribution

	Promotional contribution		**Specific valuation allowances**		**Portfolio valuation allowance**		**Total**	
	2010 € million	2009 € million	2010 € million	2009 € million	2010 € million	2009 € million	2010 € million	2009 € million
as of Jan. 01	239.8	202.9	0.0	0.0	6.1	0.0	245.9	202.9
Addition	33.3	75.4	0.0	8.4	0.0	9.2	33.3	93.0
Utilization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal	21.0	38.5	0.0	8.4	1.6	3.1	22.6	50.0
as of Jun. 30.	**252.1**	**239.8**	**0.0**	**0.0**	**4.5**	**6.1**	**256.6**	**245.9**
thereof								
Loans and advances to banks	236.8	229.0	0.0	0.0	4.5	6.1	241.3	235.1
Loans and advances to customers	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1
Loan commitments	15.2	10.7	0.0	0.0	0.0	0.0	15.2	10.7
Total	**252.1**	**239.8**	**0.0**	**0.0**	**4.5**	**6.1**	**256.6**	**245.9**

(8) Fair value changes of hedged items in a portfolio hedge

The balance sheet item 'fair value changes of hedged items in a portfolio hedge' includes the fair value changes attributable to interest rate changes in the amount of € 623.5 million (December 31, 2009: € 344.8 million) related to loans allocated to macro hedge accounting. See Note (6) in the notes to the consolidated financial statements for the year ended December 31, 2009 for further disclosures.

(9) Positive fair values of derivative financial instruments

Derivatives are classified according to economic hedging relationship, as follows:

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Hedging for:			
Hedge Accounting	842.8	548.9	293.9
Instruments designated as at fair value	7 442.5	2 282.3	5 160.2
Other items	11.8	41.2	−29.4
Total	**8 297.1**	**2 872.4**	**5 424.7**

Other items mainly result from hedges that, as at the balance sheet date, were ineffective according to the criteria for hedge accounting.

(10) Financial investments

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Bonds and other fixed-income securities			
Money market securities			
of public-sector issuers	0.0	0.0	0.0
of other issuers	164.2	189.9	−25.7
Bonds			
of public-sector issuers	1 618.5	896.5	722.0
of other issuers	26 503.2	26 731.9	−228.7
Equity investments	118.8	118.8	0.0
Other financial investments	0.2	0.2	0.0
Total	**28 404.9**	**27 937.3**	**467.6**

Bonds and other fixed-income securities can be classified as 'eligible as collateral' or 'not eligible as collateral':

	Jun. 30, 2010 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Dec. 31, 2009 € million
	eligible as collateral	not eligible as collateral	eligible as collateral	not eligible as collateral
Bonds and other fixed-income securities				
Money market securities				
of public-sector issuers	0.0	0.0	0.0	0.0
of other issuers	164.2	0.0	189.9	0.0
Bonds				
of public-sector issuers	1 480.0	138.5	745.3	151.2
of other issuers	25 320.6	1 182.6	25 883.0	848.9
Total	**26 964.8**	**1 321.1**	**26 818.2**	**1 000.1**

All bonds and other fixed-income securities were negotiable and listed on a stock exchange in the amount of € 28 053.3 million (December 31, 2009: € 27 603.3 million).

(11) Liabilities to banks

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Payable on demand	475.6	0.0	475.6
Time deposits	110.0	965.0	–855.0
Registered bonds and promissory note loans	1 430.1	1 676.6	–246.5
Global loans	944.4	1 018.4	–74.0
Total	**2 960.1**	**3 660.0**	**–699.9**

(12) Liabilities to customers

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Payable on demand	74.1	64.5	9.6
Time deposits	7.4	9.2	–1.8
Registered bonds and promissory note loans	5 794.5	5 605.7	188.8
Loan agreements	72.5	59.7	12.8
Other	50.4	45.7	4.7
Total	**5 998.9**	**5 784.8**	**214.1**

(13) Securitized liabilities

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Medium-term notes	44 797.0	40 152.5	4 644.5
Global bonds	12 178.5	9 886.2	2 292.3
Euro commercial paper	12 091.5	10 163.8	1 927.7
Bearer bonds	58.8	56.9	1.9
Rentenbank bonds	3.5	3.8	–0.3
Total	**69 129.3**	**60 263.2**	**8 866.1**

(14) Negative fair values of derivative financial intstruments

Derivatives are classified according to economic hedging relationship as follows:

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Hedging for:			
Hedge Accounting	2 579.5	1 815.0	764.5
Instruments designated as at fair value	869.5	2 433.9	–1 564.4
Other items	191.5	114.0	77.5
Total	**3 640.5**	**4 362.9**	**–722.4**

Other itmes mainly result from hedges that, as at the balance sheet date, were ineffective according to the criteria for hedge accounting.

Other items include embedded derivatives (call rights under liquidity assistance loans) with a value of € 1.0 million (December 31, 2009: € 0.7 million).

(15) Provisions

	Dec. 31, 2009 € million	Utilization € million	Reversals € million	Additions € million	Jun. 30, 2010 € million
Pension provisions	89.4	2.3	0.4	3.6	90.3
Other provisions	13.1	1.2	0.2	0.8	12.5
Total	**102.5**	**3.5**	**0.6**	**4.4**	**102.8**

a) Provisions for pensions and similar obligations

The changes in the pension obligations and the amounts recognized in the consolidated statement of comprehensive income are shown in the following table:

	H1 2010 € million	2009 € million	Change in € million
Present value of pension obligations as of January 1	**87.9**	**87.9**	**0.0**
Less unrecognized actuarial gains (–)/losses (+)	–1.5	0.3	–1.8
Balance of provisions as of January 1	**89.4**	**87.6**	**1.8**
Current service cost	0.9	1.5	–0.6
Interest cost	2.7	5.9	–3.2
Additions to pension provisions	**3.6**	**7.4**	**–3.8**
Pension benefits paid	–2.3	–5.6	3.3
Reversal	–0.4	0.0	–0.4
Balance of provisions as of Jun. 30/Dec. 31	**90.3**	**89.4**	**0.9**
Plus unrecognized actuarial gains (–)/losses (+)	–1.6	–1.5	–0.1
Present value of pension obligations as of Jun. 30 (estimated)/Dec. 31	**88.7**	**87.9**	**0.8**

The difference between the present value of pension obligations of € 88.7 million and the provision of € 90.3 million reported on the balance sheet resulted from the application of the corridor approach set out in IAS 19.92 et seq. Under this approach, gains and losses resulting from changes in measurement bases and parameters (referred to as actuarial gains/losses) are recognized pro rata temporis only when such gains or losses exceed 10 per cent of the actual pension obligation. Actuarial gains or losses within the 10 percent corridor remain unrecognized. As at June 30, 2010, there were unrecognized actuarial gains of € 1.6 million.

The additions to pension provisions are reported in full under administrative expenses.

b) Other provisions

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Administration of former equity investments	9.8	10.2	–0.4
Other provisions	2.7	2.9	–0.2
Total	**12.5**	**13.1**	**–0.6**

The provisions relating to administration for former equity investments were recognized largely to cover pension obligations.

(16) Subordinated liabilities

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Medium-term notes	654.1	899.4	–245.3
Loan agreements	202.2	164.8	37.4
Promissory note loans	60.4	57.7	2.7
Total	**916.7**	**1 121.9**	**–205.2**

(17) Contingent liabilities and other commitments

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Contingent liabilities			
Liabilities from guarantees and indemnity agreements	4.9	119.1	–114.2
Other commitments			
Irrevocable loan commitments	1 539.0	801.5	737.5
Total	**1 543.9**	**920.6**	**623.3**

Contingent liabilities include default guarantees for capital market loans subject to interest subsidies in the amount of € 3.8 million (December 31, 2009: € 3.8 million). The Bank has back-to-back guarantees granted by the government that fully collateralize the default guarantees. The remaining contingent liabilities represent guarantees and indemnities based on the Bank's mandate to promote agriculture. They were taken over on behalf of a public institution and they are therefore not expected to have any financial impact on the Bank.

Other commitments include irrevocable loan commitments from the lending business.

(18) Financial instruments by measurement category

	Full Fair Value		Hedge Fair Value		Amortized cost	
	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Assets						
Held for trading						
Positive fair values of derivative financial instruments	7 454.3	2 323.5	842.8	548.9		
Designated as at fair value						
Loans and advances to banks	22 628.7	18 112.0				
Loans and advances to customers	359.6	13.4				
Financial investments	10 897.3	12 269.5				
Loans and receivables						
Balances with central banks					536.0	102.1
Loans and advances to banks			25 898.7	23 948.9	3 005.6	4 124.3
Loans and advances to customers			704.6	533.0	469.4	66.5
Available for sale						
Financial investments	572.6	872.6	12 917.0	10 560.1	118.8	118.8
Held to maturity						
Financial investments					3 899.2	4 116.3
Total assets	**41 912.5**	**33 591.0**	**40 363.1**	**35 590.9**	**8 029.0**	**8 528.0**
Liabilities						
Held for trading						
Negative fair values of derivative financial instruments	1 061.0	2 547.9	2 579.5	1 815.0		
Designated as at fair value						
Liabilities to banks	1 746.2	2 209.4				
Liabilities to customers	922.4	827.0				
Securitized liabilities	56 716.6	48 539.2				
Subordinated liabilities	856.3	1 064.2				
Other liabilities						
Liabilities to banks			526.8	599.0	687.1	851.6
Liabilities to customers			2 777.2	2 588.6	2 299.3	2 369.2
Securitized liabilities			9 706.7	9 899.1	2 706.0	1 824.9
Subordinated liabilities			60.4	57.7	0.0	0.0
Total liabilities	**61 302.5**	**55 187.7**	**15 650.6**	**14 959.4**	**5 692.4**	**5 045.7**

With respect to loans and advances to banks and to customers, the ‘hedge fair value’ column for the category ‘loans and receivables’ includes the corresponding portions from the item ‘fair value changes of hedged items in a portfolio hedge’. Securities in the category ‘available for sale’ and derivatives that are designated to hedge accounting and whose fair value changes are recognized in the result from hedge accounting are included in the ‘hedge fair value’ column, irrespective of their recognition at full fair value in the balance sheet.

(19) Derivatives

	Notional amounts		Fair values positive		Fair values negative	
	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Interest rate risks	76 348	67 631	2 046	1 332	2 954	2 143
Currency risks	59 766	49 982	6 250	1 538	684	2 216
Share price risk and other price risks	131	131	1	2	3	4
Total	**136 245**	**117 744**	**8 297**	**2 872**	**3 641**	**4 363**

	Notional amounts		Fair values positive		Fair values negative	
	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Banks in the EU/OECD countries	116 318	100 566	6 347	2 198	3 279	3 658
Other counterparties in the EU/OECD countries	19 927	17 178	1 950	674	362	705
Total	**136 245**	**117 744**	**8 297**	**2 872**	**3 641**	**4 363**

(20) Regulatory capital

The Group's regulatory capital is determined pursuant to the provisions of sections 10 and 10a KWG.

The calculation of the amount of the Group's own funds is made in accordance with section 64h (4) KWG based on the separate financial statements of the Group companies. Own funds comprise liable capital – consisting of core capital (Tier 1) and supplementary capital (Tier 2) – plus Tier 3 capital.

The composition of the Group's own funds on the basis of values in accordance with the German Commercial Code (HGB) is shown in the following table:

	Jun. 30, 2010 € million	Dec. 31, 2009 € million	Change in € million
Analysis of own funds			
Subscribed capital	176	176	0
Disclosed reserves	782	748	34
Fund for general banking risks	1 126	1 043	83
Intangible assets	–1	–1	0
Loss carryforward	–12	–12	0
Tier 1 capital	**2 071**	**1 954**	**117**
Subordinated liabilities	903	913	–10
Other components	289	173	116
Tier 2 capital	**1 192**	**1 086**	**106**
Liable capital	**3 263**	**3 040**	**223**
Tier 3 capital	0	0	0
thereof Tier 3 capital utilized	*0*	*0*	*0*
Total own funds	**3 263**	**3 040**	**223**

The loss carryforwards as reported under HGB are attributable to the DSV subsidiary and result from valuation allowances in previous years.

The German Solvency Regulation (SolvV) specifies that the core capital ratio (core capital/risk-weighted assets) may not be less than 4 percent and the capital ratio (liable capital/risk-weighted assets) as well as the total capital ratio (eligible own funds/total of risk-weighted assets and 12.5 times the capital charge for market risk positions) may not be less than 8 percent.

	Jun. 30, 2010 € million	Dec. 31, 2009 € million
Risk weighted assets	12 199	12 157
Capital requirements		
Credit risk	976	972
Market risk	0	1
Operational risk	25	46

The following ratios were calculated at Group level as at the balance sheet date:

	Jun. 30, 2010 %	Dec. 31, 2009 %
Tier 1 ratio pursuant to SolvV	16.6	15.3
Total capital ratio pursuant to SolvV	26.1	23.9

The Bank fulfilled the regulatory capital requirements at all times in the year under review.

Frankfurt am Main, August 23, 2010

LANDWIRTSCHAFTLICHE RENTENBANK

Board of Managing Directors

Hans Bernhardt Dr. Horst Reinhardt

The condensed interim consolidated financial statements and the interim group management report have been neither reviewed by an auditor nor audited in accordance with section 317 HGB.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Frankfurt am Main, August 23, 2010

LANDWIRTSCHAFTLICHE RENTENBANK

Board of Managing Directors

Hans Bernhardt   Dr. Horst Reinhardt

This half-yearly financial 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.

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