

annual report 2023



rentenbank.com



rentenbank

A close-up photograph of fresh, vibrant green leafy vegetables, likely bok choy, with the text "Key figures" overlaid in white. The leaves are densely packed, showing their characteristic shape and texture. The lighting is bright, highlighting the natural green color and the veins on the leaves. The text is centered horizontally and vertically, standing out clearly against the green background.

Key figures

Balance sheet in EUR billion	2023	2022
Total assets	97.8	97.4
Loans and advances to banks	67.2	66.0
Loans and advances to customers	7.5	7.8
Bonds and other fixed-income securities	15.9	15.9
Liabilities to banks	1.8	1.8
Securitised liabilities	85.8	83.7
Equity reported on the balance sheet	4.9	4.8

Income statement in EUR million	2023	2022
Net interest income	310.0	268.8
Administrative expenses	113.6	112.5
Operating profit before provision for loan losses and valuation	197.3	157.8
Provision for loan losses and valuation	160.3	121.8
Net income	37.0	36.0
Distributable profit	18.5	18.0
Cost-income ratio (%)	35.6	36.7
Employees (end of year)	436	403

Capital ratios (%)	2023	2022
Common Equity Tier 1 capital ratio	31.3	31.7
Tier 1 capital ratio	31.3	31.7
Total capital ratio	31.3	31.7
Leverage ratio	10.3	10.4

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

Contents

Foreword by the Management Board	06	1. Sustainable corporate governance	16
Brief portrait of Landwirtschaftliche Rentenbank	10	1.1 Strategic framework	17
About this report	12	1.2 Sustainability management	22
		1.3 Business ethics and lawful conduct	23
		1.4 Corporate Governance Report and Statement of Compliance	25
		1.5 Communication and stakeholders	30
		1.6 Corporate social responsibility	33
		2. Our financial year 2023	36
		2.1 Promotional programmes	37
		2.2 Promotion of innovation	42
		2.3 Promotional Fund and Rehwinkel-Stiftung Foundation	44
		2.4 Funding	45
		3. Our employees	52
		3.1 Personnel policy	52
		3.2 Diversity and equal opportunity	55
		3.3 Qualifications	57
		3.4 Key personnel indicators	60
		4. Operational ecology and procurement	62
		4.1 Operational environmental protection	62
		4.2 Key ecological indicators	63
		4.3 Sustainable procurement	69

Management Report	70	Responsibility Statement from the Management Board	162
1. General information about Rentenbank	72		
2. Economic report	77		
3. Forecast and opportunities report	89	Independent Auditor's Report	163
4. Risk report	96		
5. Financial reporting process	119	Management bodies	176
Financial Statements	121	Report of the Supervisory Board	180
Balance Sheet	122		
Income Statement	124		
Statement of Cash Flows	125		
Statement of Changes in Equity	126		
Notes to the financial statements	127		

Foreword by the Management Board



The world around us is in a state of flux and is changing at a breathtakingly fast pace. The megatrends of sustainability, digitalisation, and demographic change have been exacerbated by acute shocks such as the coronavirus pandemic, the war in Ukraine, and the escalation in the Middle East. Clearly, this is not a temporary phase. Opacity, complexity, and constant change are the hallmarks of the new reality.

The chief prerequisite for success in this volatile world is resilience. We must be resilient in the face of crises and short-term challenges and we must be able to adapt efficiently to medium-term trends. But above all, resilience means that we must be able to fundamentally remake our company over and over again, in order to be fit for the future. We must always be capable of transformation.

Looking back at the 2023 financial year, we can see that Rentenbank has proved itself to be highly resilient. Despite the challenging environment, our economic position is strong. We have also made great progress in our internal transformation process. Therefore, we have begun the new year with great confidence and look forward to mastering the challenges of the coming years from a position of strength.

And yet, we are concerned with more than just our own sustainability: As a promotional bank for agribusiness and rural areas, our mission is to strengthen the resilience of this entire sector, which is especially impacted by the changes in the world around us, but must also contend with a lack of planning certainty. This dual burden is also reflected in our promotional activity.

Despite the challenging environment, now is the time for the food and agriculture industry to make sizable investments in its future. And Rentenbank is ready to help as a strong partner. It is for this very purpose that we broadened and adjusted our line-up of promotional instruments in the past year. For example, we added two new areas to our programme “Areas of Future Development”. And as part of our promotion of innovation, we supported pioneering projects in the areas of biodiversity and climate protection, increased our support of venture capital, and promoted agribusiness start-ups.

Landwirtschaftliche Rentenbank was founded 75 years ago, by farmers and for farmers. Then too, in 1949, German agriculture faced major challenges and our promotional bank was designed to be a pillar of resilience. And today, when German agriculture is facing perhaps the greatest challenges in its history, we are ready to serve as a strong partner. A strong bank for a strong industry.



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

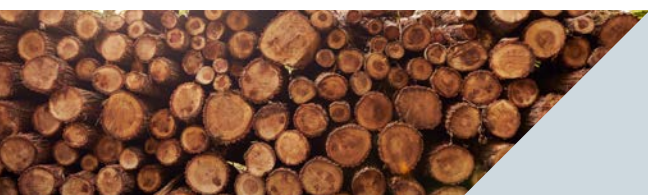
Brief portrait

of Landwirtschaftliche Rentenbank

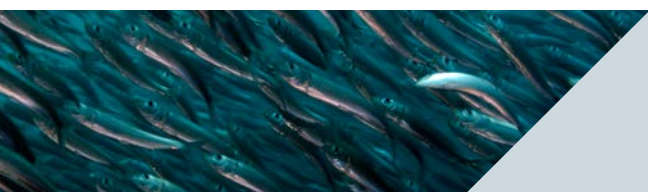
our promotional activities



agriculture



forestry



aquaculture and fisheries



agribusiness and food



renewable energy



rural development

Rentenbank was founded in 1949 as a central funding institution with a statutory promotional mandate. German agriculture and forestry contributed the capital stock. The bank is a federal institution under public law with its registered head office in Frankfurt am Main. The German federal government bears institutional responsibility and guarantees the liabilities of Rentenbank.

Rentenbank's promotional mandate is comprehensive. Besides promoting agriculture and forestry, as well as the entire food value chain, we also promote renewable energy and renewable resources. And we support private-sector and public-sector investments in rural areas. We attach particular importance to the promotion of innovation. Our commitment to this objective ranges from 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.

Our promotional instruments are grants, subordinated loans, special promotional loans, and venture capital investments. The special promotional loans are granted via the local banks of the ultimate borrowers as part of the bank's promotional activity. We also provide funding to banks, savings banks, and local authorities operating in rural areas. The special promotional loans may be combined with budgetary resources of the German federal government in the form of grants or guarantees. Already today, our tailored offerings support new ways of doing business that are aligned with climate, environmental, and animal protection goals. Above all, these offerings also serve the purpose of realising the potential to reduce greenhouse gases in agriculture and forestry. To expedite the transformation of the agricultural sector, Rentenbank also invests in venture capital funds that provide targeted financing to start-ups in the fields of ag-tech and food-tech and help them become established in the market.

We fund our promotional activity by issuing securities and taking out loans in the capital markets. Rating agencies have assigned the highest credit ratings of AAA and Aaa to Rentenbank's long-term obligations.

Rentenbank is subject to banking supervision by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the Bundesbank. Legal supervision is provided by the German Federal Ministry of Food and Agriculture (Bundesministerium für Ernährung und Landwirtschaft, BMEL) in agreement with the German Federal Ministry of Finance (Bundesministerium der Finanzen, BMF).

We are a member of the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands e.V., VÖB) and the European Association of public Banks (EAPB).

About this report

For the 2023 financial year, we again want to describe our financial, ecological, and social performance in the present report. We began to integrate our sustainability report into our annual report two years ago. Sustainability is Rentenbank's central tenet. It is embedded in our purpose and our strategy. And over the years, it has played an increasingly important role in all our business activities. We want to make clear in this report that we as a bank create value for our ultimate borrowers, employees, and business partners. Combining these two reports is a logical step because it enables interested parties to gain a comprehensive understanding of the bank's services and activities.

Structure

This report is divided into two parts: a voluntary part and the legally prescribed financial part. The voluntary part addresses the principal sustainability issues of our business and provides other business information. Relevant topics are identified and assessed in the following dimensions: "Internal effects of sustainability-related developments on Landwirtschaftliche Rentenbank" (outside-in) and "External effects of the sustainability-related activities of Landwirtschaftliche Rentenbank" (inside-out).

Non-financial information about our activities is provided in the following chapters:

Content	Chapter
Business model	Brief portrait, in the Management Report 1.1
Strategy	Chapter 1.1, in the Management Report 1.2
Adherence to the 1.5-degree target and climate protection	Chapters 1.1, 2.1, 4.1
Sustainability objectives	Chapter 1.2
Materiality analysis	Chapter 1.1
Inclusion of stakeholder interests	Chapters 1.1 and 1.5
Role of the Management Board in sustainability issues	Chapters 1.2, 1.3, in the Management Report: Risk report
Sustainability risks and opportunities	Chapter 1.1, in the Management Report: Forecast and opportunities report, Risk report 4.11
Effects in the supply chain	Chapter 4.3
Business ethics and anti-corruption	Chapters 1.1, 1.3, in the Management Report: Risk report
Operational ecology	Chapters 4.1 and 4.2
Equal opportunity	Chapter 3
Working conditions	Chapter 3
Respect for human rights	Chapters 1.1 and 4.3
Sustainability data	Chapters 1.6, 2.1, 2.4, 3.4, 4.2, in the Management Report: Economic report 2.4

TCFD reporting

After the first-time application in 2022, Rentenbank continued to incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) into its reporting in 2023. These recommendations, which are structured along the dimensions of governance, strategy, risk management, and metrics and targets, guide companies in their efforts to inform their stakeholders about their way of dealing with climate-related risks. The recommendations have been built into each chapter of the present report. We plan to enlarge this reporting in the coming years as data become increasingly available.

The correlation of TCFD recommendations with the various chapters of the present report is outlined in the table below:

Pillar	Chapter / Document
Governance	
Disclosure of the organisation's governance around climate-related risks and opportunities	<ul style="list-style-type: none"> • 1.2 • In the Management Report: Risk report
Strategy	
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	<ul style="list-style-type: none"> • In the Management Report: Risk report • Sustainability Programme
Risk Management	
Disclosure of how the organisation identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> • 1.1 • In the Management Report: Risk report
Metrics and Targets	
Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	<ul style="list-style-type: none"> • 4.2 • 1.2 • Sustainability Programme

Data basis

The reporting period covers the 2023 financial year. Relevant data for 2023 available at the editorial deadline of 28 February 2024 were considered. Sustainability-related data that were not yet available at the time of publication of the annual report will be published in a separate document. Some consumption data relating to operational ecology were not yet available at the editorial deadline due to different accounting cycles.

Further information on specific issues can be found by following the appropriately labelled links in the electronic version of the report on our website.

The bank has opted not to have its sustainability disclosures audited by an external entity.

Sustainable corporate governance



1.1 Strategic framework

Purpose

Political, economic, and social demands are increasingly forcing a transformation to more sustainable ways of doing business and a more sustainable way of life. This transformation requires great effort on the part of everyone involved. As a task for all society, it requires action across economic sectors and necessitates sizable investments.

Rentenbank promotes and supports this transformation with targeted services and solutions. But to do this, we must also transform ourselves. As a promotional bank, we must position ourselves for the future so that we can continue to meet the demands placed on us from without and within.

Precisely in such a fast-changing world, we are guided by our purpose: “We promote the sustainable development of agribusiness and rural areas”. This statement of purpose, which we formulated in late 2022 as part of our transformation project, expresses Rentenbank’s benefit to society, as well as the reason and purpose of our activities.

CHAPTER 01

Future vision and corporate values

Our future vision developed over the last two years forms the basis for our strategy and annual planning in the coming years through 2028. It serves as a compass for the further development of our organisation. It formulates ambitious goals, explicit aspirations, and guiding principles. Guided by our future vision, we will set binding targets and devise appropriate measures every year anew. The strategic targets are annual milestones to realise our future vision. They will drive changes to transform our organisation and ensure the achievement of our long-term goals in the form of key performance indicators.

To summarise, our future vision is rooted in the following strategic principles:

- We are the transformation bank for agribusiness and rural areas.
- We are an attractive and coveted employer.
- We are adaptable, efficient, and digital.
- We are constantly evolving.

As part of our transformation project, we will also redefine our corporate values in 2024. Until now, our corporate values were part of our Mission Statement, which will be replaced by our future vision and corporate values in 2024. Therefore, our Mission Statement together with our Code of Conduct and our risk culture will form the basis for ethically correct behaviour at Rentenbank. The [Mission Statement](#) and [Code of Conduct](#) can be viewed in Rentenbank's sustainability portal.

Basic parameters of sustainability management

We promote agribusiness and rural areas on the basis of our statutory mandate. We are especially committed to promoting investments in the progressive and sustainable development of agribusiness. We want to play a role in the development of a sustainable and liveable future and support the transformation to a sustainable society.

We support the sustainability goals of the Federal Republic of Germany, the European Union, and the international community. We are committed to the Sustainable Development Goals (SDGs) of the United Nations and the goals of the Paris Climate Agreement and contribute to the attainment of these goals.

As a promotional bank, we are committed to sustainable finance, meaning the use of finance to promote climate-friendly and sustainable business practices. In addressing this question, we rely on the guidance provided by the EU Action Plan on "Financing Sustainable Growth" and those aspects of the European Green Deal that are relevant to us and our stakeholders, such as the EU Taxonomy and the detailed requirements for sustainability reporting.

The food and agribusiness industry has a crucial role to play in the implementation of the "Green Deal". However, sustainability goals such as the emissions reduction, food security, and biodiversity often conflict with each other. And for that reason, innovative ideas must be successfully implemented in the food and agribusiness industry. This is why Rentenbank has broadened its promotional strategy by investing in venture capital funds, to support financing for agricultural start-ups. The goals are to promote the entire ecosystem and incentivise private providers of capital to invest more in ag-tech and food-tech start-ups. The basic parameters for our investments in venture capital funds are defined in our venture capital policy.

Key areas of activity and impacts

In our materiality analysis, we identify the sustainability issues that are relevant to the bank, assess the corresponding opportunities and risks, and prioritise areas of activity. To this end, an internal board of experts identifies the issues that impact Rentenbank's sustainability performance and categorises them according to their importance for both the business model (outside-in) and their direct sustainability impact on the environment and society (inside-out). All areas of activity determined to be vital, particularly in the context of environmental concerns, employee concerns, social concerns, respect for human rights, and combating corruption and bribery, are discussed in the present report.

By means of a risk inventory, Rentenbank obtains an overview of the individual risk types and risk concentrations. This also includes sustainability risks that are not considered to belong to a separate risk type, but are regarded as drivers of traditional risk types. A precise description of Rentenbank's management of ESG risks is provided in the Risk Report.

By reason of Rentenbank's business model, the risk of grave violations of environmental and social concerns, as well as human rights and other applicable legal obligations at the bank's headquarters and across the value chain are deemed to be minor. By virtue of our statutory mandate as a promotional bank for agribusiness and rural areas, our activities are focused on Germany. Moreover, we rely on relatively few suppliers and service providers outside of Germany or Europe. We have instituted extensive management processes at our sole location in Frankfurt am Main to ensure compliance with all relevant laws and regulations related to environmental and social concerns. We introduced Supplier Guidelines to our procurement organisation in 2023; they are described in detail in Chapter 4.3.

We apply exclusion criteria in our [promotional](#) and [investing](#) activities. In our promotional activities, these criteria serve to ensure that we do not finance activities that are not compatible with our promotional mandate. The exclusion criteria applied in our investing activities serve to screen potential investments to ensure that we do not make new investments in bonds or notes of banking partners that are deemed to be controversial on the basis of clearly defined norms. ESG criteria are also integrated into our credit ratings and proposed limit resolutions.

CHAPTER 01

Our promotional products are the most effective lever we have for making a contribution to sustainable development. We utilise SDG mapping to help us identify the positive contributions we can make to the attainment of the United Nations' Sustainable Development Goals (SDGs). Rentenbank's promotional lending activity made the greatest contributions to the following SDGs in 2023: 7) Affordable and clean energy, 8) Decent work and economic growth, and 9) Industry, innovation and infrastructure. Rentenbank added two new areas, efficient irrigation systems and reservoirs on the one hand, and female start-up founders and farm successors on the other hand. In the latter area of future development, a wide range of investments to support female farm owners in primary production can be promoted. This area of future development contributes directly to SDG 5 "Gender Equality" even though the intended investment purposes are based on the same methodology as the other, previously established areas of future development. Because Rentenbank assigns the intended purposes, as opposed to the programmes, to the respective SDGs, SDG 5 does not additionally appear in the SDG mapping.

Additional details about the calculation of the SDG contributions made by Rentenbank's promotional activity, as well as the complete results of the SDG mapping for 2023 and 2022, can be found in the relevant [Methods Paper](#).

Sustainability Guidelines

We introduced our [Sustainability Guidelines](#) in 2021 with the goal of embedding sustainability issues more firmly into our business strategy. These guidelines reflect the bank's understanding and level of ambition relative to its central goal of acting as a sustainable enterprise and transformation bank in the field of agriculture in Germany. The guidelines also define the key areas of activity and the long-term objectives and measures in this area.

Area of activity	Objective
Governance	
Strategy and management	Leadership and management of the bank in accordance with the bank's own understanding of sustainability and development in the direction of a transformation bank
Communication and stakeholders	Enhanced dialogue with relevant stakeholders on the subject of sustainability and increased sustainability communication
Corporate governance	Compliance with all relevant laws and regulations and assurance of ethically correct conduct
Social responsibility	Acceptance of responsibility as a good corporate citizen and maximisation of efforts to promote the public good
Banking activity	
Promotional activity	Financing activity geared to the transformation to a sustainable society through the promotion of sustainable agriculture
Finance and capital markets	Consideration of sustainability criteria in decisions relating to finance and the liquidity portfolio, and the expansion of sustainable funding activity
Risk management	Analysis and consideration of sustainability risks
Personnel management	
Design of the work environment	Promotion of a healthy, equitable, safe, supportive, and motivating work environment
Employee development	Promotion of the personal and professional development of employees
Banking operations	
Operational ecology	Optimisation of consumption, emissions, and other impacts on the environment and climate
Procurement	Expansion of responsible procurement in line with social and ecological criteria

1.2 Sustainability management

Structure and organisation

As a coordinating unit, the central sustainability unit ensures that the necessary framework conditions and regulations are met and that current trends and developments are taken into account at the bank. It also assists the responsible units and the respective project teams with operational implementation.

Specific topics such as improving the bank's operational sustainability performance and the development of sustainability-related financing are implemented by cross-divisional and cross-departmental project teams. These teams are also tasked with the implementation of regulatory requirements and the execution of the sustainability programme.

Strategically important sustainability issues are discussed in the Sustainability Board, whose task is to oversee and coordinate bankwide sustainability activities. The Sustainability Board operates as a bankwide body of experts with the participation of all relevant executive officers and the full Management Board. Moreover, the central sustainability unit informs the participants about newly arising sustainability-related issues at the meetings of the Sustainability Board. Important decisions related to the bank's sustainability performance and strategic orientation are presented to the Management Board in the form of draft resolutions for adoption. The Management Board bears overall responsibility for the bank's sustainability activities. The sustainability team reports directly to the Chairwoman of the Management Board.

Sustainability Programme

Under our Sustainability Programme, we define annually updated objectives on the basis of the bank's Sustainability Guidelines and formulate the associated measures, indicators, and responsibilities to ensure and monitor the achievement of these objectives.

The Sustainability Programme defines specific short-term and medium-term objectives in the individual areas of activity with the goal of continuously improving the bank's sustainability performance and so achieving the long-term objectives of the Sustainability Guidelines. Given the integrative nature of this topic and the bank's fundamentally decentralised organisation,

the respective organisational units are responsible for individual goals and measures. The Management Board and Sustainability Board are regularly informed of the status of implementation. At the end of each year, we assess whether or not the measures have been successfully implemented and document the results of this assessment. The Sustainability Programme 2023 detailing the status of implementation and progress of each topic and the current Sustainability Programme 2024 are available to the public on Rentenbank's website.

1.3 Business ethics and lawful conduct

Compliance

By reason of its statutory promotional mandate, public opinion is particularly important to Rentenbank. The impeccable conduct of all the bank's executive officers and employees is an indispensable prerequisite for the success of the bank's activities. To this end, the Management Board and all employees live out a compliance culture as expressed particularly in the bank's Mission Statement and Codes of Conduct, and supplemented with internal control processes designed to ensure lawful conduct.

CHAPTER 01

Code of Conduct

Rentenbank has adopted a Code of Conduct for all employees. As the foundation of a lawful, ethical, sustainable corporate culture, the Code of Conduct demands lawful, ethical, and sustainable action on the part of all employees. The prevention of corruption is an especially important aspect of the Code of Conduct. With regard to the preventive combatting of corruption, i.e., the offering and acceptance of bribes and benefits, Rentenbank takes a zero-tolerance approach to all forms of corruption. Violations are punished with disciplinary measures and potentially also criminal prosecution. There have been no such violations in the past years.

The Code of Conduct is concretised by rules of conduct accessible to all employees in the bank's intranet, particularly regarding the acceptance and giving of gifts and invitations (Gifts Guideline), the handling of conflicts of interest, the prevention of fraud and other criminal acts, and the prevention of money laundering and terrorist financing. If misconduct or criminal acts

are suspected, employees are able to inform their supervisor and/or the Compliance Officer or Anti-Money Laundering Officer in confidence. If they prefer, they can also provide anonymous tips to an external ombudsperson.

The members of the Management Board are subject to a special Code of Conduct that particularly comprises fundamental principles of conduct in relation to conflicts of interest, rules governing the acceptance and giving of gifts and invitations, lecturing activities, dealings in financial markets, side-line activities and volunteering.

Prevention of money laundering and other criminal acts

The bank has designated an officer in charge of preventing money laundering, terrorist financing, and other criminal acts (Anti-Money Laundering Officer). The Anti-Money Laundering Officer is organisationally positioned directly beneath the Management Board and reports directly to it. The various risks related to money laundering, terrorist financing, and other criminal acts, including customer risks and business partner risks, as well as product, process, and transaction risks, are assessed in risk assessments prepared annually or on an ad-hoc basis. Particular attention may be given to risk-minimising factors such as Rentenbank's special business model as a promotional bank in Germany and Europe and the granting of loans via local banks by the on-lending method.

Another important element of money laundering prevention relates to compliance with due diligence obligations and the identification of contractual partners (know-your-customer principles). All procedures and processes required for this purpose are followed and any suspected cases are reported immediately to the Financial Intelligence Unit (FIU) by the Anti Money Laundering Officer. No cases of suspicious activity were reported in relation to money laundering and terrorism financing and no other criminal acts are known to have occurred in 2023.

1.4 Corporate Governance Report and Statement of Compliance

Rentenbank is committed to the Public Corporate Governance Code of the German federal government

Effective corporate governance is a critically important prerequisite of responsible and sustainable governance. For this reason, Rentenbank's Supervisory Board adopted the German federal government's Public Corporate Governance Code (PCGC, version of 16 September 2020) on 4 November 2021.

Rentenbank's Management Board and Supervisory Board identify with and respect the principles of the PCGC. Compliance with the nationally and internationally recognised standards of good and responsible corporate governance set out in the PCGC in the conduct of Rentenbank's activities is expressly recognised as being in the interest of the German federal government. Any deviations from the principles of the PCGC are disclosed and explained in the annual Statement of Compliance.

CHAPTER 01

Management by the Management Board and supervision by the Supervisory Board

The Management Board reports to the Supervisory Board on the course of business with due regard to all relevant planning issues, as well as on the bank's risk position, risk management, compliance with banking regulations, and financial condition on a regular basis, but at least four times a year. In addition, the Management Board remains in regular contact with the Chairman of the Supervisory Board and discusses important questions of management and strategy with him. The Supervisory Board has adopted a non-exhaustive list of events and criteria that must be reported immediately to the Supervisory Board, its Chairman, and/or the Chairmen of the committees.

The Management Board kept the Supervisory Board completely informed of all relevant matters concerning the bank's planning, risk position, risk management, compliance with banking regulations, business performance, and financial condition in the past financial year.

Management Board

The Management Board manages the bank under its own responsibility in accordance with all applicable laws and regulations, particularly including Rentenbank's Governing Law, as well as the bank's Articles of Incorporation and the Management Board's rules of procedure. It is bound to safeguard the bank's interests and fulfil its statutory promotional mandate. One woman was represented on the bank's three-person Management Board in the past financial year.

Supervisory Board

The Supervisory Board supervises and advises the Management Board in the management of the bank in accordance with Rentenbank's Governing Law, the bank's Articles of Incorporation, and the Supervisory Board's rules of procedure. It appoints the members of the Management Board and decides on the ratification of their actions. The Supervisory Board may give general and specific instructions to the Management Board. The Supervisory Board selects the independent auditor, grants the audit engagement, and agrees the compensation of the independent auditor with the latter. Among its other tasks, the Audit Committee formed by the Supervisory Board also supervises the independence of the independent auditor.

In accordance with Rentenbank's Governing Law, the Supervisory Board is composed of 18 members. The Chairman of the Supervisory Board is chosen by the Supervisory Board from the ranks of the members designated by the German Farmers Association (Deutscher Bauernverband e.V., DBV). The Supervisory Board Chairman in the past financial year was the President of the DBV, Joachim Rukwied. Initially five and then, since 1 June 2023, six women were represented on the Supervisory Board in the past financial year.

Two Supervisory Board members attended fewer than half the total of two Supervisory Board meetings held in the past financial year.

Legal oversight

In accordance with Section 11 (1) of Rentenbank's Governing Law, the bank is subject to the legal oversight of the German Federal Ministry of Food and Agriculture (regulatory authority), which makes its decisions in agreement

with the German Federal Ministry of Finance. The regulatory authority ensures that the bank's activities serve the public interest, particularly the promotion of agriculture and rural areas, and comply with the applicable laws and regulations and Rentenbank's Articles of Incorporation.

Review pursuant to Section 25d (11), sentence 1 nos. 3 and 4 KWG

In accordance with Section 25d (11), sentence 1 nos. 3 and 4 German Banking Act (Kreditwesengesetz, KWG), the Supervisory Board conducts a review of the structure, size, composition, and performance of the Management Board and the Supervisory Board overall, as well as the knowledge, skills, and experience of individual governing body members and each governing body individually. In accordance with Section 9 (3) no. 2 c, d of the Supervisory Board's rules of procedure, the Supervisory Board is assisted in the conduct of the review by the Nomination Committee. The Supervisory Board evaluated the results at its meetings of 31 March 2023 and 24 November 2023, discussed any need for adjustments, and formulated action recommendations on that basis.

Avoidance of conflicts of interest

CHAPTER 01

The members of the Management Board and the Supervisory Board are bound to safeguard the bank's interests in the performance of their duties. Members of the Management Board and the Supervisory Board are required to disclose to the Supervisory Board Chairman and the Supervisory Board, respectively, any potential conflicts of interest in connection with their activity. No conflicts of interest of Management Board and Supervisory Board members arose in the past financial year.

Compensation policies for the Management Board and the Supervisory Board

The compensation of Management Board members is set in appropriate amounts and regularly monitored by the Supervisory Board. Since 2016, the compensation system of the Management Board has consisted of a purely fixed compensation model. The overall compensation of Management Board members does not include any incentives to enter into certain transactions or risks.

The compensation of Supervisory Board members is specified by resolution of the annual general meeting; this resolution requires the approval of the regulatory authority. Compensation is set with due regard to the responsibility and scope of activity of the individual Supervisory Board members and the economic position of Rentenbank.

The individual compensation of Management Board and Supervisory Board members is stated on pp. 154 to 155 of the notes to the financial statements.

Transparency and dissemination of information

Transparency and dissemination of information are especially important for the bank. In disseminating information, Rentenbank adheres to the principle of equal treatment of investors and other interested parties. The bank also publishes all important information on its website (www.rentenbank.de). In addition to its annual financial statements, all press releases and ad-hoc disclosures of Rentenbank, the Statement of Compliance with the PCGC, and ESG notices are published there.

Statement of Compliance of the Management Board and the Supervisory Board

In the 2023 financial year, Landwirtschaftliche Rentenbank followed the recommendations of the PCGC in the version of 16 September 2020, with the following exceptions:

- The bank opted not to state the compensation of Management Board and Supervisory Board members in the present Corporate Governance Report pursuant to Sections 7.2.1 and 7.2.2 PCGC because the compensation of each member is stated by name in a generally comprehensible form in Rentenbank's Annual Report (Notes to the financial statements, pp. 154 to 155).
- The bank opted not to disclose in the present Corporate Governance Report the measures defined in Sections 5.5.1. - 5.5.3. PCGC, including statements on the subject of its sustainability activities and the development of the percentage of positions held by women on the Management Board and the two management levels beneath that, as well as on the Supervisory Board, because this information is provided in detail in the sections of the Annual Report entitled Sustainable corporate governance (Sections 1.1. and 1.2) and Our employees (Section 3).

- In accordance with Section 4 (2) of the Management Board's rules of procedure, the distribution of responsibilities may be specified in a business distribution plan without the approval of the Supervisory Board – contrary to Section 5.2.6 PCGC. This ensures the required flexibility to make necessary changes.
- In exceptional cases, the committees not only prepare the decisions of the Supervisory Board, but make the final decisions themselves – contrary to Section 6.1.7 PCGC – for reasons of practicability and efficiency.
- No age limit has been specified for resignation from the Management Board according to Section 5.2.5 PCGC.
- By way of exception to Section 4.4 PCGC, members of the governing bodies may utilise the promotional loans granted under Rentenbank's special promotional programmes. Due to the standardisation of lending rules and the principle of on-lending by local banks, there is no risk of conflicts of interest in the utilisation of promotional loans.
- By way of exception to Section 6.5, two regular meetings of the Supervisory Board and its committees are held every year. The Expert Committee meets once a year. The Risk Committee meets three times a year. Other special meetings may be held if necessary.

Subject to the exceptions noted above, Landwirtschaftliche Rentenbank also intends to conform with the PCGC in the future.

CHAPTER 01

Landwirtschaftliche Rentenbank
March 2024

The Management Board
The Supervisory Board

1.5 Communication and stakeholders

Dialogue with stakeholders

As a bank and direct agency of the German federal government, we maintain a dialog with many stakeholders via different communication channels. Communicating with stakeholders and being transparent with them is one of our fundamental values. To achieve this goal, we updated our analysis of our stakeholders in 2023. The analysis is focused on aspects such as the influence, participation, impairment, and interests of potential stakeholders. The following stakeholder groups were identified and confirmed by the Management Board in alphabetical order:

- Job applicants
- Chambers of Commerce and associations
- Employees
- Government ministries (BMEL, BMF), other public agencies
- Internal and external boards
- Investors, analysts, issuers
- Local banks and on-lending institutions, federal state development banks
- (General) public
- Rating agencies (credit and sustainability ratings)
- Suppliers and service providers
- Ultimate borrowers
- Universities

In addition, the following important channels of communication with stakeholders were identified:

- By communicating directly with government ministries, we cultivate a dialogue on the subject of the current requirements for promotional programmes and the possibilities for designing our own promotional programmes. Communicating directly with local banks is also important to us because it is they who actually extend the loans, giving us access to ultimate borrowers.
- We present our promotional programmes to our business partners, borrowers, and agriculture specialists at banks and savings banks in workshops, seminars, and presentations.
- We sponsor guest presentations to sensitise students of agricultural sciences, who we consider to be the future decision makers in this sector, to the issues of agriculture financing.

- We present our bank to a broad audience of stakeholders at trade fairs and other events. We live up to our claim of supporting companies in all phases by serving as a jury member in start-up contests.
- We regularly exchange views and information on the subject of sustainable finance, as well as the resulting impacts on agricultural banking and design possibilities, with representatives of the farming and banking communities.
- We provide wide-ranging information to organisations such as local banks, lending banks, the federal states' development banks, ultimate borrowers, and job applicants, as well as the general public, about Rentenbank, its services, and its values on our website. We also provide financial information particularly for analysts and investors.
- We communicate with our employees in various different channels, including the intranet, telephone conferences with employees, and an internal podcast.

Initiatives and memberships

Rentenbank is a member of the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands, VÖB) and the European Association of Public Banks (EAPB). The VÖB represents the interests of its members in relation to the legislative bodies of the German federal and state governments, national and international supervisory and regulatory authorities, and the media and public at large. Through its work on the committees, Rentenbank participates in the VÖB's policy-making work on the subject of all key lending and regulatory issues, as well as the issue of sustainable finance. The EAPB represents the interests of public banks in the European framework.

We are also active in advisory boards such as that of the German AgriFood Society, management boards and boards of trustees such as that of the Andreas Hermes Academy, and in the expert committees and working groups of the German Farmers' Association and the German Agricultural Society (Deutsche Landwirtschaftsgesellschaft, DLG).

Rentenbank is a member of the Green Bond Principles of the International Capital Markets Association (ICMA) and the Frankfurt Ökoprofit Club and a Diversity Charter signatory.

In 2023, Rentenbank initiated "Functional Specification and User's Guide to 162Classifying Greenhouse Gas Emissions When Lending to Agricultural

Customers” to support the lending banks. We developed this guide to help lending banks classify the greenhouse gas emissions of agricultural borrowers with the support of various agricultural associations. The complex interaction of biological processes in agriculture makes it difficult for lending banks to classify greenhouse gas emissions and therefore identify ESG risks. The extensive functional specification provides background information on this complex topic, along with nine qualitative questions to aid in the classification of agricultural borrowers. It is conceived as an aid that can be integrated into the existing ESG scores of bank associations. Rentenbank plans to publish the technical specification in the spring of 2024.

Together with the KfW, we are working on the “WALD Initiative” (Weltweite Allianz für Landschaftsbasierte Dekarbonisierung, Worldwide Alliance for Forest-based Decarbonisation). This initiative primarily supports natural carbon sink projects that meet the highest standards of transparency and credibility. The WALD Initiative consists of four components, for one of which, “WALD Climate Partnerships”, Rentenbank is responsible. The goal is to promote market mechanisms to reward the climate performance of German forests and help forestry enterprises and forest owners build up climate-resilient and biodiverse forests.

We are also participating in a consortium of various companies including Klim GmbH and K + S AG to develop a DIN SPEC as a “precursor” to a DIN standard entitled “Quantification and Assessment of Organic Carbon Capture and Greenhouse Gas Impacts of Adapted Management of Land Used for Agriculture”. The goal is to develop a standard to quantify and assess carbon capture and greenhouse gas impacts of adapted ways of managing agricultural land.

1.6 Corporate social responsibility

As a good corporate citizen, Rentenbank mainly supports local cultural institutions and selected projects in Frankfurt am Main, where the bank has its headquarters. We regularly support the Schirn Kunsthalle, the Städel Museum, and the Museum of Modern Art, among other institutions, in the form of memberships in the respective support associations.

Our annual Christmas donation supports the following charitable organisations in the Frankfurt area: “Die Arche” Kinderstiftung Christliches Kinder- und Jugendwerk, which provides aid to children and youths from disadvantaged backgrounds, the hospice association Hospizverein Sankt Katharina e. V., the aid agency Malteser Hilfsdienst e. V., and the “Winter Action” campaign of the Sankt Katharinengemeinde.

Rentenbank’s employees regularly donate bags filled with groceries to support the work of “Die Arche” in Frankfurt. They also donated school supplies, participated in the “Wish List” campaign by purchasing Christmas gifts for the children and youths served by this organisation and providing tutoring services to help them with their schoolwork.

CHAPTER 01

Rentenbank never uses donations or sponsoring to influence third parties improperly. Rentenbank does not enter into sponsoring agreements with and does not make donations to political parties and organisations.

Rentenbank Donations 2020-2023 in Euros	2023	2022	2021	2020
Rentenbank	47,262	77,097	106,130	136,600
Employees		29,098	560	
Total	47,262	106,195	106,690	136,600

Gerd Sonnleitner Award for Volunteering Work

Rentenbank has sponsored the annual Gerd Sonnleitner Award, which comes with a cash prize of EUR 3,000, since 2014. Candidates should be less than 35 years old and perform exemplary work in the service of the reconciliation of interests in rural areas according to the example of the prominent farmers' advocate after whom the award is named.

Buchenborn Forest Project

As an example of its targeted support of nature conservation efforts in the Rhine-Main region, Rentenbank has since 2016 promoted a forestry project in the 550-hectare Buchenborn Forest District in the Wetterau region of Hesse State, together with the German Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben, BimA). Through this long-term project, Rentenbank and BimA make an active contribution to climate, species, and biodiversity protection in the area directly adjacent to Rentenbank's headquarters in Frankfurt am Main.

By means of sustainable forestry and other projects, numerous ecosystem conservation services are provided and financially rewarded in the forest area. Rentenbank and BimA have entered into a framework agreement for this purpose. BimA manages the forested areas in accordance with strict ecological standards, including the enrichment of dead wood and a complete ban on the use of biocides. Other focal points of the agreement include the support of locally appropriate vegetation on the basis of potential natural vegetation, adapted wildlife stock, and special species conservation measures. The Nature Conservation Department of the German Federal Forest Service (Bundesforst) provides expert advice and quality assurance services.

Under this same collaboration, additional ecosystem conservation services are provided in the form of individual measures. Eleven of these additional measures contributing to nature and species conservation have since been initiated. The project "1.000 Baumriesen" (1,000 Tree Giants) was one of the first to be implemented. The goal of this project is to protect and promote old, large, and vital trees in the Buchenborn Forest. These giant trees perform a diverse range of specific tasks in the forest ecosystem, including natural

forest rejuvenation, shelter for different species of animals, and habitat for a large number of insect and spider species. The preservation of animal habitat is also the goal of the “Sommerhang” (Summer Slope) project, which is aimed at creating a warmer and drier forest climate. This untypical forest climate benefits increasingly rare species of insects and birds, but also wildcats. The growth of wildcat populations is promoted in the “Auf leisen Pfoten” (On Silent Paws) project. The highly endangered European wildcat prefers structurally diverse, near-natural forests where they can find adequate places of refuge and hunting grounds. Since other species of animals need more light and sun, the “Sonnenanbeter” (Sun Worshipers) project was initiated to return two old stone quarries in Buchenborn to nature and trim the surrounding forest vegetation. The sunny areas so created will benefit the native common lizards, smooth snakes, blindworms, and insects. Recently added projects include “Taubenwäldchen” (Pigeon Woods), “Hirsch der Insekten” (Stag of the Insects), and “Das Summen im Wald” (Buzzing in the Forest). The first project is a special measure to protect the stock pigeon and create optimal conditions to help this species of pigeon recover quickly. The second project is focused on the protection and promotion of the stag beetle, known as the largest beetle species in Europe, which is on the IUCN Red List of Threatened Species. The third project aims to promote and protect insects in Buchenborn in view of the fact that both the total population and the species diversity of insects have declined sharply over the last few decades.

The Buchenborn Forest Project is a prime example of how additional ecosystem conservation services can be promoted in commercially used forests and demonstrates the necessity of supporting such work with financial resources.

CHAPTER 01

Our financial year 2023



2.1 Promotional programmes

Our promotional activity is centred on our special promotional loans. We place particular emphasis on promoting sustainable investments such as investments in renewable energy, but also the Agriculture Investment Programme of the German Federal Ministry of Food and Agriculture. Another one of our key objectives is to promote innovation.

The volume of new special promotional loans granted in 2023 amounted to EUR 5.9 billion, which is 13.6% less than in the previous year. The number of special promotional loans granted fell to 14,530 (2022: 17,986).

New special promotional loans in euro millions	2023	2022
Agriculture	1,597	2,024
Forestry	7	11
Aquaculture and fisheries	1	15
Agribusiness and food	746	1,202
Renewable energy	849	1,573
Rural development	2,746	2,053
Total	5,946	6,879

Differences from the total sum are due to rounding.

Extensive promotion of sustainability projects by the bank's special promotional loans

The transformation to a more sustainable economy is a mission for the whole of society and one that demands investments on a commensurate scale. We support sustainable investments in agriculture with our special promotional programmes and an interest rate subsidy (best terms and premium terms). The expansion of renewable energy is supported by the bank's "Energy from the Countryside" programme, which seeks to promote investments by farmers in photovoltaic, biogas, and wind energy generation, as well as civic wind farms in rural areas. With its "Sustainability", "Environmental and Consumer Protection", and "Forestry" programmes, Rentenbank supports a wide range of measures to improve animal welfare, energy efficiency, and emissions reduction. Other objectives of these programmes include the promotion of

ecological farming and forestry measures such as the conversion of forests to climate-adapted mixed forests.

Expansion of the promotional programme “Future areas in focus”

Out of a desire to promote sustainable investments in agribusiness and rural areas even more, Rentenbank launched the new programme called “Future areas in focus” in November 2022. Future areas are selected topics which Rentenbank has identified as being especially worthy of promotion and/or innovative on the basis of the current social and political discourse. The loans offered under this programme feature additionally subsidised premium terms. The programme is flexible and can be adjusted as needed.

We broadened the programme in 2023 by adding two more future areas, bringing the total to six. One of these relates to investments in efficient irrigation systems and the other to the promotion of the self-employment of female farm successors and founders in agriculture and forestry.

Other future areas relate to the expansion of regional food production, use of agricultural photovoltaic systems, environmentally friendly farming, including transition to ecological farming, and the establishment of agroforestry systems and paludiculture.

Under the Future areas in focus programme, we promoted 167 investment projects with loans totalling EUR 80.0 million at premium terms in the past financial year.

Promotion of sustainable projects totalling EUR 1.3 billion

After the previous year’s extraordinarily good result, the volume of loans granted in the Renewable Energy promotional line fell sharply in 2023. Demand for wind power financing in particular weakened after the considerable pull-forward effects in 2022 due to rising interest rates. Wind power financing accounted for 41% of the new promotional loans granted in this promotional line, followed by photovoltaics at 29% and biogas at 16%. The remainder went to renewable resources and biofuels.

In the past financial year, we also financed investments in environmental, animal, and consumer protection such as emissions reduction projects, humane animal husbandry practices, and energy efficiency enhancement.

Including promotional loans for renewable energy, we financed sustainable projects totalling EUR 1.3 billion (2022: EUR 2.2 billion). Thus, more than one fifth of our new promotional lending consisted of special promotional loans to finance sustainable investments.

Sustainable investments in euro millions	2023	2022
Renewable Energy promotional line	849	1,573
Of which: Wind power	348	960
Photovoltaic systems	245	289
Biogas	134	299
Other	123	24
Emissions reduction	240	295
Humane animal husbandry	78	101
Energy efficiency	37	100
Ecological farming	50	70
Other	61	56
Total	1,314	2,195
Share of total new promotional loans, in %	22	32

Differences from the total sum are due to rounding.

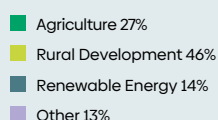
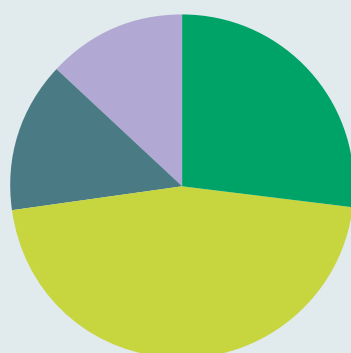
Fewer new loans in the Agriculture promotional line

The decrease in the volume of new loans granted in the Agriculture promotional line resulted mainly from the lower volume of loans granted to finance machinery investments, which came to EUR 691.7 million, representing 43% of the total loans granted in this promotional line in the past financial year. Promotional loans granted to finance investments in farm buildings were

likewise lower, at EUR 420.3 million (26% of total loans), while loans granted to finance land acquisition amounted to EUR 292.0 million, representing 18% of the total loans granted in this promotional line.

The total volume of loans granted under our liquidity protection programmes, which are also part of the Agriculture promotional line, was only EUR 1.3 million in 2023 as the demand for this type of loan was extremely weak.

New promotional loans granted in 2023 (total EUR 5.9 billion)



Continued strong demand for promotional loans to finance environmentally and climate-friendly investments under the BMEL's Agriculture Investment Programme

We successfully continued the BMEL programme "Promotion of Investments under the Investment and Future Programme for Agriculture" in the 2023 financial year.

The objectives of this programme are to promote resource-conserving land management, better climate and environmental protection, and improved biodiversity. Machinery and equipment used in the more exact application of livestock manure and plant protection agents and in mechanical weed control are promoted under the programme. Structural installations for the low-emissions storage of livestock manure and liquid manure separation systems are also eligible for promotional loans.

Not only agricultural enterprises, but also agricultural contractors and commercial machinery rings are eligible to apply for such loans. Investment projects are supported with a subsidy of up to 40% of the total investment amount, combined with a low-interest promotional loan by Rentenbank to finance the rest.

A new request for expressions of interest from farmers was put out at the very beginning of 2023. At EUR 2.64 billion, the total amount of required investments indicated in this procedure was considerably higher than in the other, earlier procedures of this kind.

Following the judgment of the German Federal Constitutional Court in November 2023, the ban on public financing of the Climate Fund was imposed during the period when the applications submitted in the third round of the tender procedure were being approved. Consequently, the approvals were temporarily suspended.

The programme was also plagued by persistent delivery difficulties on the part of machinery manufacturers and construction firms in 2023, which again made it necessary to transfer larger amounts of funds to the year 2024 because the investment projects could not be completed as scheduled.

Under these conditions, we approved loans totalling EUR 216.1 million and investment subsidies totalling EUR 142.4 million under this programme for investments in environmentally and climate-friendly projects in 2023.

CHAPTER 02

Lower volume of new promotional loans in the Agribusiness and Food promotional line

The decrease in the volume of new promotional loans granted in the Agribusiness and Food promotional line resulted mainly from the lower volume of loans granted to finance machinery investments, which amounted to EUR 478.1 million and represented the greatest share of new loans granted in this promotional line, at 64%, followed by building finance loans at 19% or EUR 140.2 million.

Sharp increase in loan demand in the Rural Development promotional line

The development of the Rural Development promotional line was characterised by strong demand from the German states' development banks for Rentenbank's global loans, which amounted to EUR 2.3 billion and represented 83% of the total new loans granted in this promotional line. These funds were used particularly to promote local infrastructure projects in rural areas. We overhauled the two programmes "Rural Infrastructure" and "Life in Rural Areas" in the "Rural Development" promotional line in the past financial year with a view to refocusing our promotional activities on technical and social infrastructure.

2.2 Promotion of innovation

The agribusiness and food industry makes an important contribution to the attainment of societal and ecological targets. Innovations and technical progress are needed to ensure the competitiveness of enterprises in this industry while also combatting climate change and promoting resource conservation. This is particularly true in the face of rising requirements for animal welfare, product quality, and environmental protection.

Therefore, Rentenbank has stepped up its promotion of innovation and new technologies for a sustainable and therefore viable agribusiness and food industry. We support the innovation process from practical testing to market introduction and scaling of especially innovative methods and products.

At the beginning of the innovation process, practice-relevant research projects are subsidised from the funds of the programme "Research for Innovation in Agriculture" (Innovation Fund) with the participation of commercial partners. The projects approved in the past financial year pursued goals in the areas of biodiversity and animal welfare, among others.

To facilitate the commercialisation of innovative ideas, we promote agriculture-related start-ups in the early financing phase from the "German federal government's special-purpose fund administered by Landwirtschaftliche Rentenbank" (Special-Purpose Fund). The promotion entails a low-interest subordinated loan for an amount of up to EUR 800,000 per applicant in

combination with a grant for consulting services (innovation voucher). By means of this promotional activity, we create an incentive to develop innovations and new business models in the agribusiness and food industry.

From our Innovation Fund, we promoted eight project partners with grants totalling EUR 2.6 million in 2023 (2022: 19 project partners with grants totalling EUR 5.6 million). Considerably fewer new projects were approved in the reporting period compared to the previous year due to the application freeze imposed in view of the planned restructuring of the Innovation Fund. In our start-up promotion programme, we approved subordinated loans totalling EUR 4.4 million (2022: EUR 5.4 million) and innovation vouchers totalling EUR 0.2 million (2022: EUR 0.4 million) to seven (2022: nine) start-ups from the Special-Purpose Fund. Also in this programme, fewer subordinated loans were granted due to an approval freeze imposed in the meantime, compared to the previous year.

Despite our diverse initiatives, financing possibilities particularly for start-ups remain limited, despite the positive contribution their innovative business models can make to the food and agribusiness industry. Since February 2022, therefore, we have been promoting innovation also in the form of growth capital and venture capital investments. Growth capital is one of the most important drivers for the development of innovations, new technologies, and business models and therefore also for the transformation to a more sustainable economic system. We invest in venture capital funds with a strong focus on ag-tech and food-tech in different investment phases from seed to growth phase. These investments also enable start-ups in the above-mentioned sectors to raise their visibility to other venture capital investors and therefore mobilise additional capital for these sectors.

In 2023, we invested in four venture capital funds and broadened our portfolio to six equity investments. In April, we invested EUR 10 million in Astanor Ventures II SCSp and EUR 5 million in Zintinus Fund I GmbH & Co. KG. Both these funds make investments in all stages of the food production chain. In August, we invested EUR 10 million in FoodLabs Fund III GmbH & Co. KG, which finances early-stage ag-tech and food-tech start-ups and in some cases founds such start-ups itself in a venture studio. In December, we made a unilateral commitment to invest EUR 10 million in Oyster Bay Venture Capital II GmbH & Co. KG. We also supported this latter fund as an anchor investor in an early fundraising status.

CHAPTER 02

2.3 Promotional Fund and Rehwinkel-Stiftung Foundation

Promotional Fund: Focus on research and continuing education

Rentenbank devotes its entire distributable profit to the promotion of agriculture and rural areas. One half of the distributable profit is allocated to Rentenbank's Promotional Fund and the other half to the German federal government's Special-Purpose Fund administered by Rentenbank. An amount of EUR 9.0 million was allocated to the Promotional Fund from the bank's distributable profit in the past financial year. We used these funds to support both individual projects and institutions of importance for agriculture and rural areas.

Another focal point of the Promotional Fund besides agriculture-related research is the promotion of cooperation projects between academic facilities and institutions in the agricultural sector. We also use the funds of the Promotional Fund to support practice-oriented model projects, education measures and events, particularly projects related to continuing education events for agricultural professions.

We also provided financial support to international cooperation projects in the agricultural sector, particularly including agriculture student exchanges and knowledge transfer projects aimed at children and young people.

We also promoted projects in the areas of forestry, animal welfare and livestock farming, as well as climate protection and sustainability.

Edmund Rehwinkel-Stiftung: Promotion of science and research

The foundation Edmund Rehwinkel-Stiftung was founded by Rentenbank in 1974. In the spirit of the man after whom it is named – Edmund Rehwinkel, the former President of the German Farmers' Association – the foundation promotes agricultural research activities and projects of great practical use for agriculture. The capital of this foundation organised under civil law, which is recognised as a non-profit institution, is EUR 17 million.

Scientific papers

The annual calls for proposals on issues of current interest to the agribusiness and food industry pertain to scientifically and socially relevant discussions and developments. The research papers are presented to the broader public at the Rehwinkel Symposium.

The overarching theme of the 2023 Rehwinkel Symposium was the “Implications of a Changed Allocation of Roles between State and Market for the Future of Agriculture”. Scientific papers on the subject of “More Resilience and Transformation: Strategies for Agribusiness and Public Policy” were promoted in the past financial year.

Scholarships

The foundation also awards two to three scholarships per year to outstanding students specialising in agriculture or food sciences. The scholarship recipients receive financial support for two years. They can also attend seminars, trade fairs, and other events.

Additionally, the Rehwinkel-Stiftung foundation awards a total of four German National Scholarships sponsored by the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF) to students of Göttingen University and Gießen University.

CHAPTER 02

2.4 Funding

Continuation of excellent market access

Our strong credit ratings and the special regulatory treatment afforded to our bonds by virtue of the Federal Republic of Germany’s guarantee for Rentenbank’s obligations allow us to maintain our excellent market access across all maturities.

Measured by the spread over 6-month Euribor, our funding costs were higher than in the previous year due to higher credit spreads and the longer average term of our bonds. In the short-term funding segment of less than one year, we continued to raise funds at highly favourable yields compared to

interbank rates through our Euro Commercial Paper Programme (ECP Programme).

Lower issue volume

We raised EUR 10.5 billion (2022: EUR 11.8 billion) in funds with maturities of longer than two years in the capital markets in the past financial year.

The funds were raised by the following funding instruments:

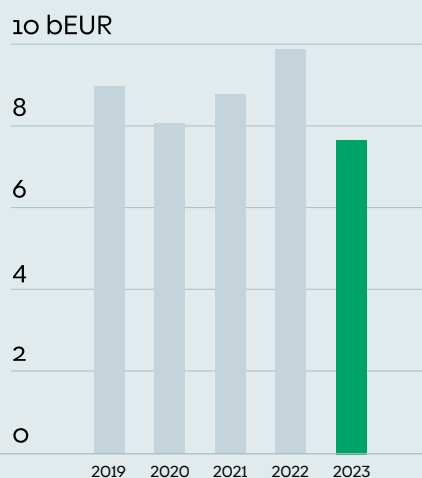
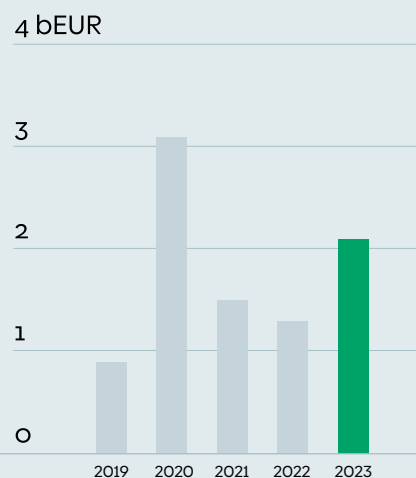
Medium- and long-term issue volume (longer than 2 years)	bEUR 2023	bEUR 2022	Share in % 2023	Share in % 2022
EMTN	7.7	9.9	73.1	84.3
of which green bonds	1.0	1.0	9.5	8.5
Global bonds	2.1	1.3	20.1	10.7
AUD MTN	0.7	0.5	6.8	4,4
Domestic capital market instruments	0	0.1	0.0	0,5
Total	10.5	11.8	100.0	100.0

Vital importance of the EMTN Programme

The Euro Medium-Term Note Programme (EMTN Programme) is our most important funding instrument, with a programme capacity of EUR 70 billion. The programme capacity used at the end of 2023 was EUR 57.9 billion (EUR 57.1 billion). Using standardised documentation, we can float issues of different amounts, maturities, and structures in many currencies under the EMTN Programme. We used the programme in the past financial year to raise mostly medium- and long-term funding.

This includes a green bond denominated in euros in the amount of EUR 1.0 billion. Green bonds are only used to fund loans under the “Energy from the Countryside” promotional lending programme and are therefore an essential instrument of Rentenbank’s sustainability strategy.

We also issued a bond for EUR 25 million, which we classified as short-term funding by reason of the maturity structure.

Medium- and long-term EMTN issues**Issuance of global bonds****Successful US dollar global bonds**

The global bonds registered with the US Securities and Exchange Commission (SEC) play an important role in our funding activities. The registration under “Schedule B” gives us access to the US market. This registration is only granted to sovereign states and quasi-sovereign issuers, underscoring our “agency” status in the international capital market. We issued a five-year global bond for USD 1.25 billion and a ten-year global bond for USD 1.0 billion in the past financial year.

CHAPTER 02

Higher issue volume in the “kangaroo” market

Under our AUD MTN Programme, we issued bonds in the total amount of AUD 1.2 billion (AUD = Australian dollars), equivalent to EUR 0.7 billion (EUR 0.5 billion), in 2023.

With an outstanding volume of AUD 8.5 billion, Rentenbank was the eighth-biggest foreign issuer in this market segment at the end of 2023.

Lower average utilisation of the ECP Programme

Issues from our EUR 20 billion ECP Programme continue to be of major importance for short-term funding. These are bearer notes maturing in less than one year, which are usually issued in discounted form, meaning without interest coupons. We were again able to issue euro-denominated ECP, as well as currency-hedged ECP, especially in US dollars, at favourable terms in the past financial year. The average annual programme utilisation was EUR 10.2 billion in 2023 (EUR 13.2 billion). The programme utilisation at the end of 2023 was EUR 8.6 billion (EUR 7.6 billion).

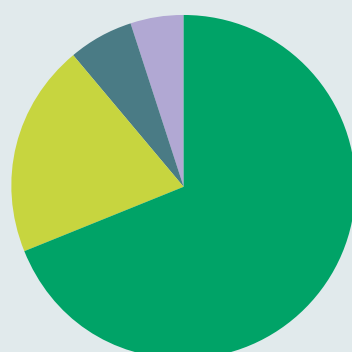
Zero risk weight for Rentenbank bonds

Based on the Credit Risk Standardised Approach of the Capital Requirements Regulation (CRR), EU banks do not need to allocate capital to back their loans to and receivables from Rentenbank. The zero risk weight resulting from the German Federal Republic's guarantee also applies in many countries outside of the EU such as in Norway, Canada, Australia, and New Zealand.

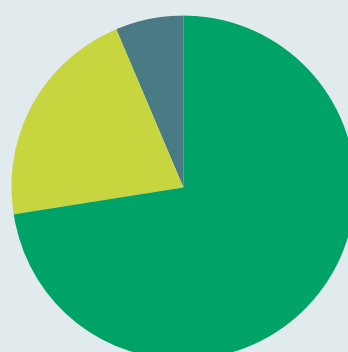
Banks were again the most important investor group

The percentage of our medium- and long-term issue volume placed with banks was 57% in the past financial year (62%). This group of buyers purchases the highest-rated zero-weight notes offering attractive spreads, which are recognised as liquid assets. In addition, central banks and other government agencies purchased a significant percentage of these funding instruments. This percentage rose to 30% (22%) in 2023.

The percentage of German investors decreased to 30% (34%), while we placed 39% (42%) of our issues with other European investors. At 20%, the demand of Asian buyers was higher than in the previous year (13%). The share of US investors fell slightly to 6% (7%). Another 3% (1%) of our issues were placed with investors in the Middle East and Africa, and 2% (3%) in New Zealand and Australia.

Breakdown by region of medium- and long-term issues in 2023

■ Europe 69%
■ Asia 20%
■ North America 6%
■ Other 5%

Breakdown by currency of medium- and long-term issues in 2023

■ EUR 66%
■ USD 27%
■ AUD 7%

Euro was the most important issue currency

Our medium- and long-term issue volume was divided among three currencies in the past financial year. The most important issue currency was the euro, at 66% (65%), followed by the US dollar, the share of which rose to 27% (19%). The Australian dollar came in third place, at 7% (4%).

CHAPTER 02

Rentenbank issues are classified as “liquid assets” ...

In the European Union, the bonds of promotional banks are classified as “liquid assets” for purposes of bank regulatory reporting pursuant to the CRR. Thanks to the German Federal Republic’s guarantee, our bonds fulfil the regulatory requirements of “Level 1 assets” in the EU. The same applies accordingly in Canada and Switzerland.

... and recognised as eligible collateral

Our euro-denominated exchange-listed issues meet the requirements of the European System of Central Banks (ESCB) to qualify as Category I collateral. Our bonds are classified as belonging to Liquidity Category II. Only central bank and sovereign bonds are assigned to the higher Category I. Liquidity

Category II includes the bonds of supranational institutions and institutions operating under a public promotional mandate. Moreover, the Reserve Bank of Australia recognises our “kangaroo bonds” and the Reserve Bank of New Zealand our “kauri bonds” as eligible collateral. Our issues also enjoy a preferential status in the private repo markets. For example, Eurex Clearing AG accepts our securities as collateral for the “GC Pooling ECB Basket”.

Rentenbank bonds are included in the most important bond indices

Our large-volume euro and dollar bonds are included in the most important bond indices, including the “Bloomberg Euro Aggregate Bond Index”, and the “Bloomberg US Aggregate Bond Index”, as well as the “ICE BofA US Broad Market Index”. These indices measure the performance of national or international market segments. Being included in such an index improves the sales prospects of a bond because many institutional investors are evaluated on the basis of the performance of such indices and therefore manage their investments on this basis.

Money market operations

We employ a number of instruments to fund short-term assets, manage liquidity, and hedge short-term interest rate risks. Short-term funds can be raised by way of the ECP Programme and EMTN Programme, by way of overnight deposits and term deposits in the interbank market, and by way of the ECB’s refinancing facilities. We also manage interest rate risk through the use of derivatives. We take deposits from non-banks only to an extremely limited extent and only within the scope of our statutory promotional mandate.

Derivatives to hedge market price risks

To hedge interest rate and currency risks, we entered into swaps amounting to EUR 22.2 billion in the past financial year (EUR 25.2 billion). Of this total, EUR 18.7 billion (EUR 21.0 billion) consisted of interest rate swaps and EUR 3.5 billion (EUR 4.2 billion) consisted of cross-currency interest rate swaps and cross-currency basis swaps. We also hedged our foreign currency ECP issues with currency swaps (FX swaps).

We only use derivatives as hedging instruments for existing or foreseeable market price risks. We limit the credit default risk of the derivatives we employ by means of collateral agreements with all swap counterparties.

Rentenbank remains classified as a non-trading book institution

Rentenbank does not keep a trading book according to the definition of the German Banking Act (KWG) and Article 4 (1) no. 86 CRR. We therefore classified our bank as a non-trading book institution and notified this classification to the BaFin and the Bundesbank already in 1998. We still do not hold any positions with trading intent according to Article 4 (1) no. 85 CRR. We assign all transactions to the banking book.

Our employees

3.1 Personnel policy

Resilience and adaptability are key qualities for success in a dynamic environment. As a promotional bank, we support agriculture and rural areas, but we also seek to strengthen our own resilience and adaptability as an organisation in order to be able to respond to evolving requirements and the rapid pace of change. Therefore, transformation was a key topic for our employees in financial year 2023.

Our employees themselves shape the transformation of Rentenbank. A strategy team and a transformation team were already set up in 2022. Employees from nearly all areas and organisational levels of the bank are represented in these two teams, working every day to make the bank resilient and fit for the future. Based on a SWOT analysis conducted in 2022, the strategy team announced Rentenbank's official purpose in the beginning of 2023: "We promote the sustainable development of agribusiness and rural areas". This purpose statement serves us as a guiding principle on how we should position our bank and what kind of organisation we want to be in the future. Building on this official purpose statement, we then developed our Future Vision 2028 with the participation of all employees. This Future Vision sets out clearly defined and well-focused ambitions for our organisation. We initiated numerous measures to realise these ambitions in the past financial year.

One of our central goals is to recruit new talents to Rentenbank and retain high potentials. To further enhance Rentenbank's name recognition and appeal as an employer, in September 2023 we launched Rentenbank's employer branding strategy and celebrated the go-live of our new image, which illustrates our purpose both inside and outside of our organisation.

Acting as ambassadors for Rentenbank, numerous employees enriched our newly designed career page, job postings, and social media presence with authentic images and videos.

The transformation also pertains to the way we work together, including the physical workplaces in the bank's building. In the second half of 2023, a flexible, open-layout room concept was implemented on the second floor of the building for testing purposes. The new room concept is meant to create more space for collaboration and encourage cross-departmental cooperation by allowing employees to choose their own workplaces and creating new areas where they can come together. Sound-absorbing partitions and options for individual work and distraction-free meetings are designed to mitigate the drawbacks of a classic open-plan office. Our employees working in the area of promotional activities began to test the new areas towards the end of last year. Insights collected in this test will be applied in the remodelling of Rentenbank's headquarters on Hochstraße.

We consider it very important to keep our employees updated regularly about all relevant developments in the bank. Our regular bank-wide teleconferences were supplemented with in-person town hall meetings in the past financial year. We also introduced the "dialogue groups" format as part of our transformation. The purpose of this format is to facilitate discussions and networking among employees, allowing them to collectively address challenges and questions faced by the participants on the path to our Future Vision 2028. Other important communication channels include our intranet and the Rentenbank podcast "Three questions for...", which informs employees about specific areas and other current topics of interest within the bank.

CHAPTER 03

Expanding our promotional mandate business and modernising our IT applications are other key strategic goals of our transformation. We have therefore created new positions, particularly in the areas of promotional activity and IT and digitalisation. The number of employees rose from 403 (on 31/12/2022) to 436 (on 31/12/2023).

As a member of the German Association of Public Banks, Rentenbank applies the collective wage agreement concluded with the relevant trade union. As of 31 December 2023, 52% of the bank's employees were paid according to the collective wage scale, while 48% were paid above the collective wage scale.

Corporate co-determination and staff representation

For purposes of corporate co-determination, a Staff Council elected on the basis of the German Federal Staff Representation Act (Bundespersonalvertretungsgesetz) represents the bank's employees. Together with the Gender Equality Officer and the Council of Severely Disabled Employees, the Staff Council represents the interests of all employees. The Staff Council exercises its co-determination, participation, and consultation rights.

Corporate health management

Rentenbank attaches a high priority to comprehensive corporate health management in the form of physical and mental health programmes. These programmes, which are open to all employees, include company sports clubs, allowances for membership in a fitness centre of the employee's choice, personalised health training courses, medical check-ups for managers, and occupational reintegration management. All employees may also utilise the counselling services of a family services agency (life coaching, elder care, addiction prevention, etc.) free of charge.

Our in-house company restaurant also makes an important contribution to the health of our staff. As a promotional bank for agriculture, it is important to us that we serve balanced meals with fresh, seasonal, and regional ingredients to our employees. Mental health was again a major point of emphasis of our annual Health Day in 2023. We offered yoga classes, breathing and meditation exercises, and presentations on resilience and work-life balance, among many other activities.

Moreover, Rentenbank organises voluntary flu vaccinations once a year, which are handled by the company physician. A coronavirus vaccine was offered again in 2023.

Occupational health and safety

The occupational health and safety organisation provides the framework for the measures taken by the bank to protect employees against occupational hazards. Rentenbank has established an Occupational Health and Safety

Committee composed of members of the Staff Council, the Occupational Health and Safety Officer, the Council of Severely Disabled Employees, and employer representatives, among others.

Sustainable mobility

Our employees are expected to use sustainable modes of transportation for business trips whenever possible. We also expanded our offering of fringe benefits by reimbursing employees for the cost of the Germany-wide monthly railway pass (“49-Euro Ticket”).

3.2 Diversity and equal opportunity

As a signatory to the Diversity Charter, Rentenbank is publicly committed to genuine diversity in the workplace. All employees are valued regardless of social background, ethnicity, gender, religion, worldview, disabilities, age, family status, or sexual identity.

CHAPTER 03

Diversity Day

In May of last year, Rentenbank once again participated in the German Diversity Day, for which a number of activities were organised, some of which extended beyond the Diversity Day itself. In a workshop on “Design Thinking”, a creative and user-centric approach to problem-solving, participants sought to answer the question of how Rentenbank can become even more diverse. The highlight of our Diversity Month was the interactive, in-person presentation given by a keynote speaker on the subject of “Stereotypes & Prejudices”, which the entire staff was invited to attend on Diversity Day. In her presentation filled with background information, real-life examples, and discussion opportunities, the instructor explained to the many participants how stereotypes come into being, why people hold on to them, and how they influence people in their day-to-day work.

Gender equality

The equality of women and men – also in terms of compensation – is an important element of personnel policy at Rentenbank. The bank has appointed a Gender Equality Officer and deputy representative, who are closely involved in all relevant decisions, including employee hiring.

Gender Equality Plan and compatibility of family, caretaking, and work

The Gender Equality Plan, accessible to all employees, contains targeted measures to improve the equality of women and men and enhance family friendliness and the compatibility of family, caretaking, and work. These measures include flexible work schedules and part-time models, allowances to defray childcare costs at designated day-care centres in Frankfurt, and the counselling services provided by a family services agency. Under the “Company Agreement on Mobile Working”, staff members have the opportunity to work from anywhere in Germany for up to 40% of their weekly work hours; an even higher percentage can be agreed with the respective supervisor.

In the past financial year, Rentenbank began working with an agency that connects staff members with qualified, certified, and insured caretakers for children and elderly family members requiring nursing care via an online portal. All staff members are entitled to use this portal to find caretakers in their neighbourhoods and build a network of reliable support.

In addition to qualitative goals and measures, the Gender Equality Plan and the Gender Equality Report also include key indicators such as the percentage of management positions held by women and the breakdown of compensation paid to men and women by collective wage groups. In 2023, 31% of management positions were held by women. The gender ratio among employees was nearly equal at 55% male and 45% female. Women accounted for 80% of part-time employees.

Inclusion

In exercising its social responsibility, Rentenbank advocates for the inclusion of persons with disabilities. In this respect, we adhere to the principles of the UN Convention on the Rights of Persons with Disabilities, which took effect in Germany in March 2009, and design appropriate workplaces for our employees with disabilities. We commenced negotiations on an Inclusion Agreement in the past financial year. The inclusion rate was 2.4% in 2023.

3.3 Qualifications

Rentenbank ensures that its staff have the appropriate qualifications primarily by means of continuous, personalised, and needs-based staff development measures. Such measures include external seminars, cross-departmental work assignments within the bank, language courses, and in-house workshops. The number of continuing education days per employee is included as a target in the bank's business strategy. The average number of continuing education days was 3.1 days per employee in 2023.

CHAPTER 03

Compliance training

To raise the awareness of its employees for relevant laws and regulations, the bank provides regular, mandatory training courses, especially on the subject of money laundering and fraud prevention, data protection, and information security. Employees' participation in these courses is subject to monitoring. The bank also provides regular instruction to employees on the subject of current trends, attack patterns, and concrete warning signs.

Mentoring programmes

The goal of our internal mentoring programme is to foster the transfer of knowledge within our bank and overcome any barriers to such knowledge transfers in order to improve employees' understanding of the work performed in other areas of the bank. In our cross-mentoring programme, mentees from Rentenbank work with mentors from other companies in order to broaden their horizons. In return, Rentenbank makes mentors of its own available to other companies.

Agile work methods

As in the previous year, our employees were again given the chance to participate in training courses on the agile work methods "Design Thinking", "Scrum" and "Kanban". We also published a series of articles on the bank's intranet about methods such as "GEMO", "Timeboxing", retrospectives, impulse lectures, and creativity techniques. While virtual meetings have long been an indispensable tool for our day-to-day work, their potential is usually not fully exploited. At the close of the year, therefore, we gave all our staff members the chance to attend an external impulse lecture in which inspiring approaches to holding engaging, efficient, and interactive meetings were presented.

Training by employees, for employees

The training series "Agriculture for Employees", which was introduced in 2022, was continued in 2023. Many of our employees, especially those working in the area of promotional activity, grew up on farms or other companies within the "Green Sector. In this webinar series, they introduce their colleagues to different forms of agriculture. The topics addressed in the past financial year included forestry, horticulture, and robotics.

Trainee programme

Six new trainees joined our redesigned trainee programme in the past financial year. The entire programme spans 18 months. In one half of the programme, the trainees are assigned to work in different areas of the bank on a rotating basis so that they can gain an understanding of interconnections within the bank and develop their own personal network of contacts. In the other half, the trainees are instructed in their respective core areas and purposefully prepared to assume a permanent position. They also attend regular seminars and off-site courses offering opportunities for both professional and personal development. The trainees are given permanent employment contracts from the beginning.

Leadership principles and feedback process

In the past financial year, our previous “Guidelines for Leadership and Teamwork” were revised to create the new “Leadership Principles” through a series of leadership workshops. These new principles are supported by concrete behavioral anchors in order to promote effective leadership and a consistent understanding of leadership within the bank. An important part of implementing our new Leadership Principles is the development of a “dialogue-based feedback process” between managers and staff members. Given the significance of constructive feedback within our collectively designed transformation, a participative approach was adopted for this purpose. In the summer of 2023, all staff members were invited to contribute their own ideas for a new feedback culture through a series of workshops.

CHAPTER 03

Training courses for managers

As part of our manager development programme, four off-site training events were held for managers in 2023. One purpose of these events was to develop a common understanding of leadership. We also offered new training designed to enhance leadership skills in the context of employee discussions, with a specific focus on salary review meetings.

3.4 Key personnel indicators

Key personnel indicators	2023	2022	2021
Number of employees ¹	436	403	385
Ratio of men to women (in %)	55/45	53/47	52/48
Of whom:			
Number of part-time employees	92	89	96
Ratio of men to women (in %)	20/80	21/79	23/77
Percentage of total management positions held by women	31%	27%	25%
Percentage of “first level management” positions (upper management) held by women	14%	14%	7%
Percentage of “second level management” positions held by women (all other managers)	35%	31%	31%
Percentage of temporary employees	13%	15%	15%
Percentage of employees paid according to collective wage agreements	52%	50%	53%
Percentage of employees paid above the collective wage agreements	48%	50%	47%
Average length of service (in years)	9.1	9.5	9,8
Staff turnover rate	6,0%	9,0%	4,8%
Average age (in years)	44.4	44.5	44.4
Continuing education days per employee	3.1	3.2	1.9
Inclusion rate	2,40%	2,84%	2,45%
Personnel expenses in mEUR	2023	2022	2021
Personnel expenses	48.2	56.8	41.9
Of which “Social security contributions and expenses for pensions and other employee benefits”	9.7	21.5	8.1

1 Excluding Management Board members, employees on leave (e.g., parental leave), apprentices and interns.

Women accounted for 33% of Management Board members at 31/12/2023 (PY: 33%). Women accounted for 33% of Supervisory Board members (PY: 29%).

Operational ecology and procurement

4.1 Operational environmental protection

As a bank with a small number of employees working at a single location in Frankfurt am Main, the environmental impact of Rentenbank's business activities is minor. Nevertheless, Rentenbank strives to continuously shrink its ecological footprint. Because our own building on Hochstraße is currently being renovated while preserving its landmark-building status, we are using the "Goldenes Haus" building on Theodor-Heuss-Allee 80, where we have leased four floors, as an interim headquarters. The bank's own resource management standards are met both in the building we are using on a temporary basis and in the renovation of our own building.

After the initial certification as an Eco-Profit Enterprise in 2022, Rentenbank successfully attained [recertification](#) in 2023. The recertification was tied to the fulfilment of Eco-Profit's mandatory criteria and the definition and implementation of measures within the cross-divisional environmental protection team. As a member of the Eco-Profit Club, Rentenbank is also a member of the Eco-Profit network and will again seek recertification in 2025.

The following measures, among others, were implemented in 2023:

- Definition and introduction of sustainability requirements for suppliers
- Increasing the share of notebooks to over 50% in order to reduce the amount of hardware used as part of the single-device strategy
- Assurance of long-term contracts for the purchase of electricity generated from renewable sources of energy
- Further expansion of the bank's own infrastructure for staff members who use bicycles to travel to and from work
- Introduction of a test concept for desk-sharing models to ensure the optimal use of available office space
- Offering of vegan main dishes on at last two days a week

The measures initiated in 2022 were consistently pursued in 2023 as well.

4.2 Key ecological indicators

CHAPTER 04

Energy consumption

As in the previous year, we still have only limited data on resource consumption in the office space we were leasing in 2023. The category of indirectly purchased electricity is a new factor to be measured in connection with Rentenbank's use of rented space. Whereas directly purchased electricity is used to power staff offices, EV charging points, and kitchen appliances, other electricity-consuming equipment like air conditioning, cooling, and elevator systems use the indirectly purchased building power. The electricity used to operate the building is ordered by the lessor and charged to Rentenbank. Whereas the generating sources of the building's power had been equivalent to the overall power mix in Germany until the end of 2021, 100% of the power used since January 2022 has been generated from renewable energy sources.

The energy-saving measures introduced in the second half of 2022 in the context of a looming shortage of natural gas were continued throughout 2023. When the numbers become available, some of the decrease in directly purchased electricity will be reflected in an increase in indirectly purchased electricity due to a billing change in this area.

Key indicators of operational ecology	2023 ¹	2022 ²	2021 ³	Unit of measure
Bank operation				
Directly purchased electricity	668,851	801,400	872,373	kWh
Of which from eco-power	100	100	100	%
Indirectly purchased electricity (building power)	–	–	805,346 ⁴	kWh
Of which from eco-power	100	100	65 ⁵	%
Electricity consumption per employee	–	–	4,877 ⁶	kWh
Heating energy	–	–	4,433,154 ⁷	MJ
Heating energy per employee	–	–	12,887 ⁸	MJ
Employees (full-time equivalents)	388	359	344	

1 Due to Rentenbank's use of leased space in the interim building, not all consumption data for 2022 and 2023 were available at the time of preparation of the present report. These key indicators will be disclosed in a separate report at a later time.

2 See footnote 1.

3 Due to the higher number of absences related to the Covid-19 pandemic, the consumption data for the years 2021 are not to be seen as representative.

4 The estimated value for the previous year was replaced with a calculated value.

5 See footnote 3.

6 See footnote 3.

7 See footnote 3.

8 See footnote 3.

Motor vehicle pool and business travel

A slight increase from the previous year can be observed in the consumption data for the motor vehicle pool. Diesel fuel consumption increased due to the acquisition of a diesel vehicle for use in Rentenbank's building project. Hybrid vehicles and fully electric vehicles accounted for 50% of the entire motor vehicle fleet at the end of 2023.

Key indicators of operational ecology	2023	2022	2021	Unit of measure
Motor vehicles				
Petrol	4,211	4,072	4,357	l
Diesel	2,110	926	205	l
Electricity	1,066			kWh

The number of business trips and the total distance covered on these trips were both higher than in the previous year. The kilometre distribution among the different modes of transportation was largely unchanged. The share of kilometres covered by airline flights declined, while the relative share of kilometres covered by roadway and railway trips was modestly higher in both cases. Despite the relative decrease in high-emission airline flights, the increase in the total number of business trips led to higher emissions for business travel. The target of 0.25 tonnes per employee was again undercut in 2023.

CHAPTER 04

Business trips by car have been sub-divided into business trips with the Bank's own vehicles and with employees' vehicles. The emissions from the Bank's own vehicles have been sub-divided into direct emissions from internal combustion and indirect emissions from the manufacturing of the vehicles, whereas emissions from the use of motor vehicles that do not belong to the Bank's own fleet were not sub-divided in this way.

Business trips by means of transport in 2023	km (thsd)	Tons of CO _{2e}	
		Scope 1	Scope 3
Passenger vehicles (including upstream emissions per VfU)	121.15	15.7	17.8
Of which motor vehicle pool, diesel	38.04	5.7	4.0
Of which motor vehicle pool, petrol	41.20	10.0	6.6
Of which motor vehicle pool, electricity	20.01	Included in electricity consumption	
Of which employees' vehicles	21.90		7.2
Rail transport	458.05		7.3
Air travel	216.22		32.9
Of which short-range (up to 500 km)	6.13		5.8
Of which long-range	210.09		27.1
Distance divided by emissions per employee (full-time equivalents)	2.05	0.04	0.15

Emissions calculated in accordance with the VfU Standard, Update 2022, Version 1.0

Resource consumption

Thanks to numerous digitalisation measures, paper consumption was reduced to a level well below 850,000 sheets. The continuing trend of declining paper consumption is attributable to digitalisation measures in general, but also to the replacement of nearly all individual printers with department-wide printers. In view of the strong improvement, the paper consumption target was adjusted downwards to 300,000 sheets by the year 2026.

The waste quantity was slightly higher than in the previous year, but remained well below the quantity of waste generated in 2021.

Key indicators of operational ecology	2023 ¹	2022 ²	2021	Unit of measure
Paper				
Paper consumption total	410,000	793,925	1,016,125	Sheet
Paper consumption per employee	1,057	2,212	2,954	Sheet
Waste				
Waste quantity total	54.49	44.25	95.85	t
Of which non-hazardous waste	100	100	100	%
Of which paper and cardboard, including packaging ³	6.6	10.7	24.6	%
Waste quantity per employee	140.4	123.3	278.6	kg
Water				
Water consumption total	–	3,500 ⁴	4,274 ⁵	m ³
Water consumption per employee	–	9,749 ⁶	12,423 ⁷	l
Employees (full-time equivalents)	388	359	344	

1 Due to Rentenbank's use of leased space in the interim building, not all consumption data for 2022 and 2023 were available at the time of preparation of the present report. These key indicators will be disclosed in a separate report at a later time.

2 See footnote 1.

3 Due to Rentenbank's use of leased space, it only has limited data at its disposal to provide a breakdown of the waste quantity produced. The stated percentage of paper waste (Waste Breakdown No. 20 01 01) only refers to certified file destruction and is not comparable with the previous years.

4 Calculated on the basis of the rental space used in the leased interim building. When exact data are available, they will be published in a separate document.

5 The previous year's estimate has been replaced with a calculated value.

6 See footnote 4.

7 See footnote 5.

Emissions

In the now second year of tracking these data, the expanded collection of operational ecology consumption data now makes it possible to calculate the emissions generated on the basis of this consumption. The emissions from the building power, which had not been applicable until 2021, are now reflected in Scope 3 because the power is ordered by the lessor. We have also calculated the emissions associated with our consumption of paper and water and production of waste. The increase in overall emissions is equal to the sum of these newly measured factors. In the table below, the estimates used in previous years have been replaced with calculated values.

Key indicators of operational ecology	2023	2022	2021	2020	Unit of measure
Greenhouse gas emissions					
Scope 1 emissions	–	–	255.0	283.2	t CO _{2e}
Scope 2 emissions	0	0	0	118.6	t CO _{2e}
Scope 1 and 2 emissions	–	–	255.0	401.8	t CO _{2e}
Scope 1 and 2 emissions per employee	–	–	0.7	1.3	t CO _{2e}
Scope 3 emissions	–	–	569.9	/	t CO _{2e}
Electricity (indirect)	–	–	338.2		t CO _{2e}
Paper	1.8	3.6	4.6		t CO _{2e}
Heating (indirect)	–	–	72.5		t CO _{2e}
Water	–	2.2	2.6		t CO _{2e}
Waste	31.4	20.7	44.0		t CO _{2e}
Electricity for external data centre	0	0	108.0		t CO _{2e}
Business travel (including up-stream emissions)	58.0	44.5	–		t CO _{2e}
Total emissions measured per employee	–	–	2.4	1.3	t CO _{2e}
Employees (full-time equivalents)	388	359	344	290	

Emissions calculated by application of the VfU Standard, Update 2022, Version 1.0

4.3 Sustainable procurement

As a non-manufacturing enterprise, our procurement is mainly limited to electronic and IT equipment, office supplies, and food for the bank's own cafeteria, as well as consulting, IT, and marketing services.

Landwirtschaftliche Rentenbank is committed to respecting [human rights and the Core Labour Standards of the ILO](#), as well as the [Diversity Charter](#). In addition to implementing these principles in our relations with our own staff, we also intend to place a greater emphasis on these aspects in our procurement activities. To this end, we formulated and introduced the [Sustainability Requirements for the Procurement Activities of Landwirtschaftliche Rentenbank](#) in 2023.

The Sustainability Requirements define the expectations for Rentenbank's suppliers in relation to environment, social, and governance issues. They will be applied to a constantly growing number of contracts and in all European tenders. The review of environmental and social standards on the basis of quality seals will still be considered in decisions regarding service providers and suppliers.

We observe recognised sustainability standards in the procurement of office supplies. For example, we only use certified copy paper (FSC and Blue Angel) in our copiers and printers and only use certified envelopes (FSC) for outgoing post and externally printed publications. In the procurement of IT hardware, we will give even greater preference to electricity-saving components and sustainable materials in the future. Furthermore, we seek to purchase regional and seasonal food products for use in our internal cafeteria.

CHAPTER 04

Management Report

Contents

1. General information about Rentenbank	72
1.1 Promotional mandate	72
1.2 Management system	72
1.3 Affiliated companies	76
1.4 Public Corporate Governance Code	76
<hr/>	
2. Economic report	77
2.1 General economic and institution-specific conditions	77
2.2 Business development	79
2.3 Economic position	81
<hr/>	
3. Forecast and opportunities report	89
3.1 Anticipated development of business and general conditions	89
3.2 Business development forecast	92
3.3 Opportunities and risks	94
3.4 Developments in the current financial year	95
<hr/>	
4. Risk report	96
4.1 Organisation of risk management	96
4.2 Business and risk strategies	98
4.3 Risk culture	100
4.4 Risk inventory	100
4.5 Validation of risk measurement	101
4.6 Risk-bearing capacity	101
4.7 Credit default risks	106
4.9 Liquidity risks	113
4.10 Non-financial risks	115
4.11 ESG risks	118
<hr/>	
5. Financial reporting process	119

1. General information about Rentenbank

1.1 Promotional mandate

Rentenbank is a promotional bank that operates throughout Germany. According to Rentenbank's Governing Law, its mission is to promote agriculture along with related upstream and downstream industries, as well as rural areas in general. The Bank's business activity is aligned with this promotional mandate and its business model is primarily defined by the framework established in Rentenbank's Governing Law and Articles of Incorporation.

As a promotional bank for agribusiness and rural areas, Rentenbank provides earmarked funds for a wide range of investments. It grants its special promotional loans to local banks in a competitively neutral way to fund projects in Germany. The loans are granted to enterprises in the sectors of agriculture and forestry, viticulture and horticulture, and aquaculture and fisheries. Rentenbank also promotes projects in the food industry and other industries upstream and downstream of agriculture, as well as investments in renewable energy and infrastructure projects in rural areas. Furthermore, the Bank carries out promotional activities on behalf of the German federal government and state governments (mandate business). The appropriation of profit is likewise governed by the promotional mandate. One half of the distributable profit is allocated to Rentenbank's Promotional Fund and the other half to the Federal Republic of Germany's Special Purpose Fund administered by Rentenbank. This latter fund serves the purpose of promoting innovation. For this purpose, Rentenbank also invests in venture capital funds that provide targeted financing to start-ups in the areas of ag-tech and food-tech and helps them establish themselves in the market. Moreover, the Bank provides funding to banks, savings banks, and local authorities operating in rural areas, also by purchasing registered bonds, promissory note bonds, and securities.

1.2 Management system

The Bank's strategic objectives and the measures required to achieve them, as well as the key performance indicators, are derived from its business strategy, which is operationalised in the form of different sub-strategies.

The key performance indicators are classified into five categories, which are fundamentally relevant to the goals of maintaining and managing the Bank's operations:

- Attractive promotional programmes
- Sufficient capital and liquidity
- Adequate risk culture
- Sufficient resources
- Efficient bank operations

Segments

The Bank is managed on the basis of three segments:

- Promotional Activity
- Capital Investment
- Treasury Management

In the Promotional Activity segment, Rentenbank promotes investments in agribusiness and rural areas by funding earmarked loans granted to ultimate borrowers by local banks for use in Germany according to the terms and conditions of its special promotional lending programme. By managing the interest terms, it supports preferential promotional goals such as animal welfare, environmental protection, and investments made by young farmers.

Rentenbank also fulfils its promotional mandate by acting as a funding partner to lending banks operating in agriculture and rural areas, as well as local authorities in rural areas. Such funding takes the form of various financial instruments (registered bonds, promissory notes, securities). These transactions also serve to fulfil regulatory liquidity requirements in part. Rentenbank manages both the business volume and the risk structure.

Since 2022, Rentenbank's line-up of promotional instruments to finance start-ups operating in areas related to the Bank's promotional mandate also includes investments in venture capital funds, which are presented within the "Promotional Activity" segment.

The mainly maturity-matched funding operations are likewise assigned to the Promotional Activity segment.

The "Capital Investment" segment comprises investments of the Bank's equity and long-term provisions. The Bank invests mainly in registered bonds, promissory notes, and securities issued by banks and public-sector issuers.

Short-term liquidity and short-term interest rate risk are managed in the "Treasury Management" segment. Various instruments featuring fixed-inter-

est periods of no more than one year are available for short-term investments of surplus liquidity and for the borrowing of required liquidity. In addition to money market transactions, Rentenbank can also purchase longer-term debt instruments for the purpose of managing the Bank's liquidity profile.

Financial key performance indicators

Financial key performance indicators are the key financial reporting-related metrics applied to measure the achievement of strategic objectives within the internal management system. These KPIs are reflective of the Bank's business activities. They include:

- Operating result (operating result before loan loss provisions and valuation effects)

Rentenbank's business activity is not geared primarily to generating profits, but rather to fulfilling its statutory promotional mandate. However, business management principles must be observed in order for the Bank to perform a self-supporting promotional activity. In particular, this means that the Bank's activities must be economically efficient so that it can permanently sustain and adapt its promotional activity when necessary. With a view to rising regulatory requirements, the operating profit is reinvested to strengthen the Bank's capital base. Rentenbank relies on its high credit rating as a promotional institution under public law combined with a commensurate capital markets strategy to raise funds at favourable rates.

- Cost-income ratio¹

As a key performance indicator for measuring cost in relation to income, the cost-income ratio is applied to ensure the efficient use of the Bank's resources. Referring as it does to the ratio of cost to income, it is influenced by changes in both these variables. To enhance operational transparency, allocations to promotional contributions and reversals of promotional

1 The cost-income ratio is calculated as the ratio of cost to income. The numerator shows the sum of general administrative expenses, depreciation, amortisation and impairments of intangible assets as well as property and equipment, other operating expenses and income taxes. The denominator shows the sum of interest income and current income minus interest expenses (plus allocation to the interest subsidy, minus reversals from previous years), other operating income and fee and commission income minus fee and commission expenses.

subsidies from previous years are not included in the calculation of the cost-income ratio. The cost-income ratio is observed over a longer period of time and is supplemented by the periodic analysis of changes in costs.

- Volume of promotional loans

The volume of promotional loans refers to the volume of new special promotional loans granted in a given year. The special promotional loans granted to promote agribusiness and rural areas represent the core of Rentenbank's promotional activity. The loans are granted as earmarked funding instruments. The loans granted to the federal states' development banks may also be bundled together.

These three financial key performance indicators and their primary components are calculated and checked against the corresponding budget values as part of the monthly reporting process. They are also included in the multi-year plan as separate indicators. Additional information on the financial key performance indicators is provided in the section on Rentenbank's financial position, cash flows, and financial performance and in the forecast report.

Non-financial key performance indicators

- Employees

Highly qualified and dedicated employees are the basis of Rentenbank's long-term success. The objectives of the corresponding personnel strategy, which is consistently derived from the business strategy, include the assurance of appropriate staff in quantitative and qualitative terms, the promotion of equal opportunity, and the provision and refinement of personnel management instruments and processes.

- Corporate social responsibility

An essential aspect of Rentenbank's corporate social responsibility is closely linked to its promotional mandate. As a direct agency of the German federal government, however, it is also committed to serving the public good beyond the scope of its promotional mandate.

- ESG ratings

An enterprise's activities in the area of sustainability management are reflected in its ESG ratings, which assess the entirety of an enterprise's exertions in this area. ESG ratings are an important indicator for external stakeholders, but they also serve to measure the success of implemented sustainability measures. Rentenbank strives to continually improve its ESG ratings or maintain them at a constantly high level.

1.3 Affiliated companies

The Bank's direct and indirect subsidiaries are:

- LR Beteiligungsgesellschaft mbH (LRB)
- DSV Silo- und Verwaltungsgesellschaft mbH (DSV)
- Getreide-Import-Gesellschaft mbH (GIG)

All material risks of the subsidiaries are concentrated in and centrally managed by Rentenbank. As in previous years, the scope of the subsidiaries' business activity was strictly limited in the 2023 financial year. The primary activity of DSV and GIG was limited to the fulfilment of pension obligations to former employees of those entities for which DSV and GIG are the legal successors. GIG will be merged into DSV along with all its assets and pension liabilities with retroactive effect to the turn of the year 2023/2024. Beginning in 2024, DSV will also fulfil the pension claims of GIG's retirees according to plan and GIG itself will be dissolved under the applicable provisions of German commercial law. LRB's business activity essentially consists in the management as a holding company and business management agent of the affiliates DSV and GIG and the investment of their liquid funds. Rentenbank had issued a letter of comfort in favour of LRB, under which it undertakes, insofar as and for as long as it holds 100% of LRB's equity, to provide it with enough financial resources that it will be able to fulfil its obligations punctually at all times.

1.4 Public Corporate Governance Code

The Statement of Compliance with the German Public Corporate Governance Code issued by the Management Board and the Supervisory Board is publicly available on Rentenbank's website.

2. Economic report

2.1 General economic and institution-specific conditions

International interest rate and monetary policy

Economic conditions in 2023 were affected by the consequences of the ongoing war in Ukraine and the fresh escalations in the Middle East, among other factors. Due to weak foreign demand, restrained consumer spending, and higher investment financing costs due to monetary tightening by the European Central Bank (ECB), Germany's gross domestic product contracted by -0.3%.² Economic growth was additionally dampened by natural disasters and extreme weather events caused by climate change.

The sharp rise in inflation witnessed in the previous year was slowed further in 2023 by monetary tightening on the part of the ECB, as well as baseline effects. Thus, the increase in the Harmonised Index of Consumer Prices (HICP) in the Eurozone fell from 8.6% in January 2023³ to 2.9% in December⁴.

To combat inflation, the ECB raised its base interest rate in six steps from 2.5% at the start of the year to 4.5% in September. The ECB also announced that it would reduce the portfolio of securities purchased under its Asset Purchase Programme (APP) by no longer re-investing redemptions as of July 2023. By contrast, redemptions of securities purchased under the Pandemic Emergency Purchase Programme (PEPP) are to be reinvested through 2024. In addition, ECB continued to provide adequate liquidity to banks in a third round of its Targeted Longer-Term Refinancing Operations (TLTRO III). The Transmission Protection Instrument was also kept available to banks.⁵

The US Federal Reserve (the "Fed") likewise continued to tighten its monetary policy in 2023, raising its base rate in four steps from a range of 4.25% to 4.50% at the start of the year to a range of 5.25% to 5.50% in July and leaving it unchanged after that.⁶

2 Press release of the German Federal Statistical Office (DESTATIS), No. 019 of 15/01/2024

3 Eurostat, Euro Indicators 81/2023 of 19/07/2023

4 Eurostat, Euro Indicators 10/2024 of 17/01/2024

5 ECB press releases of 02/02, 16/03, 04/05, 15/06, 27/07 and 14/09/2023

6 <http://www.leitzinsen.info/usa.htm>

The euro appreciated modestly against the US dollar during the course of 2023. At the end of 2023, the ECB set the reference rate for the euro-dollar exchange rate at 1.11, 3.7% above the rate at the end of 2022 (1.07).⁷

Development of long-term interest rates

Long-term interest rates trended upwards over the course of the year due to the rise in base interest rates. However, the increase in long-term interest rates was somewhat muted due to the fact that the geopolitical conflicts and uncertainties buoyed investor demand for safe-haven investments. Nevertheless, the expectation in financial markets that the ECB could begin to lower interest rates already in the spring of 2024 caused long-term interest rates to fall again, beginning in the autumn of 2023. Thus, the yield of 10-year German Bunds fell to 2.03% at the end of 2023, below the 2.56% level observed at the end of 2022.⁸

Development of the economic environment for promotional activity

According to an estimate of the German Federal Agriculture Information Centre (Bundесinformatiоnszentrum Landwirtschaft), German agricultural output rose modestly to EUR 76.3 billion in 2023. Whereas the output value of crop production rose by 1.4% to EUR 37.3 billion, the output value of livestock production declined by -0.8% to EUR 35.3 billion year on year.

Within the category of crop production, the production values of grain (-33%) and oilseed (-37%) declined due to lower world market prices, while the production values of fodder crops (+44%) and vegetables (+5% to +28%) increased. On the cost side, fertiliser prices fell as a result of lower energy prices.

The output value of livestock farming increased (+18 %) as a result of higher prices due to a further reduction of pig populations. By contrast, the output value of beef production was modestly lower (-5%) as a result of shrinking cattle populations. Due to the fact that the output value of dairy production declined by -13% due to lower milk prices, the overall output value for livestock and livestock products was slightly lower.⁹

7 ECB reference exchange rates: https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html

8 Börsen-Zeitung 30/12/2023, p. 1

9 BMEL Statistics: <https://www.bmel-statistik.de/landwirtschaft/landwirtschaftliche-gesamtrechnung/produktionswert>

On the whole, the economic situation of agricultural enterprises in the 2022/2023 financial year (1 July 2022 to 30 June 2023) was much better than in the previous year. Unusual increases in food prices due to global shortages led to higher producer prices, lifting the economic results of German agricultural enterprises to an all-time high.

At EUR 115,400, the average profit of agricultural enterprises was 45% higher than in the previous year. With the exception of viticulture, all types of agricultural enterprises generated higher results, with livestock farmers posting the biggest gains.¹⁰

The quantity of electricity generated from renewable energy sources in Germany increased further, rising by 7% to 272.3 TWh in 2023. Onshore wind power generation accounted for the greatest share (44%), followed by photovoltaics (22%) and biomass (16%). The preliminary net increase in onshore wind power capacity was 2,652 MW in 2023, that being 4.6% more than in the previous year. The preliminary net increase in photovoltaics capacity was 13,037 MW, 19% more than in 2022.¹¹

2.2 Business development

The volume of new special promotional loans granted in 2023 was EUR 5.9 billion, as compared to EUR 6.9 billion in the previous year. The volume of new promotional loans granted in the “Agriculture” promotional line declined as a result of lower demand for machinery and building financing. The demand for liquidity protection loans was also lower. Rentenbank also granted fewer new special promotional loans in its “Agribusiness and Food” promotional line, likewise due to lower demand for machinery and building financing. After the unusually high volume of loans granted in the “Renewable Energy” promotional line in the previous year, the demand for wind power financing in particular was markedly lower. However, the situation was different in the “Rural Development” promotional line, where the volume of new loans granted in 2023 increased substantially as the development banks of the German federal states took out considerably more global bonds for rural areas.

¹⁰ Situation Report 2023/2024 of the German Farmers Association (Deutscher Bauernverband, DBV), Chapter 5.2

¹¹ AGEE-Stat/UBA: Monthly Report on the Development of Renewable Electricity Generation and Output in Germany, as of 12/01/2024

To bolster innovation in Germany, Rentenbank also invests in venture capital. In the past financial year, investments were again made in venture capital funds focused on the areas of ag-tech and food-tech.

The total volume of new promotional loans amounted to EUR 10.7 billion in the past financial year, which was below the level of the previous year (EUR 11.5 billion).

The nominal amounts of new promotional activity are presented in the table below:

	01/01 to 12/31/2023 mEUR	01/01 to 12/31/2022 mEUR	Change mEUR
Special promotional loans	5,946	6,879	-933
Registered bonds / promissory note bonds	3,563	3,109	454
Securities	1,217	1,507	-290
Venture capital investments	22	30	-8
Total	10,748	11,525	-777

Due to rounding, there may be minor differences in totals and percentage calculations in the present report.

Rentenbank borrows the funds it needs at attractive terms. It raised EUR 10.5 billion (EUR 11.8 billion) in medium- and long-term funds in the national and international financial markets in 2023. The Bank employed the following medium- and long-term funding instruments:

	01/01 to 12/31/2023 bEUR	01/01 to 12/31/2022 bEUR	Change bEUR
Euro Medium-Term Notes (EMTN)	7,7	9,9	-2,2
Global Bonds	2,1	1,3	0,8
AUD Medium-Term Notes (MTN)	0,7	0,5	0,2
Domestic capital market instruments	0,0	0,1	-0,1
Total	10,5	11,8	-1,3

2.3 Economic position

2.3.1 Financial performance

The Bank's financial performance is presented in the table below:

	01/01 to 12/31/2023 mEUR	01/01 to 12/31/2022 mEUR	Change mEUR
Net commission income ¹	310.0	268.8	41.2
Net commission income	-2.5	-2.4	-0.1
Administrative expenses	113.6	112.5	1.1
Other operating result	4.8	5.2	-0.4
Income taxes/other taxes	1.4	1.3	0.1
Operating result before loan-loss provisions / valuation effects	197.3	157.8	39.5
Loan loss provisions/valuation effects	160.3	121.8	38.5
Net income for the year	37.0	36.0	1.0

1 Net interest income including income from equity interests.

Operating result before loan loss provisions and valuation effects

The operating result before loan loss provisions and valuation effects amounted to EUR 197.3 million, well above the level of the previous year (EUR 157.8 million) and was considerably better than expected, particularly thanks to the very good net interest income earned in the “Promotional Activity” and “Treasury Management” segments.

Net interest income

Interest income, including income from equity interests, amounted to EUR 3,464.9 million (EUR 1,993.7 million). After deducting interest expenses of EUR 3,154.9 million (EUR 1,724.9 million), net interest income came to EUR 310.0 million (EUR 268.8 million).

Net interest income by segment	01/01 to 12/31/2023 mEUR	01/01 to 12/31/2022 mEUR	Change mEUR
Net interest income			
Promotional Activity	206.9	149.3	57.6
Capital Investment	66.9	74.5	-7.6
Treasury Management	36.2	45.0	-8.8
Total net interest income	310.0	268.8	41.2

The net interest income of the **Promotional Activity** segment amounted to EUR 206.9 million, well above the level of the previous year (EUR 149.3 million). Compared to the previous year, fewer interest subsidies were granted, which had a positive effect on net interest income, as did the higher margins on new registered bonds, promissory note bonds, and securities.

In the **Capital Investment** segment, net interest income declined by 10.2% from the previous year to EUR 66.9 million. Interest income on prior investments and the higher than planned DZ BANK dividend were not enough to fully offset the higher funding costs of prior investments, for which reason net interest income came out slightly below expectations.

The net interest income of the **Treasury Management** segment in the amount of EUR 36.2 million was lower than the corresponding previous-year figure of EUR 45.0 million, but well above expectations. The increase resulted from favourable funding terms in the money market and higher business volumes.

Administrative expenses

Administrative expenses rose by 1.0% to EUR 113.6 million (EUR 112.5 million), mainly due to the EUR 10.2 million increase in material expenses. This increase was partially offset by the EUR 8.6 million decrease in personnel

expenses and the EUR 0.6 million decrease in depreciation, amortisation and impairments compared to the previous year.

The higher **material expenses** resulted mainly from higher expenses for IT investments.

The decrease in **personnel expenses** is mainly attributable to the substantial, inflation-driven adjustment to pension obligations in the previous year.

This effect was partially offset by the higher number of employees and the moderately higher personnel expenses. The average staff level (according to Section 267 (5) HGB) is now 420 employees (PY: 391 employees).

Depreciation, amortisation and impairments of property and equipment and intangible assets fell to EUR 10.2 million (EUR 10.8 million) as a result of lower depreciation and amortisation charges for buildings and software.

Other operating result

The **other operating result** declined from EUR 5.2 million to EUR 4.8 million, mainly due to an unscheduled specific allocation to the Innovation Fund and lower cost reimbursements by the German federal government in relation to the mandate business that Rentenbank performs for the German federal government.

Loan loss provisions / valuation effects

A net amount of EUR 159.8 million was allocated to the loan loss provisions under the heading of "Loan loss provisions / valuation effects". Of this total, EUR 84.8 million was allocated to the Fund for general banking risks, thus further increasing the Bank's regulatory capital.

Net income / distributable profit

The net income for the year rose from EUR 36.0 million to EUR 37.0 million in the past financial year.

Subject to a corresponding resolution of the Supervisory Board, a total amount of EUR 18.5 million (EUR 18.0 million) is to be allocated from net income to the principal reserve.

The distributable profit of EUR 18.5 million remaining after the allocation of funds to the principal reserve was modestly higher than the previous-year figure (EUR 18.0 million). One half the distributable profit is to be allocated to the German federal government's Special Purpose Fund administered by Rentenbank and the other half to Rentenbank's Promotional Fund.

2.3.2 Financial position and cash flows

Rentenbank's financial position according to the financial statements is presented in the table below:

Changes in significant asset items	31/12/2023 mEUR	31/12/2022 mEUR	Change- mEUR
Loans and advances to banks	67,244.3	66,006.5	1,237.8
Loans and advances to customers	7,502.4	7,800.3	-297.9
Bonds and other fixed-income securities	15,855.2	15,898.7	-43.5

Loans and advances to banks totalled EUR 67.2 billion at 31 December 2023 (EUR 66.0 billion). They accounted for 68.8% of total assets and were slightly higher than the previous-year figure. Thus, they still represent the largest constituent of total assets. The increase in loans and advances to banks is attributable in part to the higher holdings of registered bonds and promissory note bonds and in part to the higher volume of money market transactions at the reporting date. On the other hand, the volume of special promotional loans was lower than in the previous year.

Loans and advances to customers mainly include the promissory notes issued to the German federal states, rural districts, and municipalities. This balance sheet item declined by EUR 0.3 billion to EUR 7.5 billion because the amount of maturing loans exceeded the amount of new loans granted.

The portfolio of bonds and other fixed-income securities amounted to EUR 15.9 billion, little changed from the previous year. As in the previous year, this portfolio is assigned in full to Fixed assets.

Changes in key items of liabilities and equity	31/12/2023 mEUR	31/12/2022 mEUR	Change- mEUR
Liabilities			
Liabilities to banks	1,765.1	1,757.5	7.6
Liabilities to customers	1,834.5	2,084.8	-250.3
Securitised liabilities	85,756.5	83,745.8	2,010.7
Subordinated liabilities	40.0	40.0	0.0
Total	89,396.1	87,628.1	1,768.0
Equity (including Fund for general banking risks)			
Subscribed capital	135.0	135.0	0.0
Retained earnings	1,233.6	1,215.1	18.5
Distributable profit	18.5	18.0	0.5
Fund for general banking risks	3,479.8	3,395.0	84.8
Total	4,866.9	4,763.1	103.8

Liabilities

Liabilities to banks in the amount of EUR 1.8 billion were little changed from the previous year, while liabilities to customers declined by EUR 0.3 billion to EUR 1.8 billion. The overall decline resulted mainly from the decrease in global bonds.

Securitised liabilities increased by EUR 2.0 billion or 2.4% to EUR 85.8 billion. The Medium-Term-Note (MTN) programme was still the Bank's most important funding source, contributing EUR 63.4 billion in 2023, about the same as in the previous year. Outstanding Euro Commercial Paper (ECP) issues rose to EUR 8.5 billion (EUR 7.6 billion) and outstanding global bonds rose to EUR 13.4 billion (EUR 12.4 billion).

Equity

Equity including the fund for general banking risks pursuant to Section 340g HGB rose in total by EUR 103.8 million to EUR 4,866.9 million. Half of net income totalling EUR 37.0 million was allocated to retained earnings and half to the distributable profit. The Fund for general banking risks was increased by EUR 84.8 million.

Regulatory capital ratios

The total capital ratio of 31.3% (PY: 31.7%) and the CET 1 capital ratio of 31.3% (PY: 31.7%) reflect Rentenbank's strong capitalisation and are still well above the minimum regulatory requirements.

Please refer to Chapter 4.6 for details on the amounts and development of regulatory own funds and risk-weighted assets (RWAs).

Capital expenditures

Capital expenditures in the past year were still focused on modernising the Bank's IT systems, particularly the replacement of the internally developed, host-based core banking system. In this respect, major milestones were achieved with the successful migrations to SAP and Murex. The Bank also conducted preliminary studies for additional implementation measures and launched the corresponding projects. Moreover, considerable funds were invested to implement regulatory requirements and improve IT security.

The Promotion Portal introduced in cooperation with the Federal Agriculture Programme in December 2020 was further optimised and the internal IT systems were integrated into it.

To digitalise the Bank's processes, additional bots were developed to perform routine application processing tasks, thus enhancing efficiency.

Aside from modernising the IT landscape, Rentenbank is also investing in the energy-efficient refurbishment of the landmark-status building on Hochstraße in Frankfurt am Main.

Liquidity

The Federal Republic of Germany bears the institutional responsibility and guarantee for the liabilities of Rentenbank (statutory funding guarantee).

Thanks to the resultant AAA rating, Rentenbank is able to procure liquid funds in the market without any problems. The considerable holdings of debt instruments eligible as collateral for borrowings from the Bundesbank represent an additional liquidity reserve. For more information on this subject, please refer to the description of liquidity risks in the Risk Report section of the present Management Report.

Summary assessment of business development and economic position

The Management Board judges the Bank's business development and the development of its financial position, cash flows, and financial performance to be satisfactory. The same goes for the financial and non-financial key performance indicators defined in the section "Management System".

2.4 Financial and non-financial key performance indicators

Financial key performance indicators

The operating result before "loan loss provisions and valuation effects" (operating result) amounted to EUR 197.3 million, 25.0% higher than the previous-year operating result of EUR 157.8 million and far above the expectations for 2023. Net interest income increased by 15.3% and administrative expenses increased by 1.0% over the respective previous-year figures.

The aforementioned development of income and administrative expenses also affected the cost-income ratio, one of our key performance indicators. Moreover, the allocations to promotional contributions (EUR 31.7 million) and reversals of promotional grants from previous years (EUR 3.8 million) are excluded from the cost-income ratio. Contrary to expectations, the cost-income ratio fell to 35.6% from the previous year (36.7%). Taken as a whole, the cost-income ratio is still very low.

The key performance indicator “volume of promotional loans”, which comprises the volume of new special promotional loans granted in a given year, amounted to EUR 5.9 billion in the past financial year (PY: EUR 6.9 billion), which fell short of our expectations.

Non-financial key performance indicators

With regard to the key performance indicator of “employees”, Rentenbank had a total of 436 (PY: 403) employees (excluding apprentices, interns, employees on parental leave, and members of the Management Board) at the end of 2023.

With regard to employee qualifications, the average number of continuing education days per employee came to 3.1 in 2023 and thus remained at the same high level as in the previous year (3.2 days).

Rentenbank’s work benefits society in many ways. In 2023, it provided promotional funds totalling EUR 9.7 million through its Promotional Fund, sponsoring of agricultural and general causes, the forest project in the Buchenborn forest reserve, donations to cultural institutions and social organisations in Frankfurt am Main, and the Edmund Rehwinkel Foundation.

ESG ratings

Rentenbank’s sustainability performance is regularly assessed by rating agencies specialising in sustainability. Rentenbank is rated by ISS ESG, Moody’s ESG Solutions (V.E), MSCI ESG, and Sustainalytics.

- ISS ESG (as of 21/07/2022): D+ (on a scale of A+ to D-).
- Sustainalytics (as of 09/06/2023): “Negligible Risk” with 9.1 out of 100 possible points, 0 being the best score.
- MSCI ESG Ratings (as of 27/04/2023): AA (on a scale of AAA to CCC)
- Moody’s ESG Solution (as of 20/08/2021): 52 of 100 possible points.

Rentenbank underwent a feedback process only with Sustainalytics in 2023, as a result of which the rating improved further from 11.3 to 9.1. The last feedback processes with MSCI ESG and Moody’s ESG Solutions were three years ago. The last feedback process with ISS ESG was in 2018. Given that Rentenbank is continually improving its sustainability performance, the results are less representative, the longer back the feedback process or rating update occurred.

3. Forecast and opportunities report

3.1 Anticipated development of business and general conditions

The economic performance of Rentenbank mainly depends on the prevailing conditions in the credit and financial markets, which are, in turn, decisively influenced by the monetary policy of central banks, the development of prices and currencies, and the development of public finances.

Macroeconomic outlook

Global economic growth is expected to be moderate in 2024. For Germany, the Bundesbank expects a modest increase of 0.4% in gross domestic product (GDP), particularly on the strength of rising consumer spending and growing foreign demand. The Harmonised Index of Consumer Prices (HICP) is expected to decline appreciably over the course of 2024 from the high average level of 6.1% in 2023. The Bundesbank anticipates an annual average reading of 2.7%.¹² This value would still be above the 2% target set by the European Central Bank (ECB). To achieve this target, the ECB intends initially to keep its base interest rate at the level of 4.5%.¹³ By announcing this attention, it dampened the market's hopes for interest rate cuts and consequently capital market interest rates rose again modestly in the first few weeks of 2024.

Based on lower inflation and only moderate economic growth, the majority of the members of the Federal Open Market Committee of the US Federal Reserve (the "Fed") expect to make the first reductions in the base interest rate in 2024, bringing it down to a level of between 4.5% and 5.0%.¹⁴

Against the backdrop of falling inflation rates and possible rate cuts on the part of central banks, Rentenbank expects that capital market interest rates will not rise further or least not appreciably, amidst continued volatility. Also in view of the rather restrained economic growth and ongoing geopolitical tensions and risks, Rentenbank expects that long-term interest rates will probably oscillate within a sideways pattern or trend slightly down in the further course of the year.

¹² Bundesbank Monthly Report December 2023, p. 16

¹³ ECB press release of 14/12/2023

¹⁴ <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20231213.pdf>, p. 4

Outlook for the economic environment for promotional activity

Investments in agriculture and food and therefore also the demand for special promotional loans are influenced by many factors, one of which being the development of general economic conditions, which influences demand and prices in the agricultural markets. However, agricultural investment propensity is also heavily influenced by political and legal framework conditions, as well as public-sector promotional support.

Based on the foreseeable trends in agricultural and commodity markets at the end of 2023, the income of agricultural enterprises can be expected to decrease in line with the development of prices in the current fiscal year 2023/24. On the other hand, expenses will also be lower. The peak profits generated in fiscal year 2022/23 are not likely to be repeated in the current fiscal year.¹⁵ The Association of Chambers of Agriculture (Verband der Landwirtschaftskammern, VLK) anticipates markedly worse economic conditions on the whole for agricultural enterprises and a decrease in their profits of between - 33% and - 53% in the 2023/24 fiscal year.¹⁶

The “Agriculture Business and Investment Barometer” survey sponsored by Rentenbank provides insights into the current and future business situation of farmers in Germany. According to the latest survey results from December 2023, crop and fodder production enterprises take a somewhat better view of their future economic situation, while livestock production enterprises take a much more pessimistic view of the future. Agricultural enterprises anticipate adverse effects particularly from stricter environmental regulations and high prices for operating supplies.¹⁷

The majority of food production enterprises take a rather pessimistic view of the future. Many enterprises anticipate persistently high uncertainty regarding the future energy supply, the development of general economic conditions, and future consumption decisions.¹⁸

15 DBV Situation Report 2023/24, Chapter 5.2

16 VLK: „Prognose der Wirtschaftsentwicklung für das laufende Wirtschaftsjahr 2023/24“ (“Forecast of Economic Development in the Current Fiscal Year 2023/24”), press release of 15/01/2024

17 Agriculture Business and Investment Barometer, survey December 2023

18 EY „Agribusiness-Umsatz knackt 300-Milliarden-Marke – Aussichten trüben sich jedoch ein“ (“Agribusiness revenues cross EUR 300 billion mark, but the outlook has darkened”), press release of 17/01/2024

The transformation of agricultural enterprises into digitalised enterprises that can also fulfil the increasing strict requirements of environmental protection and animal welfare will necessitate substantial investments.

The German federal programme to promote investment in the construction of more humane pigsties and the additional ongoing costs of enhanced animal protection in pig farming is scheduled to begin in 2024. The promotional volume is EUR 1 billion. Rentenbank's business also stands to benefit from this programme.¹⁹

Rentenbank expects additional growth impetus in the renewable energy sector. The German federal government intends to accelerate the expansion of renewable energy and increase its share of gross electricity consumption to 80% by the year 2030. Wind power in particular will make a decisive contribution to this goal. The German Wind Energy Association (Bundesverband Windenergie, BWE) expects that onshore wind energy installations will increase by more than 4 GW in 2024.²⁰ The German Solar Industry Association (Bundesverband Solarwirtschaft, BSW) anticipates consistently high demand for solar power systems in 2024, particularly due to further increases in electricity prices.²¹

Extreme weather events caused by climate change can lead to substantial infrastructure damage, as shown for example by the latest flooding along the shores of the Baltic Sea in the autumn of 2023 and the flooding in large parts of Germany at the turn of the year from 2023 to 2024. Such events make it likely that higher investments will be needed to modernise and expand relevant infrastructures. The German federal government laid out the basic principles of modern water management for the first time in its National Water Strategy 2023.²²

19 BMEL: „PLANAK beschließt GAK-Rahmenplan für die Jahre 2024-2027“, („PLANAK adopts GAK master plan for the years 2024-2027“), press release of 13/12/2023

20 BWE: „Windenergieausbau an Land 2023 Aufwärtstrend fortgesetzt, Resilienz muss gestärkt werden“, („Onshore wind energy expansion continues upward trend in 2023, resilience must be enhanced“), press release of 16/01/2024

21 BSW: „2023 mehr als eine Million neue Solaranlagen“ („More than one million new solar power systems in 2023“), press release of 03/01/2024

22 German federal government: „Wasser ist für uns lebenswichtig“ („Water is essential for life“), press release of 15/03/2023, <https://www.bundesregierung.de/breg-de/themen/nachhaltigkeitspolitik/nationale-wasserstrategie-2171158>

3.2 Business development forecast

The Bank's loan loss provisions were little changed in the 2023 financial year. Rentenbank expects that the loan loss provisions will be subject to only minor changes in 2024. This effect is supported by the small unsecured portion of the Bank's lending portfolio together with the steady performance and consistently good credit ratings of the Bank's business partners. Rentenbank continually monitors the business development of its business partners. There was no need to recognise specific valuation allowances (SVAs) in 2023 and it is not planned to recognise any SVAs in 2024 either.

Annual and five-year budget plans are prepared for the purpose of forecasting the Bank's future financial position, cash flows, and financial performance. These budget plans cover the planned development of new loans, existing loans, capital, income and costs, as well as adverse scenarios. They also include the planned development of regulatory ratios and the anticipated development of the Bank's risk-bearing capacity. The forecasts offered in the following refer to the budget plan for 2024.

Budget plan for the 2024 financial year

According to the current budget plan, the average volume of new promotional loans is expected to be about the same as in the preceding year and the net interest rate spreads for new promotional loans are expected to be moderately lower. Because the planned net interest rate spreads for new promotional loans are somewhat lower than the spreads for the promotional loans maturing in 2024, having benefited from some positive exceptional effects resulting from the much higher level of interest rates in 2023, planned net interest income in the Promotional Activity segment will be sharply lower than in the preceding year.

Special promotional loans will continue to be the focus of the Bank's lending activity. Rentenbank plans to grant new promotional loans totalling EUR 7 billion in 2024. However, the economic environment and investment propensity are rather weak at the present time. The inverted yield curve is the main factor weighing on demand.

In the Promotional Activity segment, the portfolio of securities, registered bonds, and promissory note bonds in 2024 is expected to be moderately below the level of 2023.

Already in 2022, Rentenbank's offering of promotional loans to finance start-ups related to the Bank's promotional mandate was expanded to include investments in a venture capital fund. Commitments of an amount in the double-digit millions have already been made. We are planning to make further investments, likewise of an amount in the double-digit millions, in 2024.

In the Capital Investment segment, Rentenbank expects that interest income in 2024 will be well above the level of the preceding year, mainly due to the fact that reinvestment returns will be considerably higher than the returns on maturing investments and new investments.

Considerably lower net interest income is anticipated in the Treasury Management segment in 2024 due to the expectation of narrowing spreads over the course of the year. Moreover, minimum reserve assets have no longer borne interest since September 2023.

Considerably lower net interest income in total is expected from the three operating segments in 2024.

Planned administrative expenses in 2024 are likely to be higher than in the preceding year particularly in view of the intention to increase staffing levels further in the areas of IT and promotional activities. Planned material expenses are still influenced by the high level of investments to modernise IT infrastructure, for which reason they are about the same as in the previous year. In view of the anticipated development of income and costs, a significantly lower operating result before loan loss provisions and valuation effects is expected in 2024. Despite the lower expected operating result, Rentenbank will be able to continue funding its planned promotional activities from its current income without limitation.

The cost-income ratio will probably be moderately higher due to lower income and higher administrative expenses.

Rentenbank's ESG ratings are expected to be at about the same levels at least in 2024.

3.3 Opportunities and risks

Additional opportunities and risks affecting the development of the Bank's business compared to the planned results for 2024 could arise as a result of changed operating conditions.

The further course of the conflicts in the Middle East and in Ukraine, the development of inflation, and supply chain problems are among the factors that could decisively change the basic economic conditions. A protracted downturn could develop in the Eurozone.

Apart from the demand for credit, the development of interest rates and credit spreads would be the chief factors shaping opportunities and risks in such a scenario. However, the effects on Rentenbank's financial position, cash flows, and financial performance would be limited by reason of its business model as a promotional bank.

In an economically uncertain environment, the Bank's own credit spreads have mostly proved to be relatively stable thanks to its credit rating. In this scenario, rising credit spreads of the Bank's business partners would have a positive effect on its net interest income. Any unexpected rise in interest rates would likewise have a positive effect on Rentenbank's net interest income because Rentenbank invests its equity in long-term fixed-interest securities.

This scenario would have a temporarily adverse effect on the Bank's financial position by increasing its undisclosed liabilities. In a worsened economic environment, the Bank would be exposed to the risk that the credit ratings of the borrowers in its portfolio would deteriorate and therefore reduce the volume of new promotional loans. With respect to the Bank's venture capital investments, the risk of impairments and defaults would increase in such a scenario of worsening economic conditions.

More detailed information on the Bank's risks is provided in the Risk Report section.

Further, as yet unknown regulatory requirements could give rise to additional adverse factors affecting administrative expenses such as increased IT and personnel expenses. Such additional regulatory requirements could also

necessitate further changes in the IT infrastructure beyond the already planned investments. Moreover, the refurbishment of the landmark-status bank building on Hochstraße could lead to negative budget variances and higher costs.

3.4 Developments in the current financial year

At the beginning of the current financial year, the total net interest income of the three operating segments was moderately less than in the previous year, but considerably higher than the plan figure particularly due to the performance of the Promotional Activity segment, in which fewer interest subsidies were granted at the beginning of the year.

Based on the developments to date in the current fiscal year, the Management Board considers the operating results planned for the 2024 fiscal year to be achievable.

The forecast report contains certain forward-looking statements that are based on current expectations, estimates, assumptions, and forecasts of the Management Board, as well as the information available to it. These statements particularly include statements about the Bank's plans, business strategy, and prospects. Such forward-looking statements are signified by words such as "expects", "anticipates", "intends", "plans", "believes", "strives", "estimates" and similar expressions. These statements are not to be understood as guarantees of the future developments mentioned therein, but rather as being dependent on factors that involve risks and uncertainties and are based on assumptions that may prove to be incorrect. Unless required by law, Rentenbank accepts and assumes no obligation to update forward-looking statements after the publication of this information.

4. Risk report

The central task of the Bank's risk management system (RMS) is to manage the risks arising from its business activities. The RMS is based on:

- A risk strategy, consistently derived from the overall business strategy,
- The Risk Appetite Framework and the Risk Appetite Statement,
- Ongoing assessments to confirm the adequacy of the Bank's capital and liquidity position,
- Clear structural and procedural organisation of the RMS within a three-lines-of-defence structure.

Rentenbank is not a CRR institution within the meaning of Section 1 (3d) of the German Banking Act (Kreditwesengesetz, KWG). It is subject to the national jurisdiction of the German regulators, the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the Bundesbank. Rentenbank is nonetheless subject to the Capital Requirements Regulation (CRR) pursuant to Section 1a (1) KWG. Furthermore, Rentenbank does not keep a trading book according to Art. 4 para. 1 nos. 85 and 86 CRR.

4.1 Organisation of risk management

The Management Board bears overall responsibility for the RMS. It is informed about the risk situation on a regular and ad-hoc basis.

The Management Board informs the Supervisory Board about the risk situation in the regular meetings of the Supervisory Board and about the occurrence of material risk-relevant events on an ad-hoc basis.

The Supervisory Board has formed various committees to deal with specific issues. The Management Board reports on the risk situation in the meetings of the Risk Committee. Besides discussing the risk situation, the Risk Committee deals with material risk-relevant issues. The Audit Committee particularly deals with the auditor's report and the annual financial statements. Both committees and the competent regulatory authorities receive the risk report on a quarterly basis.

Rentenbank has established various committees to manage the Bank's business and risks. The Risk Committee, which convenes at least once every quarter, is the central committee bearing responsibility for risk management. It discusses central issues and topics of risk management and advises the Management Board on this subject. Besides the members of the Management Board, the committee members include the Head of the Risk Controlling Department and the Heads of the Credit, Finance, Treasury, and Promotional Activity Departments.

The committee known as the "Regulatory Issues Work Group" coordinates the assessment and monitoring of intended regulatory and legal changes that affect the Bank as a whole and serves to bolster compliance within the Bank. This committee addresses relevant regulatory issues, helps ensure that implementation responsibilities are specified within the Bank, and monitors the implementation.

Rentenbank established the Sustainability Board in recognition of the heightened importance of sustainability. It deals with sustainability-related requirements and the operational and strategic implications of these requirements for Rentenbank.

To ensure a robust RMS, Rentenbank has organised its internal control system (ICS) in a clear three-lines-of-defence structure. The first line of defence is formed by primary and key controls in the operating units. The second line of defence is composed of the Regulatory Issues Work Group, the special MaRisk functions of Risk Controlling and Compliance pursuant to the German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk), the officers in charge of information security, money laundering and other criminal acts, and data protection. The Internal Audit Department forms the third line of defence.

The CRO serves as the Head of the Risk Controlling Department pursuant to the MaRisk. The Risk Controlling Department performs essential tasks of the Risk Controlling function, which include supporting the Management in all risk policy matters, particularly in the development and implementation of the risk strategy, the regular monitoring of the limits defined to ensure the Bank's risk-bearing capacity, risk reporting, the daily valuation of financial instruments and market conformity checks, and risk assessment in the "New Products Process" (NPP).

In accordance with the MaRisk requirements, risks are monitored and reported independently of the front office functions Promotional Activity and Treasury.

The back office function is performed by the Credit Department, which casts the second, market-independent vote on credit decisions pursuant to MaRisk BTO No. 2b (changed by the 7th amended MaRisk). This department also monitors compliance with credit default risk-specific limits for purposes of loan portfolio management.

Rentenbank's Compliance function is directly subordinated to the Management Board organisationally and reports directly to it. In addition, Rentenbank has established a central office for the prevention of money laundering, terrorist financing, and other criminal acts. The Money Laundering Officer is directly subordinated to the Management Board organisationally and reports to it directly.

The Information Security Department (ISD) bears responsibility for all information security concerns. The head of this department performs the function of Information Security Officer (ISO) prescribed by the Regulatory Requirements for IT in Financial Institutions (Bankaufsichtliche Anforderungen an die IT, BAIT).

Internal Audit audits and evaluates the legal compliance of activities and processes and the appropriateness and effectiveness of the RMS and the ICS on a risk-oriented and process-independent basis. It reports directly to the Management Board and performs its duties in an autonomous and independent manner.

4.2 Business and risk strategies

Rentenbank's risk strategy is consistently derived from its business strategy. The risk strategy comprises both the general risk strategy and the sub-strategies related to specific risk types. It was broadened in 2022 to include the Venture Capital Policy. The business and risk strategy is discussed with the Supervisory Board on an annual basis.

The Risk Appetite Framework comprises all strategies and guidelines, methods, processes, responsibilities, controls, and systems from which the risk appetite is derived, communicated, and monitored. Apart from minimum targets, alert thresholds, and limit systems, the Framework also includes soft factors such as an appropriate compliance culture and an actively practiced, appropriate risk culture.

The Risk Appetite Statement describes the risk appetite that the Bank is prepared to accept in order to achieve its strategic objectives within the limits of the allocated risk capital. The risk appetite is defined on the basis of quantitative requirements and qualitative assertions. The requirements are concretised in the form of the limits and alert thresholds defined in line with the risk-bearing capacity.

The risk strategy, the Risk Appetite Framework, and the Risk Appetite Statement define the main risk management parameters established by the Management Board.

The credit risk strategy is shaped by the promotional mandate. To promote agriculture and rural areas, funding is only granted as a rule to banks domiciled in the Federal Republic of Germany or another EU country that conduct business with agricultural enterprises, enterprises in upstream or downstream sectors, or in rural areas. The special promotional loans are only granted to promote investments in Germany.

Rentenbank is also authorised to acquire equity interests, purchase shares in venture capital funds, and provide funding to the German federal states, rural districts, and municipalities in the form of promissory note bonds, registered securities, and bearer securities.

Thus, the Bank's lending activity is limited to the funding of credit institutions and financial institutions as defined in Art. 4 CRR and to providing capital to German local authorities.

In accordance with the Bank's credit risk strategy, only a Rentenbank subsidiary may grant loans directly to enterprises. No such direct loans were granted in 2023.

Derivatives are only used as hedging instruments and are only concluded with business partners with whom Rentenbank has entered into a collateral agreement.

Rentenbank's credit risk strategy demands a careful selection of business partners and products for all business activities. In accordance with its core competencies and business model, Rentenbank mainly choose banks and public-sector borrowers as business partners. By reason of its promotional mandate, Rentenbank is necessarily exposed to the banking sector as a sector concentration risk. As an indicator of the Bank's risk profile, the average credit rating of the total loan portfolio should be at least A+, with due regard to product credit ratings.

One objective of the market price risk strategy is the avoidance of interest rate risks that could lead to a decrease or loss in net interest income that would endanger the achievement of the Bank's promotional goals. Furthermore, market price risks are limited and managed on a present value basis in connection with the economic risk-bearing capacity. Foreign currency positions are closed as a basic rule.

The objectives of the liquidity risk strategy are to ensure the Bank's solvency at all times, even under stress conditions, and to optimise the funding structure.

Non-financial risks, which include operational and strategic risks according to the Bank's understanding, are managed with the goal of preventing losses by ensuring the quality of all the Bank's operational processes. Compliance with regulatory requirements and the minimisation of reputation risks by means of appropriate communication management and a code of conduct are likewise components of the risk strategy.

4.3 Risk culture

Rentenbank's risk culture shapes its understanding of dealing with risks on a day-to-day basis. It comprises all standards, attitudes, and behavioural patterns related to risk awareness, risk appetite, and risk management. Rentenbank has determined and defined the requirements for its risk culture. It has also defined key indicators for monitoring the active implementation of the risk culture. As a core element of the risk culture, all senior managers and staff members are required to handle the Bank's risks responsibly and independently within the scope of their assigned responsibilities. All senior managers and staff members are accountable for their conduct with respect to risks.

4.4 Risk inventory

The risk inventory provides a structured overview of all risks that could harm the Bank's financial position, capital resources, financial performance, or liquidity situation. This overview also comprises risk concentrations within individual risk types and between risk types.

The risk profile established in this way forms the basis for the Risk Appetite Statement and for the measurement, monitoring, and management of risks at Rentenbank. The risk inventory also serves the purpose of enhancing the

transparency of risks, which also supports the risk culture of Rentenbank. The risk profile comprises the following material risk types: credit default risks, market price risks, liquidity risks, and non-financial risks. Non-financial risks include operational and strategic risks. Particular attention is also given to changes in the area of Environmental, Social and Governance (ESG) in the monitoring of risks. ESG risks are integrated into the RMS as risk drivers of the risk types, including by means of scenario analysis.

In addition, material risks are identified by means of indicators based on quantitative and qualitative risk characteristics and reported. Risks are further identified as part of the New Products Process (NPP), key controls of the ICS system, and daily control and monitoring activities.

4.5 Validation of risk measurement

A validation framework based on the regulatory requirements is applied for the purpose of validating the methods and procedures defined for the measurement of material risk types in Rentenbank's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The methods and procedures are validated at least once a year. The separation between method development and validation is assured by employing different teams for each process. The objective of the validation process is to critically review the quality of the risk measurement methods and models employed, as well as the corresponding parameters and assumptions, on the basis of quantitative and qualitative analysis. The assessment is based on a defined methodology. The validation results are discussed by the Risk Committee.

4.6 Risk-bearing capacity

Rentenbank's risk-bearing capacity concept is the central element of its Internal Capital Adequacy Assessment Process (ICAAP) and the basis for the operational implementation of its risk strategy. The objectives of the risk-bearing capacity concept are to ensure the continuation of the Bank as a going concern in order to fulfil its promotional mandate in compliance with the regulatory requirements, to ensure the long-term preservation of the Bank's capital, and to protect creditors against economic losses. These objectives are reflected in the two perspectives of the Bank's risk-bearing capacity concept, which encompasses a Normative Approach and an

Economic Approach. The risk management processes are designed to fulfil these objectives and requirements equally. The monitoring of limits within the risk-bearing capacity concept is supplemented with stress tests, which are reported to the Management Board and discussed there and in the Risk Committee on a regular basis.

Normative Approach

The managerial objective of the Normative Approach is to fulfil all regulatory minimum capital requirements and standards. For this purpose, the Bank determines whether the Bank's capital resources are sufficient to ensure compliance with all regulatory requirements and thus the continuation of the Bank as a going concern, in the baseline scenario and in the adverse scenarios, both as of the reporting date and over the period covered by the multi-year (five-year) capital plan. The capital resources should also make it possible for the Bank to sustainably pursue its business strategy under these scenarios.

The Bank's regulatory capital under the Normative Approach at the reporting date and in comparison with the corresponding prior-year figures is presented in the table below:

	31/12/2023 mEUR	31/12/2022 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,215.1	1,197.1
Fund for general banking risks	3,395.0	3,373.2
Intangible assets	-39.1	-28.1
Tier 2 capital	0.7	8.7
Regulatory own funds	4,706.7	4,685.9

The increase in own funds compared to the previous year resulted mainly from the profit retention of the previous year. The eligibility of Tier 2 capital will expire in 2024.

Risk exposures and risk-weighted assets (RWAs) are presented in the table below:

	Risk Exposure 31/12/2023 mEUR	Risk Exposure 31/12/2022 mEUR
Credit default risk	13,967.3	13,718.1
CVA charge	541.9	510.0
Operational risk	536.5	551.8
Total RWAs	15,045.7	14,779.9

The somewhat higher RWAs resulted mainly from the higher business volumes relating to covered bonds and institutions, which led to slightly lower capital ratios overall. For information purposes, moreover, the plan values for the following three years from the baseline scenario applied in the capital plan are presented in the table below:

	Reporting Date 31/12/2023	Baseline Scenario		
		2024	2025	2026
Total capital ratio in %	31.3	32.4	28.9	29.3
Tier 1 capital ratio in %	31.3	32.4	28.9	29.3
CE Tier 1 capital ratio in %	31.3	32.4	28.9	29.3
Leverage ratio in %	10.3	10.5	10.7	10.9

The war in Ukraine and the mild recession in Germany had no material effects on Rentenbank's key risk indicators in 2023. Under the base scenario considered for capital planning purposes, a continuation of the war in Ukraine and a decrease in inflation accompanied by a modest economic recovery are assumed. In the base scenario, therefore, Rentenbank anticipates a stable development of its portfolio. This is reflected in the capital ratios. The applicability of the still outstanding Basel III requirements at the EU level is assumed in the capital plan. These requirements will have a seriously negative overall effect on the capital ratios.

The regulatory requirements are fulfilled as of the reporting date and at all times considered in the baseline scenario of the capital plan.

In addition to the baseline scenario, various adverse scenarios involving seriously negative market-wide and institution-specific developments are analysed for capital planning purposes. Even assuming the finalisation of the Basel III requirements, all regulatory requirements will be met at all times.

Economic Approach

The objectives of the Economic Approach are to ensure the long-term preservation of the Bank's capital and protect creditors against economic losses. For this purpose, the economic capital is checked against the total risk exposure and assessed both as of the reporting date and in the baseline scenario of the capital plan.

Economic capital includes undisclosed reserves and liabilities from securities and promissory note bonds of the German federal states, including their hedges, as well as the reserves pursuant to HGB 340f. Interim profits or losses (during the year) are included, while planned and not yet realised profits are not included.

The economic capital applied in the Economic Approach is presented as of the reporting date and in the previous year in the table below:

	31/12/2023 mEUR	31/12/2022 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,233.6	1,215.1
Fund for general banking risks	3,479.8	3,395.0
Undisclosed liabilities / reserves	706.8	619.7
Economic capital	5,555.2	5,364.8

The planned utilisation of profit from 2023 is included in economic capital. The Bank's successful performance in 2023 led to a substantial increase in economic capital.

Under the Economic Approach, risks in all positions are considered independently of their accounting treatment. Risks are calculated at a confidence level of 99.9% and for a time period of one year. The risk exposures of the individual risk types are aggregated without regard to diversification effects. They break down as follows:

	Risk Exposure 31/12/2023 mEUR	Risk Exposure 31/12/2022 mEUR
Credit default risks	392.9	362.3
Market price risks	1,453.1	1,529.9
of which interest rate risks	543.5	541.2
of which CVA risk from derivatives	65.1	99.9
of which spread and other risks	829.5	873.9
of which risk buffer	15.0	15.0
Non-financial risks	102.1	90.2
of which operational risks	74.1	65.4
of which strategic risks	28.0	24.8
Total risk	1,948.1	1,982.3

Rentenbank's risk-bearing capacity under the Economic Approach was assured at each observation date in 2023. All limits were kept. The utilisation rate of economic capital was 35.07% at the reporting date, which was somewhat lower than at the end of the previous year (36.95%).

Stress tests

The objective of the stress tests is to analyse whether Rentenbank's risk-bearing capacity would also be assured in unusual, but plausible scenarios affecting different risk types. For this purpose, a hypothetical scenario (economic downturn and further rise in inflation) and an historical scenario (financial markets crisis and ensuing sovereign debt crisis) are simulated. Market-wide and institution-specific aspects are considered in these scenarios. The main risk parameters applied in the stress scenarios are credit rating deterioration, changes in interest rates, and a widening of credit spreads. The effects of the stress scenarios are analysed from the normative and

economic perspectives. Under the Normative Approach, the effects of the scenarios on the income statement and equity and particularly also on risk-weighted assets are simulated over a time period of three years. The dominant risk under the Normative Approach is credit default risk; under the Economic Approach, credit default risk and market price risk are particularly relevant.

Under both approaches, Rentenbank's risk-bearing capacity is assured also in the stress scenarios without the use of regulatory reliefs from capital and liquidity requirements, thus confirming the Bank's comfortable capital situation.

In addition to these stress scenarios, the Bank also conducts an inverse stress test to identify those events that would cause the Bank's risk-bearing capacity to be no longer assured. The Bank also analyses the impact of sustainability risks under different scenarios (see separate section).

4.7 Credit default risks

Definition

Credit default risk refers to the risk that a counterparty would not be able to fulfil its payment obligations, or only in part, as well as the risk of valuation losses due to the deterioration of credit ratings. This risk type is sub-divided into credit risk, migration risk, and country risk.

The Bank's lending business is largely limited to the funding of credit institutions, institutions, and financial institutions according to the definitions of Art. 4 CRR, as well as other interbank transactions. The credit risk inherent in the ultimate borrowers of special promotional loans lies with the local bank extending the loans. In addition, funding is provided to German federal states, rural districts, and municipalities.

Risk assessment and management

The central risk parameters for the determination of credit default risk are probability of default, loss given default, exposure at default, and the correlations between business partners, with the aid of which simultaneous defaults of business partners are simulated in the credit portfolio model.

The probability of default is derived from the credit ratings of the Bank's business partners. The credit rating is assigned by way of an internal risk

classification process under which individual business partners or transaction types are assigned to one of 20 credit rating categories. The best ten rating categories AAA to BBB- are reserved for business partners with low risks ("investment grade"). The seven rating categories BB+ to C signify latent or heightened latent risks, and the three rating categories DDD to D signify problem loans and business partners in default.

The credit ratings of our business partners are reviewed at least once a year on the basis of an analysis of their financial statements and financial position. For this purpose, key performance indicators, qualitative characteristics, the background of shareholders, and other supporting factors such as their affiliation with a protection scheme or state guarantee mechanisms are considered. The country risk of the business partner's country of domicile is also considered in assessing the credit quality. For certain products such as German mortgage bonds (Pfandbriefe), the associated collateral or cover assets are considered as a further criterion, in addition to the respectively applicable national regulations, in determining the product rating. Whenever the Bank becomes aware of current information about negative financial data or a deterioration of the business partner's business outlook, the credit rating is reviewed and adjusted if necessary.

The loss given default quantifies that portion of the exposure that would be irrecoverable after the default of a business partner and the realisation of collateral. To quantify its credit default risks, Rentenbank applies product-specific or transaction type-specific loss ratios determined on the basis of analytical and expert-based methods. In particular, the utilisation chain of the special promotional loans granted by way of on-lending is considered in the measurement and parameterisation of the loss given default for special promotional loans. Rentenbank also relies on external data sources in assessing specific transaction types.

The exposure at default corresponds to the net balance at the reporting date, plus off-balance sheet transactions with individual business partners. This indicator represents the residual value or market value of the exposure. In determining the amount of exposure under derivatives, a premium is added to account for market value fluctuations, with due consideration given to contractual netting clauses and any cash collateral furnished and received.

Under the Economic Approach, the credit value at risk is calculated by way of a credit portfolio model with due consideration given to correlations between business partners and migration risks.

The method described above makes it possible to measure, monitor, and manage risks in accordance with the MaRisk requirements. In this way, adverse developments and portfolio concentrations can be quickly identified and countermeasures initiated.

Limitation and monitoring

The maximum credit limit for all credit limits and a maximum limit for unsecured lines are set by the Management Board to limit credit default risks. Concentration risks are managed and limited at several levels of the Bank by means of various targeted concepts. In addition, country limits and currency transfer limits are set to limit the corresponding risks.

A limit system manages the amount and structure of all credit default risks. Internal limits are set for all borrowers, issuers, and counterparties and are subdivided where appropriate for specific products and maturities. The Bank's risk classification system is the central decision-making basis for the adoption of limits. In addition, certain minimum credit ratings have been established for individual transaction and limit types.

For risk-bearing capacity purposes, credit default risks are limited on the basis of the credit value at risk determined in the credit portfolio model.

In addition, risk indicators provide early indications of potential risk increases and risk shifts within the portfolio. Alert thresholds are established to quickly detect higher limit utilisation levels so that appropriate countermeasures can be taken.

Limits are monitored on a daily basis. Limit overruns are immediately reported to the Management Board.

Thus, credit default risks are managed, monitored, and reported for individual transactions at the borrower level and borrower unit level, at the country level, and at the level of the overall credit portfolio.

Portfolio overview

More than 90% of the Bank's risk exposures are backed by collateral in the form of assignments of claims under funded loans to ultimate borrowers and state guarantee mechanisms. The Other risk exposures are likewise mainly secured products such as German mortgage bonds (Pfandbriefe) and

covered bonds. Unsecured risk exposures largely consist of loans to and receivables from banks belonging to joint liability schemes in Germany (Haftungsverbände).

The overall credit portfolio of EUR 94.6 billion (PY: EUR 93.4 billion) comprises the nominal amounts of risk exposures in euros, including special promotional loans with the corresponding assignments of claims under funded loans to the ultimate borrowers, state-guaranteed special promotional loans, registered bonds, promissory note bonds, securities, money market and derivative transactions, equity interests, venture capital investments, and all externally committed credit facilities, but not loans granted from the German federal government's Special Purpose Fund. The risk exposures of companies in which Rentenbank holds direct equity interests are included in the equity interests.

Derivative financial instruments may only be concluded as hedging instruments on the basis of a netting and collateral agreement.

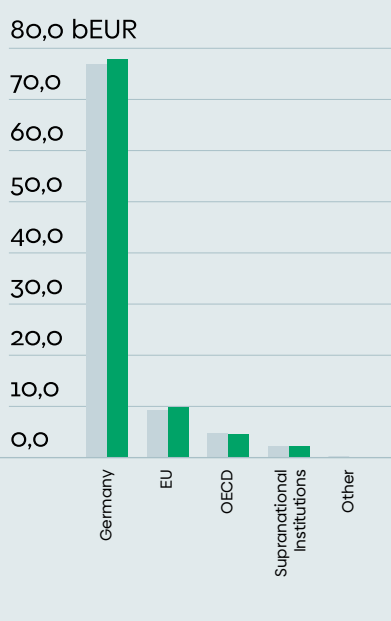
In the three tables below, risk exposures are aggregated on the basis of country of domicile and at the level of the legally independent business partner without regard to Group affiliations. The risk exposures are assigned to credit rating categories on the basis of product ratings. The presented figures are based on nominal amounts.

The portfolio is secured at a rate of over 90%. It breaks down as follows:

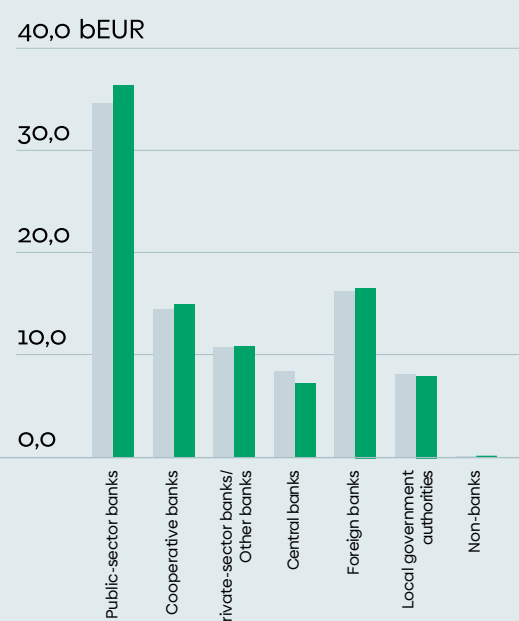
Rating Categories



Country Groups



Counterparty Groups



Rentenbank has no exposure to Russian, Belorussian, or Ukrainian business partners or their subsidiaries. The exposure of Rentenbank's business partners to Russia and/or Ukraine is very limited. Therefore, the direct effects of the Russia-Ukraine crisis on the business performance of the affected institutions are manageable on the whole. Rentenbank is also monitoring the current developments in Israel and Gaza. It does not see any effects on the Bank's business partners at the present time.

Loan loss provisions

Specific valuation provision

The Bank assesses on a monthly basis whether there are any indications that not all payments of interest and principal can be made in accordance with the applicable contractual provisions. For financial reporting purposes, the necessity of recognising a specific valuation allowance in respect of a given loan receivable is assessed on the basis of the following criteria:

- "Non-investment grade" credit rating,
- Non-performing, deferred, or restructured exposures,
- Significant deterioration of the business partner's credit quality,
- Significant deterioration of the credit rating of the business partner's country of domicile.

As in the previous year, it was not necessary to recognise specific valuation allowances at the reporting date.

General valuation allowance

General valuation allowances are recognised to account for latent credit default risks. The amounts of such general valuation allowances are determined on the basis of the probability of default and the loss given default.

The general valuation allowances for loan receivables, securities, and irrevocable credit commitments amounted to EUR 3.2 million, somewhat higher than in the previous year (EUR 2.7 million).

4.8 Market price risks

Definition

Market price risk refers to the potential losses arising from changing market data. It encompasses interest rate risks, CVA risks from derivatives, spread risks, and other market price risks. The latter category comprises currency risks and volatility risks. Spread risks are sub-divided into credit spread risks, cross-currency basis spread risks, and tenor basis spread risks.

Risk assessment and management

Interest rate risks

Interest rate risks from the present value perspective (Economic Value of Equity, EVE) and the income-oriented perspective (Net Interest Income, NII) are measured with reference to a parallel shift of yield curves.

Interest rate risks are calculated and monitored from the present value perspective on a daily basis for the Treasury Management and Promotional Activity segments and on a monthly basis at the overall bank level. Applying stress scenarios under the Normative Approach, interest rate risks are measured from the income-oriented perspective over a time horizon of three years on the basis of the gap structure in the interest rate scenarios considered.

Six interest rate shock scenarios specified by the regulatory authority are calculated as well. At the reporting date, the regulatory interest rate coefficient to be applied for simulating an interest rate increase was 10.5%.

Generating material income from the assumption of interest rate risks is not a strategic objective.

Interest rate risk is limited through the use of derivatives on the basis of micro-hedges or macro-hedges, the latter being used for the special promotional loans.

Spread risks

Spread risks are calculated with a Value-at-Risk (VaR) model on the basis of a historical simulation. In this process, the credit spread risks of securities and

highly liquid promissory note bonds, and basis spread risks are quantified and limited. Credit spread risks are managed on the basis of the holding strategy, particularly in observance of the requirements specified by the credit risk strategy.

Other market price risks

Even in the case of closed foreign currency positions, the market values of underlying and hedging transactions differ from each other by reason of different measurement parameters, especially the spreads. When converted to euros, these differences lead to present value differences resulting from the exchange rates applied, which are considered as currency risk. Aside from certain immaterial positions in the clearing accounts, there are no open foreign currency positions. Volatility risk is the risk that the value of an option could change as a result of changes in volatilities. Rentenbank only uses interest rate-related options, which also include embedded options, particularly in the case of loans with termination rights. Currency risks and volatility risks are measured and limited by means of scenario-based changes in exchange rates, cap floor volatilities, and swaption volatilities.

Other market price risks such as equity transaction risks and commodity transaction risks are not relevant to the Bank by reason of its business model.

CVA risk

CVA risk refers to the risk of potential market value losses in derivatives resulting from a deterioration of the counterparty's credit rating. The parameters applied in the calculation are the business partner's probability of default, which is derived from credit default swaps, the loss given default of the business partners, and the potential market value changes (potential future exposure) at the level of netting pools. CVA risk is limited by means of collateral agreements and limits.

Risk buffer

Risk modelling uncertainties and simplifications are additionally accounted for by means of a risk buffer.

4.9 Liquidity risks

Definition

Liquidity risk refers to the risk of not being able to meet current or future payment obligations or only to a limited degree. This also includes intraday liquidity risk, market liquidity risk, and funding cost risk.

Funding cost risk refers to the risk that future funding resources could only be raised or a liquidity surplus would have to be invested under unexpectedly worsened cost conditions.

Risk assessment and management

The objectives of liquidity management are to ensure the Bank's ability to meet its financial obligations at all times, also under stress conditions, to optimise the funding structure, and to coordinate the Bank's own issues in the money market and capital markets. To achieve these objectives, Rentenbank has implemented a suitable Internal Liquidity Adequacy Assessment Process (ILAAP).

In the ILAAP, liquidity risks are backed by liquidity coverage potential in the form of liquid assets. The starting point for the measurement of liquidity risk is the cumulative net liquidity requirement, which is also considered under different stress scenarios. The liquidity coverage potential on hand at the given point in time (liquidity buffer) is checked against the cumulative net liquidity requirement. The utilisation rate is considered over short-term, medium-term, and long-term horizons and limits are set on each such utilisation rate. In accordance with the MaRisk, the potential utilisation of the liquidity coverage potential is explicitly calculated for periods of one week and one month.

Stress scenarios are employed for the purpose of analysing the effects of unexpected, unusual events on the Bank's liquidity position and market liquidity risk. The scenario analyses include a market-wide scenario involving a decline in the prices of securities (market liquidity) and liquidity outflows for cash collateral, and an idiosyncratic scenario involving simultaneous calls of all irrevocable credit commitments and default on the part of important borrowers. This scenario mix is used to simulate the cumulative occur-

rence of liquidity stress scenarios. Liquidity stress tests are also conducted on an ad-hoc basis when risk-relevant events occur. The composition and appropriate diversification of the liquidity coverage potential are checked as part of the validation process.

The regulatory liquidity ratios Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are calculated and limited as well.

The scenario mix is defined as a management-relevant scenario. The minimum survival horizon is assured by the use of a traffic light system.

The short-term, medium-term, and long-term liquidity limits are monitored and reported on a daily basis.

The current liquidity position and liquidity buffer utilisation rate, as well as a 90-day forecast of the net liquidity requirement expressed in the LCR, are monitored on a daily basis. The other internal and regulatory ratios are calculated and monitored on a monthly basis.

The instruments available for the purpose of managing the short-term liquidity position are interbank funds, ECP placements, and open market operations with the Bundesbank. In addition, securities can be purchased for liquidity management purposes and funds maturing in up to two years can be raised by way of the Euro Medium-Term Note programme (EMTN programme), promissory notes, and global bonds or domestic capital market instruments. The bonds issued by Rentenbank are classified in the EU as “liquid assets” in the sense of the LCR. Rentenbank’s bonds may be held as highly liquid assets in other jurisdictions as well (e.g., United States and Canada).

As in the previous year, the Bank’s liquidity was assured at every date considered in the reporting period, also under stress assumptions. All liquidity limits and regulatory liquidity ratios were comfortably kept. The average LCR was 3.89 (5.14) and the average NSFR was 1.34 (1.37).

Funding cost risks are measured as part of the risk inventory and validation process. They were below the internally defined materiality limit in the reporting period.

4.10 Non-financial risks

Definition

Non-financial risks are sub-divided into operational risks and strategic risks.

Operational risks arise as a result of non-functioning or defective systems and processes, misconduct on the part of humans, or external events. Operational risks include legal risks, compliance risks, outsourcing risks, IT risks, information security risks, personnel risks, model risks, project risks, and event or environmental risks.

Strategic risks are sub-divided into business/strategic risks, reputation risks, and pension risks.

Business/strategic risk refers to the risk of losses as a result of the non-attainment of business strategy objectives due to business strategy positioning or detrimental changes in the framework conditions for Rentenbank that would have an adverse effect on its financial position and financial performance.

Reputation risk refers to the risk of losses as a result of a worsening of the perception of Rentenbank in the minds of relevant internal and external stakeholders, which would have an adverse economic effect or lessen the trust placed in Rentenbank.

Pension risk refers to the risk of an inadequate measurement of pension provisions.

Risk assessment and management

From an economic perspective, non-financial risks are quantified by means of a simulation model (Value at Risk). The data basis comprises the risk estimates from the self-assessments of the process owners, the risk analyses of other organisational units, and historical losses from operational risks. The risk model allows for a detailed analysis of individual risks and risk drivers, as well as the simulation of scenarios.

All the Bank's loss events and near losses are decentrally recorded in a loss event database by the Operational Risk Officer. Risk Controlling analyses and aggregates the loss events and refines the methodological instruments.

In the self-assessments, material operational risk scenarios of specific business processes are analysed and assessed with a view to inherent risks and risk-reducing measures are adopted.

Risk Controlling aggregates and analyses all non-financial risks on a centralised basis. This department is responsible for the use of instruments and the refinement of risk identification, assessment, management, and communication methods. Non-financial risks are managed by the respective organisational units.

The Legal & Committees Department manages and monitors legal risk. It informs the Management Board about current or potential legal disputes on an ad-hoc basis and also periodically in the form of semi-annual reports. The Bank minimises legal risks from contracts by largely employing standardised contracts. The Legal Department is involved in the corresponding decisions at an early stage and important projects are coordinated with the Legal & Committees Department. Legal disputes are immediately entered into the loss event database. A specified risk indicator is monitored to ensure the early identification of risks.

Regulatory risks as a sub-category of compliance risks are managed by the Compliance function and the regulatory working group ART, by means of active participation in regulatory initiatives and other legislative initiatives affecting Rentenbank, and the identification of potential consequences for the Bank.

On the basis of a materiality and risk assessment, compliance-related risks are identified and analysed to assess whether the general and institution-specific requirements for an effective organisation are met. The same procedure is applied with respect to risks related to money laundering, terrorist financing, and criminal acts, which could endanger the Bank's assets. Organisational measures to optimise risk prevention are defined on the basis of the risks identified in this procedure.

The fulfilment of duties of care and the identification of contractual partners (know-your-customer principle) are particularly important elements of money laundering prevention. The necessary procedures and processes for this purpose have been implemented and any suspected cases are referred immediately by the Anti-Money Laundering Officer to the Central Financial Intelligence Unit (FIU). The Bank is not aware of any suspicious cases involving money laundering, terrorist financing, or other criminal acts in 2023.

The risks associated with the outsourcing and other purchases of IT services are identified as a sub-category of operational risks. Rentenbank has instituted the position of a Central Outsourcing Officer who is supported by the Central Outsourcing Management Department. Outsourced activities are monitored decentrally. The Central Outsourcing Management Department also performs risk management and monitoring with respect to the portfolio of outsourced activities. Outsourced activities are classified as material or immaterial on the basis of a standardised risk analysis. Material outsourced activities are subject to special requirements, particularly with regard to contracts, management, monitoring, and reporting.

Rentenbank has implemented an Information Security Management System (ISMS) to protect data, systems, networks, and the business premises. The Information Security Department monitors compliance with all standards and requirements for the confidentiality, availability, and integrity of information implemented within the ISMS. Employees are regularly trained in matters of information security and sensitised to risks by means of different channels. Information security risks are integrated into operational risk management and are transparently reported. This also includes risks arising from threats related to cyber-attacks. To this end, Rentenbank arranges for external service providers to conduct penetration tests on a regular basis.

The Bank's Emergency Management Department has defined preventive and reactive measures to protect time-critical business processes in case of emergency or crisis. The manner of dealing with business interruptions is detailed in the Emergency Handbook, business continuation plans, and recovery plans. Rentenbank reviews and monitors the efficacy of these plans on the basis of test and drill plans.

A code of conduct and professional corporate communication help to minimise reputation risks.

To measure the risks inherent in pension provisions, an actuarial opinion is prepared by an outside expert on the basis of parameters such as interest rates, inflation, and life expectancies. The corresponding interest rate risks are taken into account in the monitoring of Interest Rate Risk in the Banking Book (IRRBB).

Non-financial risks are limited separately by operational and strategic risks in the economic risk-bearing capacity calculation.

The loss events identified in the reporting period, the insights gained from the self-assessments, the risk assessment of the organisational units, and the monitoring of early warning indicators do not show any risks that would endanger the Bank's continuation as a going concern.

4.11 ESG risks

ESG risks in the areas of climate and environment are sub-divided into physical and transition risks. Physical risks arise from both extreme weather events and their consequences, as well as long-term changes in climatic and ecological conditions. Transition risks arise in relation to the conversion to a low-carbon economy.

Sustainability risks are not regarded as a standalone risk type, but rather as a driver of classic risk types at Rentenbank. ESG risk drivers relevant for Rentenbank were identified from a long list of potential ESG risk drivers. The identification of these ESG risk drivers was based on risk exposure, financial effects, and the potential transmission channel.

In its promotional activity, Rentenbank ensures the funding of local banks that grant its special promotional loans. The local bank bears the default risk of the ultimate borrower. Rentenbank's customers are nearly all classified as banks or German state institutions. The Bank does not invest directly in agriculture and forestry.

Based on this classification, Rentenbank analyses the potential effects of sustainability risks. Individual ESG aspects are already taken into account within the existing credit rating procedures. Controversy screening was introduced as part of the credit assessment process and a preliminary study on the introduction of an ESG score was initiated in 2023.

Various ESG scenarios focused on climate and environmental risks have been analysed and the potential effects of climate change on Rentenbank's capital and risk situation have been examined since 2020. The ESG scenarios were developed on the basis of currently available information and assessments (including the "Network for Greening the Financial System"). Two scenarios that reflect Rentenbank's physical and transition risk drivers as broadly as possible were selected. Quantitative estimates of the long-term effects of both scenarios were performed. As expected, the effects on Rentenbank's risk indicators were found to be minor. The scenarios are continually refined on the basis of new knowledge.

5. Financial reporting process

The essential purpose of the financial reporting process is to track the account assignment and processing of transactions all the way to the preparation of the required annual financial statements.

The purpose of the financial reporting-related ICS/RMS is to ensure compliance with financial reporting standards and regulations and to ensure legally compliant financial reporting.

Rentenbank prepares its financial statements in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the Regulation on the Financial Reporting of Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV).

The regulations are documented in handbooks and procedural instructions. The Finance Department monitors these documents regularly and adapts them to changed statutory, regulatory, and procedural requirements. The involvement of the Finance Department in the “New Products Process” ensures the appropriate representation of new products in the financial reporting system.

The documentation of the financial reporting process conforms with German Generally Accepted Accounting Principles (Grundsätze ordnungsmäßiger Buchführung, GoB) and is comprehensible to knowledgeable third parties. The statutory retention periods are observed with respect to the retention of the corresponding documents.

The functions of organisational units that play an important role in the financial reporting process are clearly separated. Appropriate subsidiary ledgers for money market accounting, loan accounting, securities accounting, and liabilities accounting are assigned to the corresponding organisational units and are monitored by them. The data contained in the subsidiary ledgers are transferred to the general ledger by way of automated interfaces. The Finance Department is responsible for accounting, the definition of account assignment rules, the posting methodology, management of the posting programme, and the administration of the financial accounting system.

In addition to SAP as a standard software programme, an internally developed financial software programme is used for the Bank's operations

Authorisations are granted on a task-specific basis to protect the financial reporting process from unauthorised access. Plausibility checks are performed on a regular basis. In addition, the application of the dual control principle, standardised reconciliation routines, and budget-actual comparisons within the financial system ensure the prompt detection and correction of errors. These measures also serve to ensure the correct recognition, presentation, and measurement of assets and liabilities.

The functional efficacy of the financial reporting-related ICS/RMS is monitored by means of periodic, process-independent audits conducted by the Internal Audit Department.

Quality-assured, relevant data are promptly reported to the responsible persons via the Management Information System. The Management Board informs the Supervisory Board and its committees of the corresponding results on a regular basis. It also promptly informs them of specific events of importance.

Financial Statements

Balance Sheet of Landwirtschaftliche Rentenbank at 31 December 2023

Assets	Note	mEUR	mEUR	31/12/2023 mEUR	31/12/2022 mEUR
1. Cash reserve					
a) Cash on hand			0.2		0.2
b) Balances with central banks			21.4		17.2
of which:					
at the Bundesbank: EUR 21.4 million (PY: EUR 17.2 million)				21.6	17.4
2. Loans and advances to banks	11				
a) Payable on demand			8,695.2		8,492.1
b) Other loans and receivables			58,549.1		57,514.4
				67,244.3	66,006.5
3. Loans and advances to customers	12				
of which:					
Secured by mortgages: EUR -- million (PY: EUR -- million)					
Municipal loans: EUR 7,316.4 million (PY: EUR 7,783.1 million)				7,502.4	7,800.3
4. Bonds and other fixed-income securities	13/17				
a) Bonds and notes			801.8		824.1
aa) Public-sector issuers					
of which:					
eligible as collateral with the Bundesbank:					
EUR 647.7 million (PY: EUR 669.8 million)			15,053.4		15,074.6
ab) Other issuers					
of which:					
eligible as collateral with the Bundesbank:					
EUR 12,649.0 million (PY: EUR 12,219.5 million)				15,855.2	15,898.7
5. Shares and other non-fixed-income securities	14			13.4	4.0
6. Equity interests	15/17				
of which:					
In banks: EUR 321.9 million (PY: EUR 321.9 million)					
In financial services institutions: EUR -- million (PY: EUR -- million)					
In investment firms: EUR -- million (PY: EUR -- million)				327.9	327.9
7. Shares in affiliated companies	15/17				
of which:					
In banks: EUR -- million (PY: EUR -- million)					
In financial services institutions: EUR -- million (PY: EUR -- million)					
In investment firms: EUR -- million (PY: EUR -- million)				49.6	49.6
8. Trust assets	16				
of which:					
Trust loans: EUR 164.1 million (PY: EUR 166.1 million)				164.1	166.1
9. Intangible assets	17				
a) Purchased concessions, industrial property rights and similar rights, and licenses to such rights				30.8	19.0
10. Property and equipment	17			66.4	57.7
11. Other assets	18			3,845.9	4,192.0
12. Prepaid expenses	19				
a) From issuing and lending business			2,267.0		2,429.3
b) Other			398.7		468.7
				2,665.7	2,898.0
Total assets				97,787.3	97,437.2

Liabilities and equity	Note	mEUR	mEUR	31/12/2023 mEUR	31/12/2022 mEUR
1. Liabilities to banks	20/31				
a) Payable on demand			50.8		1.9
b) With agreed term or notice period			1,714.3		1,755.6
				1,765.1	1,757.5
2. Liabilities to customers	21				
a) Other liabilities					
aa) Payable on demand			137.0		147.6
ab) With agreed term or notice period			1,697.6		1,937.2
				1,834.6	2,084.8
3. Securitised liabilities	22				
a) Debt securities issued				85,756.5	83,745.8
4. Trust liabilities	23				
of which:					
Trust loans: EUR 164.1 million (PY: EUR 166.1 million)				164.1	166.1
5. Other liabilities	24			377.4	1,645.7
6. Deferred income	25				
a) From issuing and lending business			391.8		454.5
b) Other			2,232.9		2,399.9
				2,624.7	2,854.4
7. Provisions	26				
a) Provisions for pensions and similar obligations			154.6		155.2
b) Other provisions			203.4		224.6
				358.0	379.8
8. Subordinated liabilities	27			40.0	40.0
9. Fund for general banking risks				3,479.8	3,395.0
10. Equity	45				
a) Subscribed capital			135.0		135.0
b) Retained earnings					
ba) Principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law		1,214.1			1,196.1
Allocations from guarantee reserve		1.0			0.0
Allocations from net income		18.5			18.0
				1,233.6	1,214.1
bb) Guarantee reserve pursuant to Section 2 (3) of Rentenbank's Governing Law		1.0			1.0
Withdrawals pursuant to Section 2 (3) of Rentenbank's Governing Law		1.0			0.0
			0.0		1.0
c) Distributable profit			18.5		18.0
				1,387.1	1,368.1
Total liabilities and equity				97,787.3	97,437.2
1. Contingent liabilities	29				
a) Liabilities from guarantees and indemnity agreements				26.5	35.9
2. Other commitments	30				
a) Irrevocable loan commitments				1,515.7	1,962.5

Income Statement of Landwirtschaftliche Rentenbank for the period from 1 January to 31 December 2023

	Note	2023 mEUR	2023 mEUR	2023 mEUR	2022 mEUR
1. Interest income from	32				
a) Lending and money market transactions		3,181.5			1,761.7
b) Fixed-income securities and debt register claims		274.8			223.4
			3,456.3		1,985.1
less negative interest: EUR 3.7 million					(42,5)
2. Interest expenses	33		3,154.9		1,724.9
less positive interest: EUR 0.3 million					(4.8)
				301.4	260.2
3. Current income from					
a) Shares and other non-fixed-income securities			0.0		0,0
b) Equity interests			8.6		8.6
				8.6	8.6
4. Fee and commission income			0.5		0.4
5. Fee and commission expenses			3.0		2.8
				-2.5	-2.4
6. Other operating income	34			14.5	14.6
7. General administrative expenses					
a) Personnel expenses					
a) Wages and salaries		38.5			35.3
b) Social security contributions and expenses for pensions and other employee benefits		9.7			21.5
			48.2		56,8
of which: EUR 3.3 million for pensions					(16,5)
b) Other administrative expenses			55.2		45.0
				103.4	101.8
8. Depreciation, amortisation and impairments of intangible assets as well as property and equipment				10.2	10.7
9. Other operating expenses	35			9.7	9.3
10. Write-downs and impairments of loans and advances and certain securities, and additions to provisions for loan losses				75.5	100.1
11. Income from reversals of write-downs and impairments of equity interests, shares in affiliated companies and securities held as fixed assets				0.0	0.1
12. Additions to the fund for general banking risks				84.8	21.8
13. Profit on ordinary activities				38.4	37.4
14. Taxes on income and profit			1.3		1.3
15. Other taxes not included in "Other operating expenses"			0.1		0.1
				1.4	1.4
16. Net income for the year				37.0	36.0
17. Allocations to retained earnings					
to principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law from net income				18.5	18.0
18. Distributable profit				18.5	18.0

Statement of Cash Flows for the period ended 31/12/2023

	2023 mEUR	2022 mEUR
Net income/loss for the period	37.0	36.0
Depreciation, amortisation and impairments, and reversals of impairments of loans and advances and fixed assets	10.2	10.8
Increase (+)/decrease (-) in provisions	-21.8	14.2
Other non-cash expenses / income	160.3	121.8
Other adjustments (net)	20.6	-64.1
Increase (-)/decrease (+) in loans and advances to banks	-1,313.4	-1,024.4
Increase (-)/decrease (+) in loans and advances to customers	298.0	-201.5
Increase (-)/decrease (+) in other assets from operating activities	554.2	83.0
Increase (+)/decrease (-) in liabilities to banks	7.6	-96.8
Increase (+)/decrease (-) in liabilities to customers	-250.3	19.2
Increase (+)/decrease (-) in securitised liabilities	2,010.7	1,110.6
Increase (+)/decrease (-) in other liabilities from operating activities	-1,499.9	901.0
Interest expenses / interest income	-301.4	-260.3
Income tax expenses / income	1.3	1.3
Interest and dividends received	3,464.9	2,030.2
Interest paid	-3,184.1	-1,705.7
Income taxes paid	-1.3	-1.3
Cash flow from operating activities	-7.4	974.0
Proceeds from disposal of financial investments	1,896.3	2,191.0
Payments for investments in financial investments	-1,836.1	-3,030.9
Proceeds from disposal of property and equipment	0.2	0.0
Payments for investments in property and equipment	-10.6	-39.6
Proceeds from disposal of intangible assets	0.0	0.0
Payments for investments in intangible assets	-20.2	-9.8
Cash flow from investing activities	29.6	-889.3
Appropriation of distributable profit pursuant to Section 9 of Rentenbank's Governing Law	-18.0	-17.3
Net change in funds from other capital	0.0	-62.7
Cash flow from financing activities	-18.0	-80.0
Net change in cash and cash equivalents	4.2	4.7
Cash and cash equivalents at beginning of period	17.4	12.7
Cash and cash equivalents at end of period	21.6	17.4

The Statement of Cash Flows shows the changes in cash and cash equivalents for the 2023 and 2022 fiscal years from operating, investing and financing activities. Cash and cash equivalents correspond to the Cash reserve reported in the balance sheet.

Cash flows are allocated to operating activities based on the definition of the operating result. Cash flows from investing and financing activities were derived directly from the financial accounting. The cash flows from investing activities result from proceeds from and payments for property and equipment and intangible assets and from proceeds from and payments for securities held as fixed assets. The net change in cash and cash equivalents resulting from financing activities includes proceeds from and payments for Regulatory Tier 2 Capital and the appropriation of our distributable profit.

The Statement of Cash Flows was prepared on the basis of the regulations set out in German Accounting Standard No. 21.

The informative value of the Statement of Cash Flows as an indicator of the liquidity position is limited. For further details on liquidity management, please refer to the information in the Management Report.

Statement of Changes in Equity at 31 December 2023

	Subscribed capital mEUR	Principal reserve mEUR	Guarantee reserve mEUR	Distributable profit mEUR	Total 2023 mEUR
Equity at 01/01	135.0	1,214.1	1.0	18.0	1,368.1
Profit distribution	–	–	–	-18.0	-18.0
Net income	–	18.5	–	18.5	37.0
Allocation to / withdrawal from guarantee reserve	–	1.0	-1.0	–	–
Equity at 31/12	135.0	1,233.6	0.0	18.5	1,387.1

Statement of Changes in Equity at 31 December 2022

	Subscribed capital mEUR	Principal reserve mEUR	Guarantee reserve mEUR	Distributable profit mEUR	Total 2022 mEUR
Equity at 01/01	135.0	1,196.1	1.0	17.3	1,349.4
Profit distribution	–	–	–	-17.3	-17.3
Net income	–	18.0	–	18.0	36.0
Allocation to / withdrawal from guarantee reserve	–	0.0	0.0	–	–
Equity at 31/12	135.0	1,214.1	1.0	18.0	1,368.1

Notes to the financial statements

Contents

Basis of accounting	130	Notes to the balance sheet	139
Accounting policies	130	(11) Loans and advances to banks	139
(1) General information	130	(12) Loans and advances to customers	139
(2) Recognition and measurement of financial instruments	131	(13) Bonds and other fixed-income securities	140
(3) Loan loss provisions	133	(14) Shares and other non-fixed-income securities	141
(4) Determination of fair value of financial instruments	134	(15) Equity interests and shares in affiliated companies	141
(5) Loss-free valuation of the banking book	134	(16) Trust assets	141
(6) Trust assets / trust liabilities	135	(17) Fixed assets	142
(7) Property and equipment and intangible assets	135	(18) Other assets	143
(8) Prepaid expenses / deferred income	135	(19) Prepaid expenses	143
(9) Provisions	135	(20) Liabilities to banks	143
(10) Valuation units / currency translation	137	(21) Liabilities to customers	144
		(22) Securitised liabilities	144
		(23) Trust liabilities	145
		(24) Other liabilities	145
		(25) Deferred income	145
		(26) Provisions	146
		(27) Subordinated liabilities	146
		(28) Foreign currency assets and liabilities	147
		(29) Contingent liabilities	147
		(30) Other commitments	147
		(31) Cover calculation	148

Notes to the income statement	148	Other disclosures	150
(32) Interest income	148	(36) Other financial commitments	150
(33) Interest expenses	148	(37) Derivative financial instruments	150
(34) Other operating income	149	(38) Disclosures on valuation units pursuant to Section 285 no. 23 HGB	153
(35) Other operating expenses	149	(39) Compensation of the Management Board and Supervisory Board	154
		(40) Average number of employees pursuant to Section 267 (5) HGB	156
		(41) Shareholdings pursuant to Section 285 no. 11 and Section 340a (4) no. 2 HGB	156
		(42) Other liability agreements	156
		(43) Auditor's fees pursuant to Section 285 no. 17 HGB	157
		(44) Events after the reporting date pursuant to Section 285 no. 33 HGB	157
		(45) Proposals for the utilisation of profit pursuant to Section 285 no. 34 HGB	157
		(46) Disclosure of mandates pursuant to Section 340a (4) no. 1 HGB	158
		Members of the Management Board and Supervisory Board (01/01/2023 to 01/03/2024)	159

Basis of accounting

Landwirtschaftliche Rentenbank (hereinafter referred to as Rentenbank) has its registered office in Frankfurt am Main. It is recorded in the Commercial Register of the Local Court of Frankfurt am Main under entry number HRA 30636.

Rentenbank's annual financial statements have been prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) applicable to large corporations and the relevant provisions of the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV). The vertical format structure of the balance sheet and the income statement is based on the templates set out in RechKredV. Balance sheet and income statement items that are included in the template, but not used at Rentenbank are not reported.

Based on the exemption allowed in Section 290 (5) in conjunction with Section 296 (2) HGB, Rentenbank is not required by law to prepare consolidated financial statements in accordance with HGB. Therefore, Rentenbank is not required by Section 315e HGB to prepare consolidated financial statements in accordance with IFRS. Rentenbank has opted not to prepare consolidated financial statements on a voluntary basis.

Rentenbank is exempt from corporation tax in accordance with Section 5 (1) No 2 (Körperschaftsteuergesetz, KStG) and trade tax in accordance with Section 3 (2) (Gewerbesteuer-gesetz, GewStG). Accordingly, deferred taxes pursuant to Section 274 HGB are not to be recognised in the annual financial statements of Rentenbank.

Accounting policies

(1) General information

Assets, liabilities, and pending transactions are recognised and measured in accordance with the provisions of Sections 252 et seq. HGB, with due regard to the supplementary provisions for banks (Sections 340 et seq. HGB). The annual financial statements at 31 December 2023 are generally based on the

same accounting policies as were applied in the prior year's annual financial statements. Any changes are described below.

(2) Recognition and measurement of financial instruments

In accordance with Section 11 RechKredV, pro rata interest is presented in the corresponding balance sheet item.

Loans and advances / liabilities

Loans and advances are accounted for in accordance with Section 340e (2) HGB, i.e. at their nominal amount less any write-downs. Liabilities are measured at their settlement amount in accordance with Section 253 (1) sentence 2 HGB. Premiums and discounts on loans as well as advances and liabilities are presented as either prepaid expenses or deferred income. Zero bonds are measured at their issue price plus capitalised interest based on the issue yield.

Securities held as fixed assets

The Bank does not keep a trading book pursuant to Section 1 (35) German Banking Act (Kreditwesengesetz, KWG) in conjunction with Article 4 (1) no. 86 Regulation (EU) no. 575/2013.

All securities are carried at amortised cost less any impairments. Reversals of impairments are recognised if the reasons for an earlier impairment no longer apply.

Fixed-income securities held as fixed assets are measured in accordance with the moderate lower of cost or market principle pursuant to Section 253 (3) sentence 5 HGB. On the basis of the criteria defined by the Insurance Committee of the Institute of Public Auditors in Germany (IDW), Rentenbank tests for a potential permanent impairment if the carrying amount of the bond was more than 20% below the fair value (cf. Note 4) in the last six months prior to the reporting date or if the average of daily fair values over the last twelve months was more than 10% below the carrying amount.

Because these securities are intended to be held over the long term, no write-downs to fair value are recognised if an identified impairment is considered to be only temporary. In particular, write-downs are not recognised when an

identified impairment is only of a temporary nature with respect to future financial performance and it is expected that the securities will be fully repaid when due.

Securities allocated to the liquidity reserve

Securities allocated to the liquidity reserve are measured in accordance with the strict lower of cost or market principle (Section 253 (4) HGB). These securities are written down to their lower fair value where applicable.

Equity interests and shares in affiliated companies

Equity interests and shares in affiliated companies are measured at cost in accordance with the rules applicable to fixed assets. They are written down to their lower fair value to account for any impairment that is expected to be permanent.

Derivatives

Derivatives are only used to hedge existing or foreseeable market price risks. Measurement effects from derivatives are taken into account in the loss-free valuation of the banking book.

Upfront payments made and received from derivatives contracts are presented as prepaid expenses or deferred income, respectively. The reversal amounts from upfront payments from swap transactions are netted with the nominal interest income or expenses, depending on the contract.

Other assets / liabilities

Other assets are measured at their nominal amount and Other liabilities at their settlement amount.

(3) Loan loss provisions

Identifiable risks in the lending business are sufficiently accounted for by specific valuation allowances and provisions. In addition to the fund for general banking risks presented in the balance sheet, general valuation allowances and contingency reserves pursuant to Section 340f HGB are recognised to account for latent (credit) risks and deducted from the corresponding asset items.

Rentenbank assesses on a monthly basis whether there are any objective indications that not all payments of interest and principal can be made in accordance with the terms of the underlying contracts. For accounting purposes, the Bank applies the following criteria to determine whether the recognition of a specific valuation allowance for a given receivable is required:

- internal credit rating as non-investment grade,
- non-performing, deferred or restructured exposures,
- material deterioration of the business partner's credit quality,
- material deterioration of the credit quality of the business partner's country of domicile.

The amount of specific valuation allowances on loans and advances is equal to the difference between the outstanding loan amount and the lower fair value at the reporting date. The fair value is determined on the basis of the still expected, discounted returns from the loan exposure. Due consideration is given to furnished collateral.

In accordance with IDW RS BFA 7, general valuation allowances are recognised for latent credit risks, the amount of which is calculated using the probability of default and the loss ratio as a basis.

Due to the low default rates of its portfolio, Rentenbank does not have enough of a default history to allow for a reliable estimate of its default rate.

Therefore, the internal master scale is derived from the realised default rates published by the rating agencies Fitch, Moody's, and S&P. The probabilities of default are allocated on the basis of the credit quality of the respective business partner.

The loss given default (LGD) rates for specific products and types of transactions are determined by application of analytical and expert-based methods, with due regard to the respective collateralisation.

(4) Determination of fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined with reference to either directly observable exchange or market prices or the Bank's own calculations on the basis of valuation models and observable market parameters. When valuation models are applied, the fair value of contracts without option features is determined on the basis of the discounted expected future cash flows (discounted cash flow (DCF) method). Contracts with option features are measured by application of recognised option pricing models. Hedged items are discounted to present value using a base curve plus a credit spread based on credit quality.

Derivatives are discounted to present value on the basis of the OIS (overnight interest rate swap) swap curve, as well as basis swap spreads and cross-currency basis spreads. These are differentiated by maturity and currency and obtained from external market data providers. Apart from the yield curves and spreads mentioned above, volatilities and correlations are also taken into account in the calculations.

(5) Loss-free valuation of the banking book

According to the IDW Accounting Principle "Specific aspects of the loss-free valuation of interest rate transactions in the banking book (interest book)" (IDW RS BFA 3), a provision for onerous contracts must be recognised in respect of any excess liability in the banking book resulting from an interest rate transaction on the basis of an overall assessment of the transaction.

A periodic (income statement) approach was applied to calculate the amount required to be recognised as a provision in the context of the loss-free valuation of the banking book. The banking book comprises all the Bank's interest-bearing transactions and is managed on a uniform basis.

For calculation purposes, future period gains or losses in the banking book were determined on the basis of the profit/loss contributions of closed and open interest rate positions.

These future cash flows were discounted to present value at the reporting date on the basis of generally recognised, maturity-matched money market and capital market rates. Risk expenses were calculated on the basis of future expected losses and the proportion of administrative expenses allo-

cable to portfolio management was determined on the basis of internal assessments. Based on these calculations, it was determined that no such provisions needed to be recognised at 31 December 2023.

(6) Trust assets / trust liabilities

Trust assets and trust liabilities are presented as separate balance sheet items in accordance with Section 6 RechKredV. Due to the correlation between trust assets and trust liabilities, both are measured at nominal amounts.

(7) Property and equipment and intangible assets

In accordance with German commercial law, items of property and equipment and intangible assets are measured at cost, less any depreciation and amortisation over their estimated useful lives.

Depreciation of property and equipment and amortisation of intangible assets are charged on a straight-line basis over estimated useful lives, ranging from 33 to 50 years for buildings and from three to six years for operational and office equipment. Intangible assets are amortised on a straight-line basis over a period of three to four years.

(8) Prepaid expenses / deferred income

Other prepaid expenses and deferred income are recognised in accordance with Section 250 (1) and (2) HGB.

(9) Provisions

Provisions are measured at the necessary settlement amount according to prudent business judgement, with due regard to future price and cost increases. Provisions with a remaining term of more than one year are discounted to present value at the reporting date.

Pension provisions

Pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung, RückAbzinsV). This average interest rate corresponds to the remaining term of the provisions. In accordance with Section 253 (2) sentence 2 HGB, provisions for pension obligations are discounted to present value on a flatrate basis by application of the average market interest rate corresponding to an assumed remaining term of 15 years.

In accordance with Section 253 HGB, as amended in 2016, provisions for pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years (last seven financial years up to and including 2015), which corresponds to the remaining term of the pension obligations. On this basis, a difference of EUR 2.0 million (EUR 8.6 million) was calculated for 2023.

According to Section 253 (6) sentence 2 HGB, profits may only be distributed if the freely disposable reserves remaining after distribution, plus any profit carried forward and minus any loss carried forward, are at least equal to the difference determined in accordance with Section 253 (6) sentence 1 HGB.

Pension provisions are measured in accordance with actuarial principles using the projected unit credit (PUC) method. Under the PUC method, the provision amount is defined as the actuarial present value of the pension obligations earned by employees in the past periods of service up to the reporting date in accordance with the pension formula. The 2018 G Mortality Tables of Prof. Dr. Klaus Heubeck are applied as the biometric calculation parameters.

The following parameters were applied as the basis for the calculation as of 31 December 2023:

	2023 per annum	2022 per annum
Actuarial interest rate pursuant to Section 253 (2) sentence 2 HGB	1.83%	1.78%
Career trend	1.00%	1.00%
Trend of creditable compensation	2.50%	2.50%
Pension trends (range of adjustments)	1.00–2.50%	1.00–2.50%
Employee turnover	average 5.00%	average 5.00%
Increase in the Consumer Price Index (CPI) ¹	2.50%	2.50%
Development of contribution assessment ceilings	3.00%	2.50%

1 Accumulated inflation was included in the CPI adjustment with subsequent funding of 4.6% in 2023 (PY: 10.5%).

Other provisions

Other provisions are discounted to present value by application of the average market interest rates for the past seven financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions. This average interest rate corresponds to the remaining terms of the provisions.

Provisions for special promotional loans cover the interest subsidy for the entire term of the loan or until the repricing date.

(10) Valuation units / currency translation

Currency translation and the presentation of the transactions in the balance sheet without currency hedging are done in accordance with Section 340h in conjunction with Section 256a HGB and Section 252 (1) no. 4 HGB. In accordance with Section 277 (5) sentence 2 HGB, gains from currency translation gains are presented in the item of “Other operating income” and currency translation losses in the item of “Other operating expenses”.

Rentenbank uses currency swaps and cross-currency interest rate swaps to hedge currency risks. Currency hedges are presented in the balance sheet by way of currency valuation units pursuant to Section 254 HGB. In these valuation units, the cash flows of the hedged item are fully reflected in the hedging instrument, i.e. the derivative (perfect hedge). The Bank utilises the net hedge presentation method to present the offsetting value changes between the hedged item and the hedging instrument.

To measure the effectiveness of hedging relationships, the Bank uses the critical terms match method, by which the terms of the hedged item are continually compared with those of the hedging instrument. Exchange rate fluctuations of the corresponding hedged items and hedging derivatives move in opposite directions and will offset each other in the time until the planned maturity dates of the valuation units with respect to the holding intention for the hedged risk.

Foreign currency-denominated assets, liabilities and pending transactions were translated into euros at the mean spot exchange rate at 31 December 2023.

Rentenbank uses the reference rate of the European Central Bank (ECB) for this purpose.

Notes to the balance sheet

The disclosures in the notes to the financial statements exclude pro rata interest, which may result in differences from the amounts presented on the face of the balance sheet.

(11) Loans and advances to banks

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
Payable on demand	8,693	8,491
Other loans and advances		
• up to three months	1,875	2,208
• more than three months and up to one year	5,659	5,889
• more than one year and up to five years	25,844	25,076
• more than five years	24,341	23,759
Total	66,412	65,423

Loans and advances to companies in which an equity interest is held amounted to EUR 4,795 million (EUR 4,610 million).

(12) Loans and advances to customers

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
• up to three months	291	297
• more than three months and up to one year	889	245
• more than one year and up to five years	2,447	2,676
• more than five years	3,693	4,386
Total	7,320	7,604

As of 31 December 2023, there were no loans and advances to customers with an indefinite term to maturity within the meaning of Section 9 (3) no. 1 RechKredV.

(13) Bonds and other fixed-income securities

The total portfolio of bonds and other fixed-income securities is carried as financial investments. As in the prior year, no securities are held in the liquidity reserve.

Securities with a total carrying amount of EUR 15,690 million (EUR 15,760 million) are assigned to fixed assets. For securities totalling EUR 12,582 million (EUR 14,745 million), the fair value of EUR 11,836 (EUR 13,541 million) is less than the carrying amount. The undisclosed liabilities resulted from the changed environment of market interest rates. Based on the regular monitoring of issuers, there were no permanent impairments of securities held as fixed assets, as in the prior year. Avoided impairments amounted to EUR 746 million, as compared to EUR 1,204 million in the prior year.

As in the prior year, no securities of affiliated companies or companies in which an equity interest is held were included in bonds and other fixed-income securities.

Separate disclosures on exchange listing and residual maturity:

Exchange listing	31/12/2023 mEUR	31/12/2022 mEUR
Exchange-listed	15,380	15,399
Not exchange-listed	310	361
Total	15,690	15,760

Residual maturity up to one year	31/12/2023 mEUR	31/12/2022 mEUR
Public-sector issuers	24	10
Other issuers	2,178	1,865
Total	2,202	1,875

(14) Shares and other non-fixed-income securities

The line item of shares and other non-fixed-income securities with a total carrying amount of EUR 13.4 million (EUR 4.0 million) included exchange-listed securities with a carrying amount of EUR 0.1 million (EUR 0.1 million) and non-exchange-tradable securities with a carrying amount of EUR 13.3 million (EUR 3.9 million).

(15) Equity interests and shares in affiliated companies

Rentenbank holds equity interests in the amount of EUR 328 million (EUR 328 million) and shares in affiliated companies in the amount of EUR 50 million (EUR 50 million). As in the prior year, no exchange-tradable securities are included in the balance sheet item of Equity interests and shares in affiliated companies.

(16) Trust assets

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Receivables from the German Federal Republic's special-purpose fund held at Rentenbank	164	166
Loans and advances to banks	–	0
Total	164	166

(17) Fixed assets

Statement of Changes in Fixed Assets in Euro Millions	Intangible assets	Property and equipment			Financial investments			
	Software and licenses	Land and buildings	Operational and office equipment	Assets under construction	Bonds and other fixed-income securities	Shares and other non-fixed-income securities	Equity interests	Shares in affiliated companies
Acquisition/ production cost 01/01/2023	74	54	18	12	15,759	4	328	50
Acquisitions	20	1	2	7	1,827	9	-	-
Disposals	0	-	0	-	1,896	-	-	-
Transfers	-	-	-	-	-	-	-	-
Acquisition/ production cost 31/12/2023	94	55	20	19	15,690	13	328	50
Accumulated depreciation and amortisation 01/01/2023	-55	-9	-17	-				
Impairments								
Accumulated depreciation and amortization on disposals	0	-	0	-				
Depreciation and amortization 2023	-8	-1	-1	-				
Accumulated depreciation and amortization 31/12/2023	-63	-10	-18	-				
Write-ups	-	-	-	-				
Carrying amounts 31/12/2023	31	45	2	19	15,690	13	328	50
Carrying amounts 31/12/2022	19	45	1	12	15,759	4	328	50

**Net change
per Section 34 (3) sentence 2 RechKredV:
EUR 0 million**

(18) Other assets

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Cash collateral provided for derivatives contracts	3,839	4,187
Other	7	5
Total	3,846	4,192

(19) Prepaid expenses

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Premium from lending business	1,656	2,012
Discount from issuing business	611	417
Upfront payments made from derivatives	396	465
Payments made from EONIA-€STR conversion	1	1
Other	2	3
Total	2,666	2,898

(20) Liabilities to banks

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
Payable on demand	51	2
Other liabilities		
• up to three months	181	30
• more than three months and up to one year	57	405
• more than one year and up to five years	709	829
• more than five years	0	0
Total	998	1,266

(21) Liabilities to customers

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
Payable on demand	137	148
Other liabilities		
• up to three months	75	9
• more than three months and up to one year	108	208
• more than one year and up to five years	483	568
• more than five years	958	1,126
Total	1,761	2,059

This item includes liabilities to affiliated companies in the amount of EUR 97 million (EUR 97 million) and liabilities to companies in which an equity interest is held in the amount of EUR 0 million (EUR 0 million).

(22) Securitised liabilities

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
Debt securities issued		
• up to one year	17,238	17,067
• more than one year and up to five years	43,007	40,913
• more than five years	25,109	25,394
Total	85,354	83,374

(23) Trust liabilities

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Liabilities from the German Federal Republic's special-purpose fund held at Rentenbank	164	166
Liabilities to customers	–	0
Total	164	166

(24) Other liabilities

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Cash collateral received for derivatives contracts	365	1,640
Other	12	6
Total	377	1,646

(25) Deferred income

Breakdown	31/12/2023 mEUR	31/12/2022 mEUR
Discount from lending business	42	14
Premium from issuing business	350	440
Upfront payments received from derivatives	2,221	2,385
Payments received from EONIA-€STR conversion	12	15
Total	2,625	2,854

(26) Provisions

This balance sheet item includes provisions for pension obligations to employees who are contractually entitled to pension benefits in the amount of EUR 155 million (EUR 155 million). The Other provisions break down as follows:

Other provisions	31/12/2023 mEUR	31/12/2022 mEUR
Interest subsidy for promotional loans	167	191
Promotion Innovation Fund	18	15
Promotion of agriculture (promotional fund)	6	7
Other provisions	12	12
Total	203	225

(27) Subordinated liabilities

Breakdown by residual maturity	31/12/2023 mEUR	31/12/2022 mEUR
• up to one year	40	–
• more than one year and up to five years	–	40
• more than five years	–	–
Total	40	40

The subordinated liabilities are issued in the form of promissory notes (carrying amount: EUR 40 million). Interest expenses for subordinated liabilities amounted to EUR 2 million (EUR 6 million).

Disclosures on funds raised in an amount exceeding 10% each of the total amount of subordinated liabilities (before hedging):

1. Promissory note for nominal amount of EUR 5 million; carrying amount: EUR million; maturity: 22/01/2024; interest rate: 5.00%
2. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 22/01/2024; interest rate: 5.00%

3. Promissory note for nominal amount of EUR 5 million; carrying amount: EUR 5 million; maturity: 22/01/2024; interest rate: 5.00%
4. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 09/02/2024; interest rate: 5.00%
5. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 09/02/2024; interest rate: 5.00%

Conversion into equity or another form of debt has not been agreed or planned.

(28) Foreign currency assets and liabilities

At the reporting date, assets denominated in foreign currency amounted to EUR 4,256 million (EUR 4,392 million) and liabilities denominated in foreign currency amounted to EUR 37,328 million (EUR 41,695 million). Foreign currency holdings are almost completely hedged by derivatives.

(29) Contingent liabilities

The contingent liabilities of EUR 26 million (EUR 36 million) result from deficiency guarantees. Default guarantees were issued for interest-subsidised capital market loans backed by public-sector counter-guarantees. We do not expect these guarantees to be called.

(30) Other commitments

Other commitments consist of irrevocable loan commitments of EUR 1,516 million (EUR 1,963 million), almost all of which in the special promotional loan business.

The irrevocable loan commitments result from transactions for which Rentenbank has made a binding commitment to its customers, thereby exposing the Bank to a future credit risk. Based on experience values from previous years, Rentenbank expects that these irrevocable loan commitments will be drawn down almost entirely in 2024.

(31) Cover calculation

The outstanding liabilities requiring cover consist exclusively of a small number of bearer bonds of insignificant amounts, the submission period for which has not yet expired. In the previous year, the outstanding liabilities requiring cover consisted entirely of registered bonds in the amount of EUR 19 million. Loans and advances to banks in the amount of EUR 1 million (EUR 53 million) have been designated as cover assets to back debt securities issued.

Notes to the income statement

(32) Interest income

Interest income includes negative interest from cash collateral provided and from lending and money market transactions in the total amount of EUR 3.7 million. Interest income includes the pro rata utilisation of the corresponding provisions for special promotional amounts in the amount of EUR 52.6 million (EUR 55.7 million).

Interest income also includes the effects of discounting the provisions recognised in respect of the interest subsidy for special promotional loans. These effects amount to EUR 0.4 million.

(33) Interest expenses

Interest expenses are presented after deduction of positive interest from money market liabilities and cash collateral received in the total amount of EUR 0.3 million (reducing expenses).

Interest expenses for the recognition of provisions for the interest subsidy for special promotional loans amount to EUR 29.1 million in 2023 (EUR 55.1 million). Interest expenses also include the effects of compounding of provisions in the amount of EUR 0.1 million (EUR 0.5 million).

(34) Other operating income

Presentation of the most important sub-items according to Section 35 (1) no. 4 RechKredV:

Item 6: Other operating income	2023 mEUR	2022 mEUR
Rental income / cost allocations from residential buildings and properties	2	2
Income from reversal of provisions	1	2
Capitalisation of project work contributed by internal employees	3	2
Cost reimbursements	0	0
Other reimbursements	8	8
Other income	1	1

Other operating income includes currency translation gains of EUR 0.9 thousand (EUR 1.1 thousand). This currency translation item resulted exclusively from the currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

(35) Other operating expenses

Presentation of the most important items according to Section 35 (1) no. 4 RechKredV:

Item 9: Other operating expenses	2023 mEUR	2022 mEUR
Interest expenses from the valuation of pension provisions	1	5
Capital allocation Innovation Fund	7	3
Expenses for residential properties	0	1
Other expenses	1	0

The Other operating expenses include currency translation losses of EUR 4.3 thousand (EUR 0.8 thousand). This currency translation item resulted exclusively from the currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

Other disclosures

(36) Other financial commitments

In 2023, framework agreements were concluded with the development banks of the German federal states in relation to the granting of promotional loans for the 2024 financial year in the amount of EUR 2,400 million (EUR 1,640 million).

(37) Derivative financial instruments

Derivatives are only used to hedge existing or foreseeable market price risks. The transaction volume is limited by counterparty-specific and product-specific limits and is continuously monitored as part of the risk management function.

Derivative transactions

Pursuant to Section 285 no. 19 HGB, derivative transactions not measured at fair value are presented in the table below (netting and collateral agreements are not included in the table):

Derivatives carried in the investment book to hedge	Notional values		Market values positive	Market values negative
	31/12/2023 mEUR	31/12/2022 mEUR	31/12/2023 m EUR	31/12/2023 mEUR
Interest rate risks				
Interest rate swaps	126,982	121,947	3,830	5,359
• of which €STR swaps	2,120	1,090	–	1
• of which termination and conversion rights embedded in swaps	2,377	2,271	159	190
Swaptions (sales)	49	49	–	1
Total interest rate risks	127,031	121,996	3,830	5,360
Currency risks				
Cross-currency interest rate swaps	35,390	39,520	379	2,203
Currency swaps	5,698	6,116	2	72
Total currency risks	41,088	45,636	381	2,275
Total interest rate and currency risks	168,119	167,632	4,211	7,635

Derivative transactions are broken down by residual maturity in the table below:

Derivatives in the investment book	Notional values Interest rate risks		Notional values Currency risks	
	31/12/2023 mEUR	31/12/2022 mEUR	31/12/2023 mEUR	31/12/2022 mEUR
	• up to three months	6,716	4,289	7,412
• more than three months and up to one year	11,485	11,176	2,686	6,455
• more than one year and up to five years	64,053	62,410	25,247	24,454
• more than five years	44,777	44,121	5,743	8,306
Total	127,031	121,996	41,088	45,636

Derivative transactions are broken down by counterparty in the table below:

Derivatives in the investment book	Notional values		Market values positive	Market values negative
	31/12/2023 mEUR	31/12/2022 mEUR	31/12/2023 m EUR	31/12/2023 mEUR
	Banks in the OECD	158,283	159,715	4,121
Other counterparties in the OECD	9,836	7,917	90	557
Total	168,119	167,632	4,211	7,635

(38) Disclosures on valuation units pursuant to Section 285 no. 23 HGB

Hedged items were grouped into valuation units at the reporting date as follows:

Balance sheet item	Risk type	Carrying amount 2023 mEUR	Carrying amount 2022 mEUR	Hedged risk / notional value 2023 mEUR	Hedged risk / notional value 2022 mEUR
Other loans and advances to banks	Currency	27	27	32	30
Bonds and other fixed-income securities	Currency	4,011	4,196	3,945	4,080
Liabilities to customers	Currency	27	41	27	41
Securitised liabilities	Currency	37,518	41,037	37,062	41,430
Subordinated liabilities	Currency	-	-	-	-

Please refer to Section (10) Valuation units / currency translation for a description of the qualitative formation of valuation units.

(39) Compensation of the Management Board and Supervisory Board

Pursuant to Section 285 no. 9a HGB, the total compensation of the members of the Bank's Management Board amounted to EUR 1,577 thousand in the 2023 financial year (PY: EUR 1,555 thousand). The following compensation was paid to the individual Management Board members in the 2023 financial year:

Breakdown	Fixed compensation kEUR	Other compensation kEUR	Total kEUR
Nikola Steinbock	550	10	560
Dietmar Ilg	500	8	508
Dr. Marc Kaninke	500	9	509
Total Management Board	1,550	26	1,577

As of 31 December 2023, the provision for pension commitments to former members of the Management Board and their survivors totalled EUR 24,650 thousand (EUR 25,716 thousand). An amount of EUR 1,663 thousand (EUR 1,638 thousand) was paid for current pension benefits.

Under the established compensation system, the annual base compensation of the Chairperson of the Supervisory Board amounts to EUR 30 thousand, that of the Vice Chairperson EUR 20 thousand, and that of all other Supervisory Board members EUR 10 thousand each. An additional compensation of EUR 2 thousand is paid to members for each committee membership and EUR 4 thousand to the Chairperson of each committee. The compensation of members of the German federal government, who are members of the Supervisory Board pursuant to Section 7 (1) no. 4 of Rentenbank's Governing Law, and the Representative of the German Federal Ministry of Food and Agriculture pursuant to Section 7 (5) of Rentenbank's Governing Law, has been set at EUR 0.

The total compensation granted to Supervisory Board members in the past financial year amounted to EUR 236.7 thousand (EUR 235.0 thousand), partly including value-added tax.

The individual compensation amounts (exclusive of value-added tax) are presented in the table below:

Member	Time Period		Compensation in kEUR (rounded)	
	2023	2022	2023	2022
Joachim Rukwied	01/01 – 31/12	01/01 – 31/12	46.0	46.0
Cem Özdemir	01/01 – 31/12	01/01 – 31/12	0.0	0.0
Dr. Hermann Onko Aeikens	-	01/01 – 01/02	-	1.4
Jan-Philipp Albrecht	-	01/01 – 03/06	-	4.3
Silvia Bender	01/01 – 31/12	08/02 – 31/12	0.0	0.0
Petra Bentkämper	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Dr. Holger Hennies	27/03 – 31/12	-	7.6	-
Franz-Josef Holzenkamp	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Markus Kamrad	01/01 – 27/04	26/01 – 31/12	3.3	9.3
Bernhard Krüsken	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Detlef Kurreck	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Dr. Marcus Pleyer	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Michael Reuther	01/01 – 31/12	01/01 – 31/12	16.0	16.0
Dr. Birgit Roos	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Harald Schaum	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Karsten Schmal	01/01 – 31/12	01/01 – 31/12	12.0	12.0
Daniela Schmitt	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Rainer Schuler	-	01/01 – 10/01	-	0.3
Werner Schwarz	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Tim Schwertner	01/01 – 31/12	11/01 – 31/12	10.0	9.7
Dr. Caroline Toffel	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Esther Uleer	01/01 – 31/12	-	5.8	-
Total compensation			236.7	235.0

(40) Average number of employees pursuant to Section 267 (5) HGB

Employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Full-time	208	120	328	188	112	300
Part-time	19	73	92	20	71	91
Total	227	193	420	208	183	391

Rentenbank had an annual average of 193 female employees (183) and 227 male employees (208) – full-time and part-time – under contract in the 2023 financial year.

(41) Shareholdings pursuant to Section 285 no. 11 and Section 340a (4) no. 2 HGB

In accordance with Section 286 (3) sentence 1 no. 1 HGB, we have opted not to provide a list of shareholdings pursuant to Section 285 no. 11 HGB due to their minor significance for an assessment of the Bank's financial position, cash flows, and financial performance.

Pursuant to Section 340a (4) no. 2 HGB, the equity interests held in large corporations exceeding 5% of the voting rights in each case are listed in the following:

- Niedersächsische Landgesellschaft mbH, Hannover
- Landgesellschaft Schleswig-Holstein mbH, Kiel

(42) Other liability agreements

Rentenbank has undertaken in a letter of comfort to endow LR Beteiligungsgesellschaft mbH with its registered head office in Frankfurt am Main with sufficient financial resources to ensure that it is always able to meet its obligations on time insofar and as long as it holds 100% of the equity in LR Beteiligungsgesellschaft mbH.

(43) Auditor's fees pursuant to Section 285 no. 17 HGB

The fees of Rentenbank's auditors are as follows:

Breakdown ¹	2023 kEUR	2022 kEUR
Auditing services	486.2	322.8
Other assurance services	110.1	114.3
Other services	5.1	6.0
Total	601.4	443.1

1 Of the total fees payable to the auditor in 2023, an amount of EUR 21.1 thousand was for auditing services provided in the previous year and EUR 0.3 thousand was for other assurance services provided in the previous year.

(44) Events after the reporting date pursuant to Section 285 no. 33 HGB

No events of particular significance occurred after the close of the financial year that were not included in the income statement or the balance sheet.

(45) Proposals for the utilisation of profit pursuant to Section 285 no. 34 HGB

The profit utilisation proposal included in the annual financial statements for the 2023 financial year requires the adoption of approving resolutions by the Supervisory Board.

The proposal for the utilisation of 2023 net income and profit is set out in the following draft resolutions:

- From the net income of EUR 37,000,000 presented in the income statement, an amount of EUR 18,500,000 will be allocated to the principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.
- From the remaining distributable profit of EUR 18,500,000, an amount of EUR 9,250,000 will be allocated to the Federal Republic of Germany's Special-Purpose Fund and an amount of EUR 9,250,000 to the promotional fund.

(46) Disclosure of mandates pursuant to Section 340a (4) no. 1 HGB

Pursuant to Section 340a (4) no. 1 HGB, the mandates held by the legal representatives or other employees of Rentenbank on the legally required supervisory boards of large corporations (Section 267 (3) HGB) are listed below:

Nikola Steinbock	Universitätsklinikum Leipzig, AÖR (member of the Supervisory Board)
Dietmar Ilg	BVVG Bodenverwertungs- und -verwaltungs GmbH (member of the Supervisory Board)
	Internationales Bankhaus Bodensee AG (member of the Supervisory Board)
	VR Smart Finanz AG, Eschborn (member of the Supervisory Board)

The Management Board's and Supervisory Board's Statement of Compliance with the German federal government's Public Corporate Governance Code is publicly available at Rentenbank's website.

The annual financial statements and the management report are available on Rentenbank's website and in the German Federal Gazette (Bundesanzeiger).

Members of the Management Board and Supervisory Board (01/01/2023 to 01/03/2024)

Management Board

Nikola Steinbock (Chairperson of the Management Board), foreign trade merchant

Dietmar Ilg (Chief Risk Officer), Dipl.-Kaufmann

Dr. Marc Kaninke (Chief Financial and IT Officer), Dipl.-Volkswirt, Dipl.-Kaufmann

Supervisory Board

Chairperson:

Joachim Rukwied President of Deutscher Bauernverband e.V.

Vice Chairperson:

Cem Özdemir German Federal Minister for Food and Agriculture

Representatives of Deutscher Bauernverband e.V.:

Bernhard Krüsken Secretary-General of
Deutscher Bauernverband e.V.

Detlef Kurreck President of Bauernverband
Mecklenburg-Western Pomerania e.V.

Karsten Schmal President of Hessischer Bauernverband e.V.

Petra Bentkämper President of Deutscher LandFrauenverband e.V.

Dr. Holger Hennies
(since 27/03/2023) President of Landvolk Niedersachsen
Landesbauernverband e.V.

Representative of Deutscher Raiffeisenverband e.V.:

Franz-Josef Holzenkamp President of Deutscher Raiffeisenverband e.V.

Representatives of the food industry:

Tim Schwertner Treasurer of Bundesvereinigung der Deutschen
Ernährungsindustrie e.V.

Agriculture Ministers of the German federal states:**Berlin:**

Markus Kamrad State Secretary for Environment, Mobility, Consumer
(until 27/04/2023) Protection and Climate Protection, Berlin, retired

Esther Uleer State Secretary, State Administration for Justice
(01/06/2023 – 31/12/2023) and Consumer Protection, Berlin

Rhineland-Palatinate:

Daniela Schmitt Minister, Ministry of Commerce, Transportation,
(until 31.12.2023) Agriculture, and Viticulture, Rhineland-Palatinate

Schleswig-Holstein:

Werner Schwarz Minister, Ministry of Agriculture, Rural Areas,
(until 31/12/2023) Europe, and Consumer Protection,
Schleswig-Holstein

Bavaria:

Michaela Kaniber State Minister, Bavarian State Ministry for
(since 01/01/2024) Nutrition, Agriculture, Forests and Tourism

Bremen:

Jan Fries State Councillor, Senate for Environment, Climate
(since 01/01/2024) and Science of the Free Hanseatic City of Bremen

Saxony-Anhalt:

Sven Schulze Minister, Ministry for Economic Affairs, Tourism,
(since 01/01/2024) Agriculture and Forests of the Federal State of
Saxony-Anhalt

Representative of the trade unions:

Harald Schaum National Vice Chairman of the Industrial Union
for Construction, Agriculture, Environment
(IG Bauen-Agrar-Umwelt)

Representatives of the German Federal Ministry of Food and Agriculture:

Silvia Bender State Secretary

Representative of the German Federal Ministry of Finance:

Dr. Marcus Pleyer Head of Directorate

Representatives of banks or other lending experts:

Michael Reuther Managing Director Keppler Mediengruppe
Dr. Birgit Roos Chairwoman of the Management Board of
Sparkasse Krefeld, retired
Dr. Caroline Toffel Member of the Management Board of
Berliner Volksbank eG

Frankfurt am Main, 1 March 2024

LANDWIRTSCHAFTLICHE RENTENBANK

The Management Board



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

Responsibility Statement from the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Bank, and the management report includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the principal opportunities and risks associated with the expected development of the Bank.

Frankfurt am Main, 1 March 2024

LANDWIRTSCHAFTLICHE RENTENBANK

The Management Board



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

Independent Auditor's Report

To Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, which comprise the balance sheet as at 31 December 2023, and the statement of profit and loss, the cash flow statement and the statement of changes in equity for the financial year from 1 January to 31 December 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of identification and measurement of provisions for credit losses, which we have determined to be a key audit matter in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements and the management report),
- b) auditor's response.

Identification and measurement of provisions for credit losses

- a) In its annual financial statements for the financial year ended 31 December 2023, Landwirtschaftliche Rentenbank discloses loans and advances to credit institutions, loans and advances to customers, securities and contingent liabilities as well as irrevocable loan commitments totalling bEUR 92.0 arising from its lending business. In light of the relative significance of credit transactions in the balance sheet of Rentenbank, given a balance sheet total of bEUR 97.8, we considered the provisions for credit losses to be a key audit matter. The provisions for credit losses as at 31 December 2023 are as follows:

Rentenbank has set up general allowances of mEUR 3.2 and general provisions of kEUR 13 to provide for inherent credit risks in the lending business for the above balance sheet items. As in the prior year, no specific allowances and/or provisions for individual loans for imminent credit losses are recognised in the annual financial statements.

For the purpose of determining general allowances for inherent credit risks, loans and advances to credit institutions, loans and advances to customers, securities, contingent liabilities and irrevocable loan commitments without any identifiable imminent credit losses are allocated to rating levels on the basis of quantitative and qualitative criteria. They are calculated using an expected loss approach as provided for in Accounting Statement of the Banking Committee of the Institute of Public Auditors in Germany IDW RS BFA 7. For this purpose, the Bank uses the simplified valuation method permitted under IDW RS BFA 7 and determines the one-year expected credit loss based on annual probabilities of default in accordance with the respective internal rating levels. The probabilities of default are derived from data published by rating agencies using regression analyses. The loss given default is determined individually for each business line.

For determining potential specific allowances and/or provisions for imminent credit losses, the loans and advances, securities, contingent liabilities and irrevocable loan commitments for which a sustainable debt servicing capacity is not expected are identified in a first step. Subsequently, the specific allowances and/or provisions are determined on a case-by-case basis based on estimated future cash flows, taking into account expected cash inflows from the sale of collateral, if applicable.

The loss given default is the key value-determining parameter for determining the general allowances. In addition to this, in light of the credit volume, we consider the identification of any need for specific allowances to be significant as, in the scope of credit monitoring, this identification requires appropriate assumptions to be made concerning the solvency of the borrowers and, if applicable, the recoverability of collateral and as, in this respect, these estimations and/or assumptions are subject to the judgement of the executive directors of Rentenbank.

Concerning an explanation of the system for risk provisioning, we draw attention to section 3 “Provision for loan losses” of the notes to the financial statements of Landwirtschaftliche Rentenbank as well as to section 4.7 “Credit risks” of the management report.

- b) In the scope of our audit, we relied, based on our risk assessment, on control-based and substantive procedures. We performed the following audit procedures, among others:

First, we obtained an understanding of the development and composition of the credit portfolio, the associated credit risks and internal control with regard to the identification, management, monitoring and valuation of provisions for credit losses and assured ourselves of the appropriateness and effectiveness of the relevant accounting-related internal control.

With regard to Rentenbank’s recognition and measurement policies, we assessed whether the method for measuring the general allowances and provisions complies with legally required accounting principles. As part of our audit of the risk management, we assessed and reviewed the methodological appropriateness of the parametrisation of default probabilities and loss given default. Moreover, we audited the correctness of the calculations for determining the general allowances and/or provisions. In addition, we audited the implementation and effectiveness of controls regarding the up-to-dateness and correctness of borrower ratings used by Rentenbank as well as for identifying defaulted borrowers and/or issuers.

By means of a sample, which we determined both by risk-orientated means and on a random basis, we audited whether specific allowances for imminent credit losses were necessary using documentation supplied for proving creditworthiness and, if applicable, collateral.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report,
- the executive directors’ confirmations regarding the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, respectively, and
- all other parts of the annual report, including the integrated sustainability reporting, with the exception of the audited annual financial statements and the audited content of the management report as well as our auditor’s report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the declaration of compliance concerning the Public Corporate Governance Code of the German Federal Government. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 2057b535b60c600352055d6ad8do7239f7e06a64365b950d505cfe794880ec7d, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the management report prepared for publication contained in

the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Annual Financial Statements and of the Management Report” above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the “Auditor’s Responsibilities for the Audit of the ESEF Documents” section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by resolution of the supervisory board on 31 March 2023. We were engaged by the supervisory board on 23 August 2023. We have been the auditor of Landwirtschaftliche Rentenbank, Frankfurt am Main/ Germany, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the audited Company or its controlled entities the following services that are not disclosed in the annual financial statements or in the management report:

- project-based audit of the project “DWH-BAIS-Anbindung” (DWH-BAIS connection),
- issuance of comfort letters and other related assurance services,
- audit related to the utilisation of credit claims as eligible collateral in the Eurosystem (MACCs),
- confirmation of the questionnaire for contributions to the deposit guarantee fund of the Association of German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands e.V.),
- training courses for committee members and executive employees, and
- voluntary audit of subsidiaries as well as audit of annual accounts of the Federal Republic’s Special Purpose
- Fund which is administered by Rentenbank.

Other Matter – Use of the Auditor’s Report

Our auditor’s report must always be read together with the audited annual financial statements and the audited management report as well as with the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Stephanie Fischer.

Frankfurt am Main/Germany, 1 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Stephanie Fischer
Wirtschaftsprüferin
(German Public Auditor)

Signed:
Martin Maurer
Wirtschaftsprüfer
(German Public Auditor)

Management bodies

(as of 6 March 2024)

Management Board and Supervisory Board

The members of the Management Board and the Supervisory Board are listed on pages 159 to 161 of the present Annual Report.

General Meeting

Appointed by the State of Baden-Württemberg:

Werner Räßle	Honorary President of Badischer Landwirtschaftlicher Hauptverband e.V.
Juliane Veas	President of LandFrauenverbands Württemberg-Hohenzollern Bildungs- und Sozialwerk der Landfrauen e.V.

Appointed by the Free State of Bavaria:

Maria Hoßmann	Regional Farmer Lower Franconia, Bayerischer Bauernverband
Stefan Köhler	Regional President Lower Franconia, Bayerischer Bauernverband

Appointed by the State of Berlin:

Dinah Hoffmann	Fördergemeinschaft Ökologischer Landbau Berlin-Brandenburg e.V.
----------------	--

Appointed by the State of Brandenburg:

Rüdiger Müller	Member of the Management Board and First Deputy Chairman of Familienbetriebe Land und Forst Brandenburg e.V.
Henrik Wendorff	President of Landesbauernverband Brandenburg e.V.

Appointed by the Free Hanseatic City of Bremen:

Ralf Hagens	President of Landwirtschaftskammer Bremen
-------------	--

Appointed by the Free and Hanseatic City of Hamburg:

Heinz Behrmann	Honorary President of Bauernverband Hamburg e.V.
----------------	---

Appointed by the State of Hesse:

Jürgen Mertz	Vice President of Gartenbauverband Baden-Württemberg-Hessen e.V.
Stefan Schneider	Vice President of Hessischer Bauernverband e.V.

Appointed by the State of Mecklenburg-Western Pomerania:

Dr. Kathrin Marianne Naumann	Managing Director of GGAB Agrarbetrieb Groß Grenz GmbH
Harald Nitschke	Managing Director of Raminer Agrar GmbH

Appointed by the State of Lower Saxony:

Elisabeth Brunkhorst	President of Niedersächsischer LandFrauenverband e.V.
Ottmar Ilchmann	State Chairman of Arbeitsgemeinschaft bäuerliche Landwirtschaft Niedersachsen/Bremen e.V.

Appointed by the State of North Rhine-Westphalia:

Karl Werring	President of Landwirtschaftskammer North Rhine-Westphalia
Bernhard Conzen	President of Rheinischer Landwirtschafts-Verband

Appointed by the State of Rhineland-Palatinate:

Eberhard Hartelt	President of Bauern- und Winzerverband Rheinland-Pfalz Süd e.V.
Michael Prinz zu Salm-Salm	

Appointed by the State of Saarland:

Peter Hoffmann	President of Bauernverband Saar e.V.
----------------	--------------------------------------

Appointed by the Free State of Saxony:

Gerhard Förster	Chairman of the Management Board of Regionalbauernverband Elbe/Röder e.V.
Dr. Hartwig Kübler	Chairman of the Management Board of Familienbetriebe Land und Forst Sachsen und Thüringen e.V.

Appointed by the State of Saxony-Anhalt:

Jochen Dettmer	Agriculturalist
Olaf Feuerborn	President of Bauernverband Sachsen-Anhalt e.V.

Appointed by the State of Schleswig-Holstein:

Dietrich Pritschau	Vice President of Bauernverband Schleswig-Holstein e.V.
Kirsten Wosnitza	Agriculturalist

Appointed by the Free State of Thuringia:

Dr. Lars Fliege	Vice President of Thüringer Bauernverband e.V.
Joachim Lissner	Managing Director of Landesverband Gartenbau Thüringen e.V.

Trustee:

Alois Bauer	Ministerial Director German Federal Ministry of Food and Agriculture
-------------	--

Deputy Trustee:

Martinus Wejwer	Ministerial Councillor German Federal Ministry of Food and Agriculture
-----------------	--

Report of the Supervisory Board



from left to right: Bernhard Krüsken, Karsten Schmal, Tim Schwertner, Dr. Caroline Toffel, Markus Kamrad, Cem Özdemir, Silvia Bender, Joachim Rukwied, Michael Reuther, Daniela Schmitt, Detlef Kurreck, Dr. Birgit Roos, Petra Bentkämper, Franz-Josef Holzenkamp, Dr. Marcus Pleyer, Dr. Holger Hennies

The Supervisory Board and its committees performed the duties assigned to them by law and by Rentenbank's Articles of Association and corporate governance principles and they advised and supervised the Management Board on the proper conduct of its work during the past financial year.

The Supervisory Board assured itself that the Management Board and Supervisory Board observed the Public Corporate Governance Code of the Federal Republic of Germany in the version of 16 September 2020. It will continually see to it that the Code is observed and implemented. The Supervisory Board approves the Corporate Governance Report, including the Statement of Compliance.

The annual financial statements and additionally the management report at 31 December 2023 prepared by the Management Board in accordance with the regulations of the German Commercial Code have been audited and provided with an unqualified audit opinion by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The Supervisory Board has acknowledged and concurred with the audit results.

The Supervisory Board has reviewed the annual financial statements, including the management report, and the Annual Report 2023 of Landwirtschaftliche Rentenbank. It hereby adopts the Bank's 2023 annual financial statements and management report.

Of the net income of EUR 37,000,000 presented in the income statement, an amount of EUR 18,500 000 will be allocated to the Principal Reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.

The Supervisory Board resolves to utilise the remaining distributable profit of EUR 18,500,000 in such a way that EUR 9,250,000 will be allocated to the Federal Republic of Germany's Special-Purpose Fund and EUR 9,250,000 to the Promotional Fund.

Berlin, 20 March 2024

THE SUPERVISORY BOARD
OF LANDWIRTSCHAFTLICHE RENTENBANK



The Chairman
Joachim Rukwied

This annual report contains certain forward-looking statements that are based on current expectations, estimates, forecasts and projections of the Management Board and information currently available to it. These statements include, in particular, statements about our plans, strategies and prospects. Words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates', and similar expressions are intended to identify such forward-looking statements. These statements are not to be understood as guarantees of future performance, but rather as being dependent upon factors that involve risks and uncertainties and are based on assumptions which may prove to be incorrect. Unless required by law, we shall not be obligated to update forward-looking statements after their publication.

Landwirtschaftliche Rentenbank

Theodor-Heuss-Allee 80
60486 Frankfurt am Main / Germany

P.O. Box 101445
60014 Frankfurt am Main / Germany

phone +49 69 2107-0
telefax +49 69 2107-6444

office@rentenbank.de
www.rentenbank.de

The German version of this Annual Report is the authoritative version and only the German version of the Management report and the financial statements were audited by the auditors.



rentenbank