

Landwirtschaftliche Rentenbank

Disclosure Report for
Landwirtschaftliche Rentenbank as at
30 June 2020



rentenbank

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List of abbreviations

CCF	credit conversion factor
CCR	counterparty credit risk
CRM	credit risk mitigation
CVA	credit valuation adjustment
EBA	European Banking Authority
HGB	Handelsgesetzbuch
KSA	Kreditrisikostandardansatz
KWG	Kreditwesengesetz
GVA	General valuation allowance
RWA	risk-weighted assets
SFT	securities financing transactions

1. Scope of application

In line with the requirements in Part 8 of Capital Requirements Regulation (EU) No 575/2013, banks bound by this regulation (CRR) are required to produce a disclosure report at least once a year. This also applies to Rentenbank with regard to section 1a (1) of the German Banking Act (*Kreditwesengesetz, KWG*).

Institutions whose consolidated total assets exceed EUR 30 billion should consider producing a quarterly disclosure of specific information in line with the provisions (EBA/GL/2016/11 dated 4 August 2017) in which the European Banking Authority (EBA) fleshes out Part 8 of the CRR. This disclosure report as at 30 June 2020 is being published in keeping with these guidelines and in consideration of the BaFin circular 05/2015 (BA) which implements them. In accordance with these provisions, the report is to be published on a quarterly basis but varies in the specific details it contains.

Rentenbank produces the disclosure report in an aggregated format at group level in its role as a top-level institution. The figures shown in this report are taken from the group of companies consolidated for regulatory purposes. The reporting date is 30 June 2020. The calculation of the figures is made using accounting methods in keeping with the German Commercial Code (*Handelsgesetzbuch, HGB*).

The figures shown in this Disclosure Report were rounded according to standard commercial practice. In the summation, there may therefore be differences which are due to rounding. Lines or columns without

content were blanked out in order to make the tables more legible. Where there are cells in the tables with a nil value, the item exists but is less than EUR 1 million. Blank cells in the tables mean that this item did not exist at the reporting date.

We will indicate items which are not relevant to Rentenbank and about which we are unable to make a disclosure.

There have been no significant changes since the last reporting date.

2. Own funds (Article 437 CRR)

Rentenbank Group's common equity Tier 1 capital is comprised of subscribed capital, retained earnings and the fund for general banking risks according to Section 340g HGB.

There are no instruments of additional Tier 1 capital available. Consequently, existing capital requirements (common equity Tier 1 capital and additional Tier 1 capital) have to be fully met with common equity Tier 1 capital.

Tier 2 capital exclusively consists of subordinated liabilities.

The following table shows the composition of Rentenbank Group's regulatory own funds in accordance with Part 2 CRR, the risk-weighted assets (RWA) as well as the capital ratios.

Table 1: Composition of regulatory own funds

		30 June 2020 EUR million	31 March 2020 EUR million
Capital instruments and risk-weighted assets			
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	4,482	4,410
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-19	-23
29	Common Equity Tier 1 capital (CET1)	4,463	4,387
44	Additional Tier 1 capital (AT1)		
45	Tier 1 capital (T1=CET1+AT1)	4,463	4,387
51	Tier 2 capital (T2) before regulatory adjustments	107	124
58	Tier 2 capital (T2)	107	124
59	Total capital (TC=T1+T2)	4,570	4,511
60	Total risk-weighted assets	14,885	14,783
Capital ratios			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount¹)	29.98	29.68
62	Tier 1 (as a percentage of total risk exposure amount¹)	29.98	29.68
63	Total capital (as a percentage of total risk exposure amount¹)	30.70	30.52

¹ The term 'total risk amount' complies with the provisions of Commission Implementing Regulation (EU) No 1423/2013. With reference to Article 92 (2) CRR, the ratios are expressed as a percentage of the total risk amount in accordance with Article 92 (3) CRR. This amount is equivalent to the risk-weighted assets (see line 60).

3. Capital requirements (Article 438 CRR)

The regulatory capital requirements for credit risks are determined for Rentenbank Group by applying the Credit Risk Standardised Approach (CRSA). The counterparty credit risk is calculated using the mark-to-market method. The calculation of the risk for the

credit valuation adjustment (CVA risk) is carried out using the standardised approach. The basic indicator approach is applied to operational risk.

The following table shows the risk-weighted assets and the capital requirements. The requirements for minimum own funds amount to 8% of the risk-weighted assets in accordance with CRR and were at EUR 1,191 million for Rentenbank Group as at 30 June 2020.

Table 2: EU OV1 – overview of risk-weighted assets (RWAs)

		RWAs		Minimum capital requirements
		30 June 2020 EUR million	31 March 2020 EUR million	30 June 2020 EUR million
	1	Credit risk (excluding CCR)		
Article 438 (c)(d)	2	Of which standardised approach	12,928	12,901
Article 107, Article 438 (c)(d)	6	CCR	1,402	1,327
Article 438 (c)(d)	7	Of which mark to market	557	537
Article 438 (c)(d)	12	Of which CVA	845	790
Article 438 (e)	19	Market risk	0	0
	20	Of which in the standardised approach	0	0
Article 438 (f)	23	Operational risk	555	555
	24	Of which basic indicator approach	555	555
Article 437 (2), Article 48, Article 60	27	Amounts below the thresholds for deduction (subject to 250 % risk weight)	0	0
	29	Total	14,885	14,783
				1,191

The differentiated illustration of the RWA for credit risks in accordance with the provisions of EBA/GL/2016/11 is expanded upon in complete

fulfilment of Article 438 CRR regarding the breakdown of exposure classes:

Table 3: Breakdown of risk-weighted assets by exposure classes

Exposure classes	RWA		Capital requirements
	30 June 2020 EUR million	31 March 2020 EUR million	30 June 2020 EUR million
Central governments or central banks	0	0	0
Regional governments or local authorities	0	0	0
Public sector entities	0	0	0
Multilateral development banks	0	0	0
International organisations	0	0	0
Institutions	11,048	11,061	884
Corporates	1	2	0
Covered bonds	1,619	1,579	129
Collective investment undertakings	0	0	0
Equity exposures	174	174	14
Other exposures	86	85	7
Total standardised approach CRSA (excluding CCR)	12,928	12,901	1,034

4. Credit risk and general information about credit risk mitigation (Article 442 CRR, Article 453 CRR)

4.1 General quantitative information about credit risks

The following tables illustrate the requirements in Article 442 lit g) and h) CRR. Derivatives (counterparty credit risk exposures) are shown in separate tables in chapter 6 of this report.

Table 4: EU-CR1-A: Credit quality of exposures by exposure class and instrument

		Gross carrying values of		c	d	e	f	g
		a	b					
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	EUR million	EUR million	EUR million	EUR million	(a+b-c-d) EUR million
16	Central governments or central banks		5,791	0				5,791
17	Regional government or local authorities		7,448	0				7,448
18	Public sector entities		16,527	0				16,527
19	Multilateral development banks		2,784	0				2,784
20	International organisations		10	0				10
21	Institutions		40,277	2				40,275
22	Corporates		1					1
30	Covered bonds		15,068	0				15,068
32	Collective investments undertakings		0					0
33	Equity exposures		174					174
34	Other exposures		1,600					1,600
35	Total standardised approach		89,680	2				89,678
37	Of which: Loans		70,253	2				70,251
38	Of which: Debt securities		18,375	0				18,375
39	Of which: Off-balance-sheet exposures		866	0				866

The following table corresponds with table EU CR1-A in terms of content. The risk exposures are broken down according to sector. We expanded the table to

include the Finance and Insurance sector (10a) because it is of greatest significance for Rentenbank.

Table 5: EU CR1-B: Credit quality of exposures by industry or counterparty type

		Gross carrying values of		c	d	e	f	g
		a	b					
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
6	Construction		0					0
7	Wholesale and retail		0					0
10	Information and communication		0					0
10a	Finance and Insurance		80,568	2				80,566
11	Real estate activities		6					6
14	Public administration and defence, compulsory social security		7,506	0				7,506
	Other		1,600					1,600
19	Total		89,680	2				89,678

Table EU CR1-C corresponds with Table EU CR1-A in terms of content. The risk exposures are broken down according to geographical area.

Table 6: EU CR1-C: Credit quality of exposures by geography

		Gross carrying values of		c	d	e	f	g
		a	b					
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
1	Germany		74,060	2				74,058
2	Europe		10,159	0				10,159
3	International organisations		2,794	0				2,794
4	OECD (excluding Europe)		2,667	0				2,667
11	Total		89,680	2				89,678

There are no impaired, overdue or deferred exposures. The illustration according to the provisions

- EU CR1-D - maturities structure for overdue risk exposures

- EU CR1-E - defaulting and deferred risk exposures and
- EU CR2-B - changes in the stock of defaulted and impaired loans and debt securities

was therefore omitted.

The specific credit risk adjustments (only GVAs) have reduced through liquidating estimated loan losses. An illustration of a transition of the opening portfolio totaling EUR 3.3 million to the closing portfolio of EUR 2.4 million according to table EU CR2-A (Changes to the portfolio of the general and specific credit risk adjustments) is therefore not being provided.

4.2 General quantitative information about credit risk mitigation

The following table offers an overview of the scope of application of credit risk mitigation techniques as at 30 June 2020. The statement of risk exposures is made taking GVA into account.

Table 7: EU CR3: CRM techniques – overview

	a	b	c	d	e
	Exposures unsecured – Carrying amount EUR million	Exposures secured – Carrying amount EUR million	Exposures secured by collateral EUR million	Exposures secured by financial guarantees EUR million	Exposures secured by credit derivatives EUR million
1 Total loans	70,213	38		38	
2 Total debt securities	18,375				
Off-balance-sheet positions	866				
3 Total exposures	89,454	38		38	
4 Of which defaulted					

The techniques used for credit risk mitigation are broken down by exposure class in the following tables in order to fully comply with the requirements of Article 435 lit f and lit g CRR.

Table 8: Article 453 CRR credit risk mitigation techniques by exposure class

	Exposures unsecured – Carrying amount EUR million	Exposures secured – Carrying amount EUR million	Exposures secured by collateral EUR million	Exposures secured by financial guarantees EUR million	Exposures secured by credit derivatives EUR million
Central governments or central banks	5,791				
Regional government or local authorities	7,448				
Public sector entities	16,527				
Multilateral development banks	2,784				
International organisations	10				
Institutions	40,237	38		38	
Corporates	1				
Covered bonds	15,068				
Collective investment undertakings	0				
Equity exposures	174				
Other exposures	1,600				
Total	89,640	38		38	

5. Credit risk and credit risk mitigating techniques within the standardised approach (Article 444 CRR, Article 453 CRR)

The risk assets are disclosed in column e). Column f) contains the RWA density as a ratio of RWA and exposures according to credit conversion factor (CCF) and CRM.

In the table below, the credit risk mitigation effects are illustrated by exposure classification (columns a-d).

Table 9: EU CR4: Standardised approach – credit risk exposure and CRM effects

	a		b		c		d		e		f	
	Exposures before CCF and CRM				Exposures post CCF and CRM				RWAs and RWA density			
Exposure classes	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	RWAs EUR million	RWA density %				
1 Central governments or central banks	5,789	2	5,789	2			0	0.00				
2 Regional government or local authorities	7,448	0	7,486	0			0	0.00				
3 Public sector entities	16,259	268	16,259	134			0	0.00				
4 Multilateral development banks	2,784		2,784				0	0.00				
5 International organisations	10		10				0	0.00				
6 Institutions	39,679	596	39,641	308			11,048	27.66				
7 Corporates	1		1				1	100.00				
12 Covered bonds	15,068		15,068				1,619	10.74				
14 Collective investment undertakings	0		0				0	100.00				
15 Equity	174		174				174	100.00				
16 Other items	1,600		1,600				86	5.38				
17 Total	88,812	866	88,812	444			12,928	14.48				

The table below shows both the Rentenbank Group credit risk exposures (by CCF and GVA) as at 30 June 2020 by risk exposure classes and risk weight in

accordance with Art 444 lit e) CRR both before and after credit risk mitigation without counterparty credit risk exposures.

Table 10: EU CR5: Standardised approach before CRM

	Risk weight						Total EUR million	Of which unrated EUR million
	0% EUR million	10% EUR million	20% EUR million	50% EUR million	100% EUR million	250% EUR million		
1 Central governments or central banks	5,791						5,791	
2 Regional government or local authorities	7,448						7,448	
3 Public sector entities	16,393						16,393	
4 Multilateral development banks	2,784						2,784	2,784
5 International organisations	10						10	10
6 Institutions			29,792	10,195			39,987	0
7 Corporates					1		1	1
12 Covered bonds		13,944	1,124				15,068	
14 Collective investment undertakings					0		0	0
15 Equity					174	0	174	174
16 Other items	1,024	424	134	4	14		1,600	1,600
17 Total	33,450	14,368	31,050	10,199	189	0	89,256	4,569

Table 11: EU CR5: Standardised approach after CRM

	Exposure classes	Risk weight						Total EUR million	Of which unrated EUR million
		0% EUR million	10% EUR million	20% EUR million	50% EUR million	100% EUR million	250% EUR million		
1	Central governments or central banks	5,791						5,791	
2	Regional government or local authorities	7,486						7,486	
3	Public sector entities	16,393						16,393	
4	Multilateral development banks	2,784						2,784	2,784
5	International organisations	10						10	10
6	Institutions			29,754	10,195			39,949	0
7	Corporates					1		1	1
12	Covered bonds		13,944	1,124				15,068	
14	Collective investment undertakings					0		0	0
15	Equity					174	0	174	174
16	Other items	1,024	424	134	4	14		1,600	1,600
17	Total	33,488	14,368	31,012	10,199	189	0	89,256	4,569

Substitution effects which emerge due to the use of the simple approach as part of CRM techniques cause

the risk exposures, which originally had higher risk weights, to be shown in exposures with 0% risk weight.

6. Counterparty credit risk (Article 439 CRR, Article 444 CRR)

6.1 Quantitative information regarding counterparty credit risk

Information regarding counterparty credit risk is disclosed in the following table. At Rentenbank, the exposure value from for the counterparty credit risk

is calculated using the mark-to-market method in accordance with Article 274 CRR.

Table 12: EU CCR1: Analysis of CCR exposure by approach

		a	b	c	d	e	f	g
		Notional EUR million	Replacement cost/current market value EUR million	Potential future credit exposure EUR million	EEPE EUR million	Multiplier	EAD post CRM EUR million	RWA EUR million
1	Mark to market		1,278	1,673			2,951	557
11	Total							557

For risk exposures from OTC derivatives, requirements for own funds are to be taken into account in accordance with Article 381 ff CRR for possible adjustments to the credit rating (CVA risk). A CVA risk is deemed to be the risk of a change in value from derivatives

transactions due to a downgrading in the rating of counterparties. Rentenbank calculates the CVA risk in line with the standard method in accordance with Article 384 CRR.

Table 13: EU CCR2: CVA capital charge

		a	b
		Exposure value EUR million	RWAs EUR million
4	All portfolios subject to the standardised method	1,779	845
5	Total subject to the CVA capital charge	1,779	845

Rentenbank does not conduct any transactions with central counterparties. A disclosure of table EU CCR8 is therefore not being provided.

6.2 Information according to the regulatory risk weighting approach

In the table below, risk exposure values are illustrated (after applying conversion factors and credit risk mitigation techniques) by exposure classification and counterparty-risk weighting.

Table 14: EU CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk

	Exposure classes	Risk weight			Total EUR million	Of which unrated EUR million
		0 % EUR million	20 % EUR million	50 % EUR million		
1	Central governments or central banks	1,172			1,172	
6	Institutions		1,107	672	1,179	
11	Total	1,172	1,107	672	2,951	

6.3 Additional information about counterparty credit risk

Eligible netting agreements and cash collateral are taken into account in a manner which mitigates risk in accordance with Article 298 CRR. In the following table, information is disclosed about the impact of the netting and securities held on the exposure value

of derivatives and securities financing transactions (SFTs) in accordance with Article 439 lit e) CRR.

After netting including taking securities into account, a net credit risk position of EUR 112 million remains which means that acquiring credit reserves (provision for pending losses for derivatives) is not necessary.

Table 15: EU CCR5-A: Impact of netting and collateral held on exposure values

		a	b	c	d	e
		Gross positive fair value or net carrying amount EUR million	Netting benefits EUR million	Netted current credit exposure EUR million	Collateral held EUR million	Net credit exposure EUR million
1	Derivatives	4,454	3,176	1,278	1,166	112
4	Total	4,454	3,176	1,278	1,166	112

In the following table, collateral provided and held in conjunction with the counterparty credit risk are disclosed. Rentenbank only accepts cash contributions in euros as collateral for derivatives transactions. Columns e) and f) are blank because the Bank does not effect SFTs.

Rentenbank's triple-A ratings result directly from the guarantee issued by the triple-A rated Federal Republic of Germany for Rentenbank's liabilities. The scenario involving a downgrading of Rentenbank's triple-A ratings combined with additional collateral relating to collateral agreements is regularly validated

and is currently of minor relevance. The collateral agreements with derivative counterparties generally do not require Rentenbank to provide additional collateral in the event of a rating downgrade. Accord-

ingly, Rentenbank does not expect to provide any additional collateral in the event of a downgrading of the rating.

Table 16: EU CCR5-B: Composition of collateral for exposures to CCR

	a		b		c		d	
	Collateral used in derivative transactions							
	Fair value				Fair value			
	of collateral received				of posted collateral			
	Segregated EUR million	Unsegregated EUR million		Segregated EUR million	Unsegregated EUR million		Segregated EUR million	Unsegregated EUR million
Cash collateral			1,166					4,651
Total			1,166					4,651

As at the reporting date of 30 June 2020, the Bank did not have any derivative loans. Accordingly, a disclosure of Table EU CCR6 is not being provided.

7. Market risk (Article 445 CRR)

To determine the capital requirements for foreign currency risks, the total currency exposure is calculated. This amounts to EUR 0.1 million as at 30 June 2020 in accordance with the standardised approach. The threshold pursuant to Article 351 CRR was not exceeded so there was no need to use own capital for foreign currency risks. Table EU MR1 'Market risk in accordance with the standardised approach' is therefore not being provided.

There are no exposures to commodity, trading book and settlement risks or other market risks. Rentenbank does not apply its own risk models.

8. Leverage ratio (Article 451 CRR)

The calculation of the leverage ratio for Rentenbank Group is based on delegated regulation (EU) 2015/62.

Rentenbank Group's Tier 1 capital, overall risk exposure measure and leverage ratio as at 30 June 2020 are illustrated below.

Table 17: Leverage ratio

		30 June 2020 EUR million	31 March 2020 EUR million
	Capital and size of overall risk exposure		
20	Tier 1 capital	4,463	4,387
21	Leverage ratio total exposure measure	91,023	88,432
22	Leverage ratio	4.90	4.96

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