



Press Release

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First half of 2010:

Rentenbank: sharp rise in promotional lending

- *Demand for special promotional loans up by around 32 %, growth fueled by renewable energies and liquidity assistance. Promotional loans for farm build-ings and machinery also up.*
- *Strong issuance activity, sharp rise in share of international investors.*
- *Earnings are returning to normal, with operating result (German Commercial Code, HGB) lower than in 2009, but well above its pre-crisis level. IFRS meas-urement results remain very volatile. Total capital ratio rises to 25.3 %.*

In the first half of 2010, the key features of Rentenbank's performance were an increase in new business and a normalization of the earnings trend. Rentenbank's half-yearly financial report published today shows that further growth has been fueled by special promotional loans granted at particularly low interest rates. The loan portfolio in this promotional segment grew by 8.7 % to €21.3 billion (first half of 2009: €19.6 billion) largely due to a surge in new business in renewable energies and strong demand for liquidity assistance loans. "By the end of June we had committed to new promotional loans totaling €2.8 billion (first half of 2009: €2.1 billion), almost a third more than in the first half of 2009. This promotional segment, which focuses on agriculture, the food industry, renewable energies and rural development, is the centerpiece of our promotional strategy. Our promotional loans can be used for a wide range of purposes, so they make an important contribu-tion to creating stable financing conditions and low financing costs in the whole agricultural sector, both during the financial crisis and when capital investment started to pick up again", commented Dr. Horst Reinhardt, member of Rentenbank's Board of Managing Directors. In-cluding standard promotional loans and securitized lending, total new business in the first half of 2010 grew by 27.9 % compared with the corresponding period past year amounting to €7.8 billion (first half of 2009: €6.1 billion). The volume of promotional lending in the balance sheet at the end of June was €67.4 billion, which is 2.4 % higher than at the end of 2009.

Financial performance returns to normal level

After the extraordinarily positive earnings trend seen in 2008 and 2009, both net interest income and operating result normalized in the first half of the current year. Operating result before risk provisioning and valuation adjustments (German Commercial Code) was €179.2 million (first half of 2009: €195.7 million), or 8.4 % below the result of the first six months of 2009. The bank's interim net income in accordance with the German Commercial Code was €131.4 million (first half of 2009: €141.4 million) after valuation adjustments.

Volatile measurement results dominate the IFRS financial statements

The operating result reported under IFRS rose by 3.4 % to €141.2 million (first half of 2009: €136.6 million). Including the result from fair-value measurement and hedge accounting of €-20.1 million (first half of 2009: €237.1 million), interim net income for the year in accordance with IFRS for the first half of 2010 amounted to €120.9 million (first half of 2009: €373.6 million). In accordance with IFRS stipulations, measurement losses of €245.6 million were recognized in the revaluation reserve. "Market parameters continue to be subject to significant volatility and it is therefore virtually impossible to forecast the outcome of fair-value measurements. For operating results, we expect a further return to normal levels. In the next few months, growth rates should further decrease, with earnings below the level of the exceptional years 2008 and 2009 but still well above the levels of previous years." said Hans Bernhardt, the member of Rentenbank's Board of Managing Directors responsible for finance.

Total assets at €81.9 billion: rise in promotional loans' volume

As the bank also stated in its half-yearly financial report, total assets (German Commercial Code) at the end of June 2010 amounted to €81.9 billion which was 8.0 % higher than at the end of 2009, partly due to the higher volume of promotional loans. On the asset side of the balance sheet, loans and advances to banks amounted to €51.1 billion. (Dec. 31, 2009: €46.4 billion). As a result of new business in securitized lending, the securities portfolio rose to €28.3 billion by the end of June 2010 (Dec. 31, 2009: €28.1 billion).

Securitized liabilities reflect strong international issuance activity

On the liabilities side of the balance sheet, securitized liabilities increased to €63.4 billion in the first half of 2010 (first half of 2009: €61.6 billion) as a result of the higher volume of Commercial Paper. In the first six months of the current year, Rentenbank raised medium and long-term capital market funds in the amount of

€6.7 billion (first half of 2009: €6.0 billion) to finance its lending business. €4.9 billion (first half of 2009: €4.0 billion) thereof related to its Euro Medium Term Note (EMTN) program. Global bonds registered with the U.S. Securities and Exchange Commission (SEC) amounting to €1.0 billion (first half of 2009: €0) were its second most important funding instrument. The share of foreign investors climbed back up to 86 % (first half of 2009: 30 %) as international financial markets continue to normalize. Similarly, the share of new issues denominated in US dollars rose to 51.8 % (first half of 2009: 1.2 %), while the share of euro issuance fell to 27.4 % (first half of 2009: 86.7 %).

Higher capital ratios

Total capital as reported in the balance sheet as of June 30, 2010 (including subordinated liabilities) was €2.9 billion (as of June 30, 2009: €3.1 billion). Both the total capital ratio and the core capital ratio, as calculated in accordance with the German Solvency Regulation (SolvV), improved compared to year-end 2009. These ratios were 25.3 % (December 31, 2009: 23.8 %) and 16.0 % (December 31, 2009: 15.3 %) respectively, and they remained significantly above the regulatory requirements.

The full half-yearly financial report can be found at: www.rentenbank.de

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Landwirtschaftliche Rentenbank is Germany's agency for agribusiness. Within the framework of its legal promotional mandate, Rentenbank provides low-interest loans for agriculture-related investments via other banks in line with its competitive neutrality. The appropriation of profits is subject to the promotional mandate as well. The bank is a public law institution whose capital stock was formed by contributions paid by Germany's agricultural and forestry sector. The bank mainly raises funds in international capital markets and is Triple A rated by the three major rating agencies.

Forward-Looking Statements: This press release contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of Rentenbank's management and currently available information. Such statements include, in particular, statements about our plans, strategies and prospects. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Except as required by law, Rentenbank does not have any intention or obligation to update publicly any forward-looking statements after they are made, whether as a result of new information, future events or otherwise.