

## Press release

### **Rentenbank Fiscal Year 2012: Further growth of promotional loans for the agricultural sector**

**FRANKFURT, January 23, 2013.** Demand for special promotional loans from the promotional bank for agribusiness increased again, due to improved economic conditions on the agricultural markets and interest rates at a historically low level. With new commitments of € 6.5 billion (2011: € 6.3 billion), special promotional loans reached a new record level in 2012. According to initial calculations, the bank's loan portfolio in this promotional segment grew by 12.7 % to € 30.2 billion (€ 26.8 billion). Low-interest loans in the fields of "Agriculture" and "Agribusiness" were in particularly high demand, each growing by over 45 %. "Through our promotional activities, we are giving the agricultural sector the opportunity to harness its substantial potential for further development. Only by investing in innovation and modern technology it will be possible to satisfy growing demand for agricultural products sustainably over the long term," according to Horst Reinhardt, member of Rentenbank's Board of Managing Directors. In 2012, the bank used € 75.9 million (€ 73.4 million) of its income to reduce the interest rates payable by end-borrowers on its special promotional loans. The net profit of € 12.8 million is also used for promotional purposes. Including the increase in the Edmund Rehwinkel-Foundation's capital, which was also financed from Rentenbank's income and amounted to € 2.0 million, the income used for promotional purposes (promotional benefit) amounted to € 90.7 million in 2012 (€ 88.4 million).

#### ***Substantial growth of new business in the fields of "Agriculture" and "Agribusiness"***

Demand for special promotional loans went up again in 2012. Rentenbank achieved new business of € 2.4 billion in the field of "Agriculture". This corresponds to an increase of 47.6 % compared to the previous year. In particular, investments in buildings and machinery went up significantly. In some regions, the demand for loans for the purchase of land increased as well. In the field of "Agribusiness", new business also expanded considerably by 45.5 %

amounting to € 480 million (€ 330 million). Like in "Agriculture", companies took advantage of promotional loans particularly for financing of buildings and machinery. Amendments to the Erneuerbare-Energien-Gesetz (EEG/Renewable Energy Sources Act) at the beginning of 2012 led to a considerable decline in new business in the field of "Renewable Energies". New commitments amounted to € 1.4 billion (€ 2.5 billion). Whereas photovoltaic financing was slightly ahead of the previous year at € 750 million, the investments in biogas financed by Rentenbank, at approximately € 550 million, declined to a third compared to the previous year.

### ***Slight increase in operating result***

Rentenbank's earnings continued to grow consistently in 2012. The operating result before risk provisioning and valuation adjustments (under the German Commercial Code, HGB) reached € 303.7 million according to preliminary unaudited figures. However, this value is not comparable to the previous year's figure (€ 369.8 million) without reconciliation, due to a recognition change at the end of June 2012. Omitting the recognition change, the operating result before risk provisioning and valuation adjustments, which amounted to € 374.3 million, would have even slightly exceeded the good previous year's figure. The recognition change does not affect net income for the year. The Board of Managing Directors expects a net income for the year of € 51.0 million (€ 49.0 million) for 2012, after risk provisioning and valuation adjustments. € 12.8 million (€ 12.3 million) thereof is to be provided for promotional purposes.

### ***Total assets at € 79.2 billion***

According to initial calculations, total assets stood at € 79.2 billion at the end of 2012 (€ 81.3 billion). Loans and advances to banks reported on the asset side of the balance sheet amounted to € 51.2 billion (€ 51.8 billion), nearly at the level of the previous year. The contraction of the securities portfolio to € 22.0 billion (€ 25.2 billion) reflected the lower volume of new business and high maturities with respect to securitized lending.

### ***Sound capital position: ratios increased further***

As the bank reported in its preliminary annual review, own funds reported on the balance sheet in accordance with HGB in 2012 amounted to € 4.0 billion (€ 3.6 billion). This amount includes subordinated liabilities of € 0.7 billion (€ 0.7 billion). The total capital ratio amounted to 27.5 % (25.7 %), while the

core capital ratio came to 21.3 % (16.7 %). Both ratios were calculated in accordance with the Solvency Regulation (SolvV) and remain well above the regulatory requirements. "Our level of capitalization, strengthened in the previous year, gives us a solid basis for meeting the upcoming higher regulatory requirements," said Hans Bernhardt, the Board of Managing Directors member responsible for Finance.

***Issuance of bonds and notes: Euro most important issuance currency***

The medium and long-term borrowings used for refinancing amounted to € 64 billion at the balance sheet date (€ 63 billion). In 2012, Rentenbank raised new medium and long-term funds of € 9.6 billion (€ 12.0 billion) in the domestic and international capital markets. The share of international investors amounted to 73 % (77 %). The promotional bank placed 53 % (44 %) of its issuance volume with banks and another 26 % (30 %) with central banks and other official institutions. The euro was the most important issuance currency with a share of 47 % (38 %), followed by the U.S. dollar with a share of 30 % (36 %) and the Australian dollar with a share of 12 % (17 %).

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**Website:** [www.rentenbank.de](http://www.rentenbank.de)

**For further information and questions, please contact:**

*Juliane Wolff, Phone: +49 (0)69/2107-393, E-mail: [wolff@rentenbank.de](mailto:wolff@rentenbank.de)*

*Service: Landwirtschaftliche Rentenbank is Germany's development 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 competition 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.