



rentenbank

## Press release

August 19, 2015

*First half of 2015*

### **Rentenbank: Record level of new promotional loans and successful issuance activity**

**The agricultural sector's brisk demand for promotional loans was the determining factor in the operating performance of Landwirtschaftliche Rentenbank, Frankfurt am Main, in the first half of 2015. The promotional bank's business in low-interest special promotional loans hit a new record level despite the more subdued performance of agricultural markets. Rentenbank's international issuance activities were also highly successful in the first six months of this year. "In the first half of 2015, we raised medium- and long-term funding of EUR 8.4 billion in the capital markets to finance our promotional business. This amount covers 80 % of the total funding requirement of EUR 10.5 billion that we planned for 2015," explained Horst Reinhardt, Speaker of the Board of Managing Directors of Rentenbank.**

#### **Strong demand for Rentenbank's promotional loans**

New business in low-interest special promotional loans during the first six months of 2015 came to EUR 3.6 billion, which constituted a year-on-year increase of 15.2 %. This result was attributable, in particular, to the Agriculture and Rural Development promotional lines (for further details please refer to the press release published by Rentenbank on July 23, 2015). New business in standard promotional loans doubled to EUR 2.6 billion, while the securitized promotional business grew by 3.8 % to EUR 2.1 billion.

#### **US dollar most important issuance currency**

Rentenbank raised medium- and long-term funding of EUR 8.4 billion in the capital markets to finance its promotional business in the first half of 2015 (first half of 2014: EUR 7.3 billion). This also represented an all-time high. The Euro Medium Term Note (EMTN) program remained the most important funding instrument, contributing EUR 3.3 billion (EUR 5.4 billion) or almost 40 % of the total issuance volume. In addition, Rentenbank placed two ten-year, US dollar-denominated global bonds equivalent to a total of

EUR 3.0 billion (EUR 0.7 billion). The US dollar was the most important issuance currency during the first half of 2015, accounting for 60 % (33 %) of total funding, followed by the Australian dollar with a share of 24 % (13 %) and the euro with 7 % (38 %).

### **Earnings remain satisfactory**

The bank's results of operations (under German Commercial Code [HGB]) in the first half of 2015 were satisfactory. The interest result from operations slightly increased. Thus, Rentenbank has been able to grant higher than planned promotional benefits at the expense of its earnings. Due to significantly increased new business in special promotional loans, expenses for their interest-rate subsidies rose by 28.1 % to EUR 44.2 million compared to previous year (EUR 34.5 million), reducing net interest income to EUR 148.7 million (EUR 154.5 million). Administrative expenses also increased significantly by 26.9 % to EUR 34.0 million (EUR 26.8 million) especially due to higher costs of meeting regulatory requirements and upgrading the bank's IT systems. Operating result before provision for loan losses and valuation stood at EUR 110.5 million (June 30, 2014: EUR 125.2 million).

### **Further growth in total assets**

Rentenbank's total assets (HGB) grew from EUR 80.1 billion at the end of 2014 to EUR 85.9 billion as at June 30, 2015. This increase was mainly attributable to the larger promotional volume. Loans and advances to banks rose to EUR 55.8 billion (EUR 51.5 billion) and accounted for 65 % of total assets (64 %). Securitized liabilities amounted to EUR 69.6 billion (EUR 65.8 billion), representing the largest single item on the liabilities and equity side of the balance sheet with a share of 81 % (82 %). Own funds reported on the balance sheet (including subordinated liabilities) remained virtually unchanged compared with December 31, 2014 and came to EUR 4.3 billion as at June 30, 2015.

### **IFRS financial statements: operating result in line with expectations**

Operating result under International Financial Reporting Standards (IFRS) turned out as expected during the first half of 2015. Administrative expenses, which rose in line with those reported in the HGB financial statements, were the main factor that caused operating result to decline to EUR 118.8 million (first half of 2014: EUR 126.0 million). Total comprehensive income fell from EUR 130.5 million in the first half of 2014 to EUR 66.9 million in the first six months of current year. This decrease was largely attributable to losses on

the fair value measurement of securities in the revaluation reserve due to the widening of credit spreads.

### **Capital ratios significantly improved**

Compared to December 31, 2014, the Tier 1 capital ratio improved to 19.6 % (16.4 %) and the total capital ratio increased to 22.6 % (19.3 %), when calculated in accordance with EU's Capital Requirement Regulation (CRR). These ratios are significantly above regulatory requirements.

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*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.