

## Press release

### **Fiscal year 2015 at Rentenbank: Record demand for promotional loans**

**Frankfurt am Main, January 28, 2016 – According to preliminary figures, Rentenbank reported a peak in demand for its promotional loans. Despite the challenging economic situation in agriculture, new business in low-interest special promotional loans was up 13.8 % year on year, reaching a new record high of EUR 7.8 billion in 2015. However, demand for loans to ensure the liquidity of agricultural enterprises was also on the rise. For the first time in five years, the volume of the liquidity assistance loans is again in the triple-digit million range, amounting to EUR 345.2 million. Total new promotional business, which also includes standard promotional loans and securitized promotional business, increased by 20.6 % to EUR 13.6 billion. "Our new business reflects the current economic situation in agribusiness marked by contrasts. On the one hand, there are lots of competitive businesses that continue to invest. On the other hand, the high demand for liquidity assistance shows that a growing number of enterprises are under pressure. One of the underlying reasons is the sharp decline in agricultural commodity prices last year," said Horst Reinhardt, Speaker of Rentenbank's Board of Managing Directors.**

Rentenbank, Germany's development agency for agribusiness, used EUR 63.6 million of its income to provide reduced interest rates on its special promotional loans in 2015. In addition, the bank's promotional activities comprised grants for the program 'Research on Agricultural Innovation' of EUR 3.0 million as well as a capital increase of Rehwinkel Foundation of EUR 2.0 million. The total volume of the promotional activities performed in 2015 at the expense of the bank's own earnings (promotional performance) amounted to EUR 82.9 million (2014: EUR 90.7 million), including the distributable profit of EUR 14.3 million.

### **Sharp rise in loans for land purchases**

In the promotional line 'Agriculture', Rentenbank extended loans of EUR 3.2 billion, up 16.5 % on 2014. This was largely due to a rise in new lending for land purchases, which increased by 23.6 % to EUR 0.8 billion, and to liquidity assistance loans. By contrast, demand for building loans, especially for dairy cattle barns and pigsties, fell by 11.8 % to EUR 1.1 billion.

The promotional lines 'Rural Development' and 'Agribusiness' saw a significant upturn in demand for their loans, which increased by 47.5 % to EUR 2.3 billion and by 45.7 % to EUR 0.8 billion, respectively. By contrast, new business in the 'Renewable Energy' promotional line declined by 24.6 % to EUR 1.5 billion. This was primarily driven by the reform of the German Renewable Energy Sources Act (EEG).

The volume of new standard promotional loans was up 59.4 % on 2014, rising to EUR 3.2 billion. New securitized promotional business increased by 7.6 % to EUR 2.6 billion.

### **New issues: US dollar most important issuance currency**

In 2015, Rentenbank raised EUR 13.0 billion of medium and long-term funding (2014: EUR 10.9 billion) in the domestic and international capital markets, reaching a new record high. Foreign investors accounted for 93 % of the funding volume (2014: 88 %). Rentenbank placed 46 % (2014: 48 %) of the issuance volume with banks and 35 % (2014: 31 %) with central banks. The Euro Medium Term Note (EMTN) program is traditionally the most important medium and long-term funding instrument. It accounted for slightly more than half of the total issuance volume, amounting to EUR 7.3 billion in 2015 (2014: EUR 7.3 billion). In addition, the bank issued two USD-denominated global bonds with a total equivalent value of EUR 3.0 billion (2014: EUR 1.7 billion). Rentenbank raised 78 % (2014: 73 %) of the issuance volume in foreign currencies. The USD was the most important issuance currency with a share of 50 % (2014: 41 %), followed by the EUR at 22 % (2014: 27 %) and the AUD at 17 % (2014: 14 %).

### **Sharp rise in operating result due to non-recurring item**

The preliminary operating result before provision for loan losses and valuation, reported in accordance with the German Commercial Code (HGB), increased sharply by 16.7 % to EUR 283.3 million (2014: EUR 242.7 million). This was primarily due to a positive non-recurring item of EUR 49.8 million, involving a special payout from the subsidiary LRB during the restructuring of one of its equity holdings. Adjusted for this non-recurring item, the operating result would have fallen by 3.8 % year on year to EUR 233.5 million. After provision for loan losses and valuation, and allocation to reserves, the Board of Managing Directors expects Rentenbank to report net income of EUR 57.0 million for 2015 (2014: EUR 55.0 million).

## **Rise in total assets**

Based on initial calculations, total assets amounted to EUR 83.9 billion (December 31, 2014: EUR 80.1 billion) at year end 2015. Loans and advances to banks increased to EUR 55.7 billion (December 31, 2014: EUR 51.5 billion). By contrast, the securities portfolio decreased to EUR 18.3 billion (December 31, 2014: EUR 20.2 billion). Securitized liabilities grew by EUR 1.5 billion to EUR 67.3 billion. Own funds increased to EUR 4.7 billion (December 31, 2014: EUR 4.3 billion).

## **Improved capital ratios**

Compared with year end 2014, the bank's capital ratios have improved. The Common Equity Tier 1 capital ratio was 20.2 % (December 31, 2014: 16.4 %) and the total capital ratio 23.2 % (December 31, 2014: 19.3 %).

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*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.