



Press release

August 27, 2012

First half of 2012:

Promotional loans for the agricultural sector continue to reflect strong investment activity

- *Special promotional loans: loan commitments for farm buildings, machinery and land purchases grow at double-digit rates, promotional loans for renewable energies significantly below prior-year level, share at approx. 30%.*
- *Issuance activity: two thirds of the medium and long-term funding requirement for 2012 have already been raised, Euro most important currency.*
- *Financial performance: net interest income and operating result (in accordance with German Commercial Code [HGB] and IFRS) increased. IFRS measurement results positive, but remaining highly volatile. Core capital ratio 21.2%, total capital ratio 27.8%*

The business trend of Landwirtschaftliche Rentenbank, Frankfurt/Main, during the first half of 2012 was characterized by a buoyant demand for low-interest rate special promotional loans granted to the agricultural sector and a positive financial performance. In its half-yearly financial report published today, the promotional bank for the agricultural sector reports another significant increase in promotional loans granted for farm buildings, machinery and land purchases as well as for photovoltaic installations in the first six months of 2012. However, as a result of a substantial decline in financings for biogas plants, total new business within the renewable energies area was below the prior-year level. Still, renewable energies accounted for approx. 30 % of new business with special promotional loans in the first six months. Due to continued favorable economic conditions, companies required less liquidity assistance loans to bridge financing gaps. Low-interest special promotional loans amounted to €2.9 billion in the first six months of 2012, representing an increase by approx. 2% compared to the prior year. The resulting loan portfolio had a volume of €28.1 billion as of the end of June 2012 (year-end 2011: €26.8 billion), 4.9% (5.7%) over the figure as of the end of the prior year. Special promotional loans accounted for 42% (40%) of the total promotional lending volume, which amounted to €66.6 billion (€66.7 billion). "Our promotional activities increasingly focus on special promotional loans. The core areas of these loans are the

agricultural and food sector, renewable energies and rural development and are used to support the future-oriented, sustainable and integral development of the agricultural sector and rural areas. Thus, we ensure low financing costs and stable financing conditions in the entire agricultural sector, especially in times of turmoil on the financial markets," said Horst Reinhardt, member of the Board of Managing Directors of Rentenbank responsible for promotional business.

Positive financial performance

The positive development in Rentenbank's financial performance continued in the first half of 2012. Both net interest income and operating result exceeded the high prior-year level. In its HGB separate financial statements, Rentenbank reports an increase of interim net income for the period by approx. 16% to €171.7 million (first half of 2011: €147.5 million).

IFRS financial statements: operating result rises, measurement result positive but still volatile

The operating result as reported under IFRS rose by 8.9% to €156.8 million in the first half of 2012 (€144.0 million). Taking into account the positive result from fair value measurement and from hedge accounting, the Group's interim net income for the period grew by 24.5% to €190.7 million (€153.2 million). In accordance with IFRS, measurement-based gains in the amount of €277.7 million (€25.2 million) were recorded in the revaluation reserve not affecting profit or loss. The Group's total comprehensive income including all measurement gains or losses rose to €468.4 million (€178.4 million). "The market parameters remain highly volatile. Therefore, future measurement results cannot be predicted. The positive measurement results in the first half year partly relate to measurement losses reported in previous years. The increase of the operating figures is not expected to continue in the second half year. We still expect the result to slightly exceed the previous year's level," said Hans Bernhardt, member of the Board of Managing Directors of Rentenbank responsible for finance.

Total assets at €81.6 billion

At the end of June 2012, total assets as reported under HGB amounted to €81.6 billion, which is a slight increase compared to the figure recorded at year-end 2011 (€81.3 billion). Loans and advances to banks reported on the asset side of the balance sheet grew to €53.5 billion (€51.8 billion), above all due to the higher demand for promotional loans. At the end of June, the securities portfolio's volume amounted to €23.0 billion (€25.2 billion) owing to redemptions and subdued new business.

Securitized liabilities at €62.6 billion

The stock of securitized liabilities amounted to €62.6 billion (€62.8 billion), representing the largest liability item on the balance sheet. To finance its lending activities, Rentenbank raised €6.3 billion (first half of 2011: €7.5 billion) medium and long-term capital market funding in the first six months of the current year, thereof €5.6 billion (€4.2 billion) under the Euro Medium Term Note (EMTN) program. In the first half of 2012, Rentenbank additionally placed Kangaroo bonds of an amount equivalent to €0.7 billion (€1.4 billion) under its Australian MTN program. The most important issuing currency was the euro with a share of 63.6% (26.4%) of funds raised, followed by the Australian dollar with a share of 11.8% (19.4%).

Higher capital ratios

Total capital as reported on the balance sheet (including subordinated liabilities) was €3.6 billion as of June 30, 2012 (year-end 2011: €3.6 billion). Both the total capital ratio of 27.8% (25.7%) and the core capital ratio of 21.2% (16.7%), as calculated in accordance with the German Solvency Regulation, improved compared to year-end 2011, and were again significantly above the regulatory requirements.

The full half-yearly financial report (published in English and German) can be found at:
www.rentenbank.de

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Service

Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness. Within the framework of its legal promotional mandate, the bank 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. Rentenbank is a federal institution under public law whose capital stock was brought up by German 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.