



rentenbank

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## Press release

### **Rentenbank: 70 years of successfully promoting agriculture and rural areas**

Frankfurt. Rentenbank's Governing Law came into effect on May 11, 1949. That's when Germany's Frankfurt-based development agency for agribusiness and rural areas started its business activities. Initially, the bank was tasked with increasing agricultural productivity in order to quickly improve the acute shortage of food in post-war Germany. Since then, promotional activities have continuously been adapted to the changing economic and social circumstances. Today, Rentenbank, with assets in the amount of around EUR 90 billion, counts among the 15 largest banks in Germany.

Rentenbank's capital stock was raised between 1949 and 1958 by German agriculture and forestry. In the first twenty years of its existence, Rentenbank essentially promoted agricultural producers, for the most part out of public funds. Since the 1970s, promotional loans funded on the capital markets have increasingly become the main focus of the promotional activities. Rentenbank grants its special promotional loans to the end borrower via local banks in a competitively neutral way. Today, the statutory promotional mandate also includes the businesses operating upstream and downstream from agriculture as well as the promotion of rural areas. Renewable energy, the reduction of emissions, ecological farming, measures to improve animal welfare and consumer protection, and the promotion of innovation constitute important priorities.

### **Capital market funds replace government funding**

The way Rentenbank raises its funds has been subject to considerable changes. Whilst Rentenbank primarily used federal government funds for promotional purposes in its formative years, today it generates its promotional contributions from its own income. Rentenbank also puts its entire net profit toward its promotional activities. During the course of this change, issuing activity increased in significance. In the 1970s and 1980s, the domestic capital market took center stage. Since the late 1990s,

Rentenbank has been acquiring funding on the international markets.

### **One of the safest banks in the world**

A key requirement for international funding was the ratings obtained from leading rating agencies. They have been rating the development agency since the mid-1990s and have always graded it in the highest category of Triple-A. Rentenbank is a public law institution and benefits from the Federal Republic of Germany's guarantee for its obligations. It is considered to be one of the most secure banks in the world which facilitates its access to the capital markets - a prerequisite for its promotional activities. Rentenbank has numerous funding instruments available for raising short, medium and long-term funds in different currencies.

### **One of a kind**

'In its 70 years, Rentenbank has made a major contribution toward making German agribusiness adaptable to new challenges and toward the empowerment of rural areas,' said Horst Reinhardt, Chairman of the Management Board at Rentenbank. He added that the bank had always obtained positive results. 'The combination of the way Rentenbank's capital was initially raised from the agricultural sector, and the financial strength of the Federal Republic makes Rentenbank one of a kind. This unique set-up will allow us to continue to fulfill our promotional mission in the future, in an efficient, purposeful and autonomous way,' said Reinhardt.

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### **Background information:**

#### **Rentenbank**

*Landwirtschaftliche Rentenbank is Germany's development agency for agribusiness and rural areas. Under its statutory promotional mandate, Rentenbank provides low-interest loans for agriculture-related investments via other banks on a competitively neutral basis. Rentenbank provides funding for banks, savings banks, and local authorities with regard to rural areas. How does Rentenbank promote sustainability? The appropriation of profits is also subject to the promotional mandate. The bank is a public law institution whose capital stock was formed by contributions paid by the German agricultural and forestry sectors. The bank is one of the few triple-A rated institutions in Germany and raises funds primarily in the international capital markets.*