

## Press release

January 29, 2015

### **Fiscal year 2014 at Rentenbank: Sharp rise in promotional loans for renewable energies**

**Landwirtschaftliche Rentenbank, Frankfurt am Main, reported strong growth in demand for its promotional loans for renewable energies. This was particularly true of financing for wind turbines, which was up by a substantial 80 percent. However, special promotional loans business in total contracted slightly in 2014 compared with the record year seen in 2013. This was partly attributable to falling demand for global loans from promotional banks of federal states.**

**"By offering finance at favorable interest rates, we are helping the entire agricultural sector to remain competitive, make progress, and meet the growing demands of society and consumers," said Horst Reinhardt, Speaker of the Board of Managing Directors of Rentenbank.**

Rentenbank, Germany's development agency for agribusiness, used EUR 73.9 million of its income to reduce the interest rates payable on its special promotional loans in 2014. This was supplemented by EUR 3.0 million in subsidies for the Research on Agricultural Innovation program and the distributable profit of EUR 13.8 million, which Rentenbank also used to promote the development of agriculture. The total income used for promotional purposes ('promotional performance') thus amounted to EUR 90.7 million in 2014 (2013: EUR 96.3 million).

#### **Growth in financing for wind power, machinery, and land**

Within the Renewable Energies promotional line, financing for wind power increased markedly to EUR 1 386.5 million (2013: EUR 767.9 million). By contrast, new lending for biogas plants declined – as had been expected – to EUR 490.6 million (2013: EUR 563.2 million), while loans for photovoltaic installations fell to EUR 114.2 million (2013: EUR 237.9 million). Rentenbank extended special promotional loans for capital expenditure on renewable energies with a total volume of EUR 2.0 billion (2013: EUR 1.6 billion).

All other promotional lines saw a decrease in demand for special promotional loans in 2014. Rentenbank granted loans worth EUR 2.7 billion in the Agriculture promotional line, down by 4.1 percent compared with 2013. However, there was a rise in financing for machinery and land purchases within this promotional line.

New business in special promotional loans in total came to EUR 6.9 billion, which represented a decrease of 5.2 percent. However, new securitized promotional business went up by EUR 0.5 billion or 26.0 percent to EUR 2.4 billion. New business in standard promotional loans fell by EUR 0.5 billion or 19.3 percent year on year and amounted to EUR 2.0 billion.

### **Issuance business: US dollar most important issuance currency**

Rentenbank raised new medium and long-term funding of EUR 10.9 billion (2013: EUR 10.2 billion) in the domestic and international capital markets in 2014. Foreign investors accounted for 88 percent (2013: 89 percent). Rentenbank placed 48 percent (2013: 46 percent) of its issuance volume with banks and another 31 percent (2013: 33 percent) with central banks. The EMTN program is traditionally the most important medium and long-term funding instrument. Amounting to EUR 7.3 billion in 2014 (2013: EUR 6.7 billion), it accounted for around two-thirds of the total issuance volume. In addition, the bank placed two global bonds denominated in US dollars with an equivalent value totaling EUR 1.7 billion (2013: EUR 1.4 billion). Rentenbank raised 73 percent (2013: 66 percent) of the issuance volume in foreign currencies. The US dollar was the most important issuance currency with a share of 41 percent (2013: 28 percent), followed by the euro at 27 percent (2013: 34 percent) and the Australian dollar at 14 percent (2013: 24 percent).

### **Slight decline in the operating result**

According to initial calculations, Rentenbank's financial performance was satisfactory in 2014. The operating result before provision for loan losses and valuation (according to German Commercial Code [HGB]) declined, as had been expected, and was down by 2.4 percent year on year to EUR 242.7 million. This was mainly attributable to the small decrease in net interest income and increased administrative expenses. After allowing for the provision for loan losses and valuation, the Board of Managing Directors expects Rentenbank to report net income of EUR 55.0 million for 2014 (2013: EUR 53.0 million).

## Rise in total assets

Initial calculations show that, at the end of 2014, total assets (HGB) stood at EUR 80.1 billion (December 31, 2013: EUR 78.3 billion). Loans and advances to banks increased to EUR 51.5 billion (December 31, 2013: EUR 50.0 billion). By contrast, the securities portfolio contracted slightly, declining to EUR 20.2 billion (December 31, 2013: EUR 20.3 billion). Liabilities and equity were dominated by securitized liabilities, which accounted for 82.2 percent of the total. They went up by EUR 4.4 billion to EUR 65.8 billion. Own funds rose to EUR 4.3 billion (December 31, 2013: EUR 4.1 billion).

## Capital ratios calculated in accordance with CRR for first time

The EU's banking regulation, the Capital Requirements Regulation (CRR), came into force on January 1, 2014. Eligible own funds and risk-weighted assets now have to be presented in group reports in accordance with IFRS. Furthermore, the credit risk standardized approach uses counterparty ratings instead of country ratings, plus a CVA charge (market value of counterparty credit risk to derivatives trades based on the requirements of the regulator), which is backed by equity. A comparison with the previous year would therefore not be meaningful. Both the total capital ratio (19.3 percent) and the Tier 1 capital ratio (16.4 percent) continue to be above the regulatory minimum requirements of 8 percent and 5.5 percent respectively.

---

*Our press releases can also be found on our website at [www.rentenbank.de](http://www.rentenbank.de)*

### **Press contact:**

*Juliane Wolff, tel.: +49 (0)69 2107-393, fax: -6447, email: [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.