

Press release

July 23, 2015

Rentenbank's special promotional loans at record level in first half of 2015

Landwirtschaftliche Rentenbank, Frankfurt/Main, unexpectedly reported strong demand for its special promotional loans for the agricultural sector and rural areas in the first six months of 2015. "Despite the more sluggish performance of agricultural markets, we continued to expand our promotional business by offering our attractive and carefully targeted financing packages. We believe that the second-quarter rise in interest rates persuaded some of our end-borrowers to bring forward the timing of their financing," explained Horst Reinhardt, Speaker of Rentenbank's Board of Managing Directors, this impressive performance.

Rentenbank's total new business in low-interest special promotional loans in the first half of 2015 hit a new all-time high of EUR 3.6 billion, which constituted a year-on-year increase of 15 %. New business in the Agriculture promotional line rose by 21 % to EUR 1.5 billion. Demand for the financing of buildings and land purchases was particularly strong. Whereas the buoyant demand for land purchase loans predictably reflected the rising price of land, the recent increase in investments in buildings and machinery was surprising.

The financing of buildings and machinery in the Agribusiness promotional line enabled new business to grow by 49 % to EUR 0.4 billion. In the Rural Development promotional line, where Rentenbank mainly funds investments in municipal infrastructure, the stronger demand from the promotional banks of federal states caused new business to jump by 82 % to EUR 0.9 billion. By contrast, demand for promotional loans fell in the Renewable Energies promotional line, where – as expected – the volume of financing for wind turbine installations, biogas plants, and photovoltaic installations continued to shrink. Rentenbank granted loans totaling EUR 0.7 billion for these purposes, which was one-third less than in the first half of 2014. However, the Bank expects the amount of wind turbine installations financing to pick up over the further course of the year.

"Given the lower level of economic activity in the agricultural sector, overall, we expect our promotional business to decline in the second half of this year. For the 2015 financial year as a whole, however, we are likely to match last year's performance," commented Reinhardt.

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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.