

annual report 2022



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A close-up, high-angle shot of a large pile of bright green apples. The apples are tightly packed, filling the entire frame. They have a smooth, slightly glossy skin and some show small brown spots or imperfections. The lighting is even, highlighting the vibrant green color of the fruit.

key figures

Balance sheet in EUR billion	2022	2021
Total assets	97.4	95.5
Loans and advances to banks	66.0	65.1
Loans and advances to customers	7.8	7.6
Bonds and other fixed-income securities	15.9	15.1
Liabilities to banks	1.8	1.9
Securitised liabilities	83.7	82.6
Equity reported on the balance sheet	4.8	4.7
Income statement in EUR million	2022	2021
Net interest income	268.8	285.7
Administrative expenses	112.5	90.0
Operating profit before provision for loan losses and valuation	157.8	187.7
Provision for loan losses and valuation	121.8	153.2
Net income	36.0	34.5
Distributable profit	18.0	17.3
Cost-income ratio (%)	36.7	32.9
Employees (year end)	403	385
Capital ratios (%)	2022	2021
Common Equity Tier 1 capital ratio	31.7	31.8
Tier 1 capital ratio	31.7	31.8
Total capital ratio	31.7	32.0
Rating	Long-term rating	Short-term rating
Moody's Investors Service	Aaa	P-1
Standard & Poor's	AAA	A-1+
Fitch Ratings	AAA	F1+

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foreword by the management board



“Good sowing” – This claim of ours is an essential element of the new brand identity we launched in the middle of January 2023. Sowing marks the beginning of the agricultural cycle that culminates in the harvest. As the most essential activity in agriculture, it also represents the conviction that hard work will yield positive results. It is an expression of confidence in success even under constantly changing conditions. Therefore, sowing symbolises both beginnings and transformation.

We at Rentenbank shape and support the cycle of agriculture, as well as related upstream and downstream activities, in many ways with our advice and promotional lending activities. We cultivate the soil in which tried-and-true practices can be successful and new projects can grow. The present report recounts our impressive contributions to agriculture in the 2022 financial year, despite the economically challenging environment.

We also “re-seeded” the agricultural sector with our promotional lending activities last year. With our loan programme “Future areas in focus” launched in November 2022, we promote the willingness of agricultural enterprises to invest even more in climate and environmental protection projects. We identify those future areas that are especially worthy of promotion on the basis of the current social and political discourse. The programme supports the transformation of the agribusiness and food industry to make it more sustainable. It encompasses both primary production and environmentally friendly energy generation. The programme makes it possible to realise new ideas and solutions more quickly.

The concept of “seed capital” combines agriculture and finance. We continued to pursue this approach with great success in the reporting period. We granted subordinated loans to nine start-ups in the early financing phase from the German federal government’s Special-Purpose Fund administered by Rentenbank. We also invested in two venture capital funds last year: the European Circular Bioeconomy Fund, a European growth fund that invests in bioeconomy enterprises, and the Green Generation Fund, which invests in foodtech and greentech start-ups.

Together with our people, we continue to work on our own transformation with unrelenting resolve. Our day-to-day actions are guided by the jointly defined corporate purpose embodied in the slogan “We promote agriculture sustainably”. It expresses what we want to accomplish for the benefit of agriculture, rural areas, and our country. In this endeavour, we always strive to unite all three aspects of sustainability: ecology, economics, and social responsibility.

The new layout of our annual report is meant to serve as a clear outward expression of our self-conception as a modern, forward-looking transformation bank for agribusiness and rural areas.



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

brief portrait

of Landwirtschaftliche Rentenbank

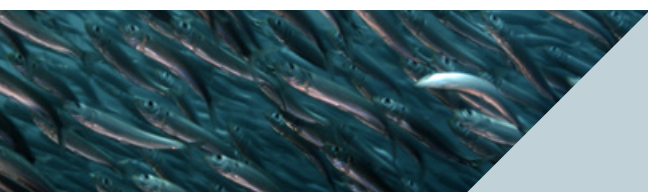
our promotional activities



agriculture



forestry



aquaculture and fisheries



agribusiness and food



renewable energy



rural development

Rentenbank was founded in 1949 as a central funding institution with a statutory promotional mandate. German agriculture and forestry contributed the capital stock. The Bank is a federal institution under public law with its registered head office in Frankfurt am Main. The German federal government bears institutional responsibility and guarantees the liabilities of Rentenbank.

Rentenbank's promotional mandate is comprehensive. Besides promoting agriculture and forestry, as well as the entire food value chain, we also promote renewable energy and bioeconomy. And we support private-sector and public-sector investments in rural areas. We attach particular importance to the promotion of innovation. Our commitment to this objective ranges from research and development in universities, the early-stage financing of agriculture-related start-ups, and the market introduction and practical use of new technologies and products.

Our promotional instruments are grants, subordinated loans, special promotional loans, and venture capital investments. The special promotional loans are granted via the local banks of the ultimate borrowers as part of the Bank's promotional activity. We also provide funding to banks, savings banks, and local authorities operating in rural areas. The special promotional loans may be combined with budgetary resources of the German federal government in the form of grants or guarantees. Already today, our tailored offerings support new ways of doing business that are more closely aligned with climate, environmental, and animal protection goals. Above all, these offerings also serve the purpose of realising the potential to reduce greenhouse gases in agriculture and forestry. To expedite the transformation of the agricultural sector, Rentenbank also invests in venture capital funds that provide targeted financing to start-ups in the fields of agtech, foodtech, and bioeconomy and help them become established in the market.

We fund our promotional activity by issuing securities and taking out loans in the capital markets. Rating agencies have assigned the highest credit ratings of AAA and Aaa to Rentenbank's long-term obligations.

Rentenbank is subject to banking supervision by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the Bundesbank. Legal supervision is provided by the German Federal Ministry of Food and Agriculture (Bundesministerium für Ernährung und Landwirtschaft, BMEL) in agreement with the German Federal Ministry of Finance (Bundesministerium der Finanzen, BMF).

We are a member of the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands e.V., VÖB) and the European Association of Public Banks (EAPB)

about this report

For the 2022 financial year, we again want to describe our financial, ecological, and social performance in the present report. We combined our annual report with our sustainability report for the first time last year. This is a logical step for us. Rentenbank's commitment to sustainability is not merely symbolic: It is a central tenet that increasingly guides all our business activities. We want to make clear in this report that we as a Bank create value for our ultimate borrowers, employees, and business partners. And above all, we want to show how our core activity contributes to the sustainable development of German agriculture.

Structure

This report is divided into two parts: a voluntary part and the legally prescribed financial part. The voluntary part addresses the principal sustainability issues of our business and provides other business information. Relevant topics are identified and assessed in the following dimensions: "Internal effects of sustainability-related developments on Landwirtschaftliche Rentenbank" (outside-in) and "External effects of the sustainability-related activities of Landwirtschaftliche Rentenbank" (inside-out).

Non-financial information about our activities is provided in the following chapters:

Content	Chapter
Business model	Brief portrait, in the Management Report 1.1
Strategy	Chapter 1.1, in the Management Report 1.2
Adherence to the 1.5-degree target and climate protection	Chapters 1.1, 2.1, 4.1
Sustainability objectives	Chapter 1.2
Materiality analysis	Chapter 1.1
Inclusion of stakeholder interests	Chapters 1.1 and 1.5
Role of the Management Board in sustainability issues	Chapters 1.2, 1.3, in the Management Report: Risk report
Sustainability risks and opportunities	Chapter 1.1, in the Management Report: Forecast and opportunities report, Risk report 4.13 and 4.14
Effects in the supply chain	Chapter 4.3
Business ethics and anti-corruption	Chapters 1.1, 1.3, in the Management Report: Risk report
Operational ecology	Chapters 4.1 and 4.2
Equal opportunity	Chapter 3
Working conditions	Chapter 3
Respect for human rights	Chapters 1.1 and 4.3
Sustainability data	Chapters 1.6, 2.1, 2.4, 3.4, 4.2, in the Management Report: Economic report 2.4

TCFD reporting

Rentenbank incorporated the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) into its reporting for the first time in 2022. These recommendations, which are structured along the dimensions of governance, strategy, risk management, and metrics and targets, guide companies in their efforts to inform their stakeholders about their way of dealing with climate-related risks. The recommendations have been built into each chapter of the present report. We plan to enlarge this reporting in the coming years as data become increasingly available.

The correlation of TCFD recommendations with the various chapters of the present report is outlined in the table below:

Pillar	Chapter / Document
Governance	
Disclosure of the organization's governance around climate-related risks and opportunities	• Chapter 1.2 • In the Management Report: Risk report
Strategy	
Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	• In the Management Report: Risk report • Sustainability Programme
Risk management	
Disclosure of how the organization identifies, assesses, and manages climate-related risks	• Chapter 1.1 • In the Management Report: Risk report
Metrics and targets	
Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	• Chapter 4.2 • Chapter 1.2 • Sustainability Programme

Data basis

The reporting period covers the 2022 financial year. Relevant data for 2022 available at the editorial deadline of 28 February 2023 were considered. The outstanding sustainability-related data will be published in a separate document because some consumption data relating to operational ecology were not yet available at the editorial deadline due to different accounting cycles.

Further information on specific issues can be found by following the appropriately labelled links in the electronic version of the report on our website.

The Bank has opted not to have its sustainability disclosures audited by an external entity.

sustainable corporate governance

1.1 Strategic framework

Strategic positioning

Sustainable agriculture is the indispensable prerequisite and essential basis for a sustainable society. Agriculture plays a key role in climate and environmental protection because it is a critical part of both the problem and the solution. As a promotional bank, it is our duty to help the agriculture industry further reduce harmful effects on the climate and the environment and extend its role as a producer of ecosystem conservation services and sustainable raw materials.

That is why we promote agribusiness and rural areas on the basis of our statutory mandate. We are especially committed to promoting investments in the progressive and sustainable development of agribusiness. We want to play a role in the development of a sustainable and liveable future and support the transformation to a sustainable society.

We support the sustainability goals of the Federal Republic of Germany, the European Union, and the international community. We are committed to the Sustainable Development Goals (SDGs) of the United Nations and the goals of the Paris Climate Agreement and contribute to the attainment of these goals.

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Rentenbank is increasingly seeking answers to the question of how financial institutions can and should contribute to the attainment of these goals. As a promotional bank, we are committed to the goal of sustainable finance, meaning the use of finance to promote climate-friendly and sustainable business practices. In addressing this question, we rely on the guidance provided by the EU Action Plan on “Financing Sustainable Growth” and those aspects of the European Green Deal that are relevant to us and our stakeholders, such as the EU Taxonomy and the detailed requirements for sustainability reporting.

Corporate values

Our business activity is guided by the following value propositions:

- Customer-focused: Our work is focused on the interests of ultimate borrowers.
- Expert-centred: We have profound expertise in agribusiness and agriculture finance.

- Careful: We ensure our ability to continue serving our promotional mandate by carefully managing risks.
- Responsible: All our decisions are made with a view to long-term consequences.
- Committed: We work in a highly professional manner and continuously improve our work.

Our Mission Statement expresses our self-concept and our values. Together with our Code of Conduct and our risk culture, it forms the basis for ethically correct conduct at Rentenbank. The [Mission Statement](#) and [Code of Conduct](#) can be viewed on Rentenbank's Sustainability Portal.

Key areas of activity and impacts

In our materiality analysis, we identify the sustainability issues that are relevant to the Bank, assess the corresponding opportunities and risks, and prioritise areas of activity. To this end, an internal board of experts identifies the issues that impact Rentenbank's sustainability performance and categorises them according to their importance for both the business model (outside-in) and their direct sustainability impact on the environment and society (inside-out). All areas of activity determined to be vital, particularly in the context of environmental concerns, employee concerns, social concerns, respect for human rights, and combating corruption and bribery, are discussed in the present report.

By means of a risk inventory, Rentenbank obtains an overview of the individual risk types and risk concentrations. This also includes sustainability risks that are not considered to belong to a separate risk type, but are regarded as drivers of traditional risk types. A precise description of Rentenbank's management of ESG risks is provided in the Risk Report.

By reason of Rentenbank's business model, the risk of grave violations of environmental and social concerns, as well as human rights and other applicable legal obligations at the Bank's headquarters and across the value chain, are deemed to be minor. By virtue of our statutory mandate as a promotional bank for agribusiness and rural areas, our activities are focused on Germany. Therefore, we rely on relatively few suppliers and service providers outside of Germany or Europe. We have instituted extensive management processes at our sole location in Frankfurt am Main to ensure compliance with all relevant laws and regulations related to environmental and social concerns.

Our promotional products are the most effective lever we have for making a contribution to sustainable development. We utilise an SDG mapping to help us identify the positive contributions we can make to the attainment of the United Nations' Sustainable Development Goals (SDGs). Rentenbank's promotional lending activity made the greatest contributions to the following SDGs in 2022: 7) Affordable and clean energy, 8) Decent work and economic growth, 9) Industry, innovation and infrastructure. We also added another goal to our portfolio in 2022: Under the new programme "Future areas in focus", Rentenbank promotes investments in selected future areas of the agribusiness and food industry, including the establishment and maintenance of agroforestry systems and investments by small and medium-sized enterprises engaged in agricultural primary production in the rewetting of peatlands and the practice of paludiculture. Besides providing habitat for many endangered species of animals and plants, intact peatlands are also an important factor affecting the world's climate. By means of this programme, we were able to add SDG 13 "Climate action" to our SGG map. Additional details about the calculation of the SDG contributions made by Rentenbank's promotional activity, as well as the complete results of the SDG Maps for 2021 and 2022, can be found in the relevant [Methods Paper](#).

We developed [exclusion criteria](#) for our special promotional lending activity in 2022 and implemented them as of 1 January 2023 by incorporating them into the terms and conditions of the respective special promotional loans. These criteria are yet another tool to ensure that we do not finance any activities that are not compatible with our promotional mandate as we understand it. In our lending activities, ESG criteria are already applied in the development of credit ratings and limit-setting resolution proposals. Based on the detailed, improved ESG reporting obligations, these criteria will be applied in our loan granting process to an even greater degree in the future. At the end of 2022, moreover, we signed an agreement on [controversy screening](#) with MSCI ESG Research. It was implemented in January 2023.

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Sustainability Guidelines

We introduced our [Sustainability Guidelines](#) in 2021 with the goal of embedding sustainability issues more firmly into our business strategy. These guidelines reflect the Bank's understanding and level of ambition relative to its central goal of acting as a sustainable enterprise and transformation bank in the field of agriculture in Germany. The guidelines also define the key areas of activity and the long-term objectives and measures in this area.

Area of activity	Objective
Governance	
Strategy and management	Leadership and management of the Bank in accordance with the Bank's own understanding of sustainability and development in the direction of a transformation bank
Communication and stakeholders	Enhanced dialogue with relevant stakeholders on the subject of sustainability and increased sustainability communication
Corporate governance	Compliance with all relevant laws and regulations and assurance of ethically correct conduct
Social responsibility	Acceptance of responsibility as a good corporate citizen and maximisation of efforts to promote the public good
Banking activity	
Promotional activity	Financing activity geared to the transformation to a sustainable society through the promotion of sustainable agriculture
Finance and capital markets	Consideration of sustainability criteria in decisions relating to finance and the liquidity portfolio, and the expansion of sustainable funding activity
Risk management	Analysis and consideration of sustainability risks
Personnel management	
Design of the work environment	Promotion of a healthy, equitable, safe, supportive, and motivating work environment
Employee development	Promotion of the personal and professional development of employees
Banking operations	
Operational ecology	Optimisation of consumption, emissions, and other impacts on the environment and climate
Procurement	Expansion of responsible procurement in line with social and ecological criteria

1.2 Sustainability management

Structure and organisation

As a coordinating unit, the central sustainability unit ensures that the necessary framework conditions and regulations are met and that current trends and developments are taken into account at the Bank. It also assists the responsible units and the ESG team with operational implementation.

Our ESG team is composed of cross-divisional and cross-departmental work groups, which address specific sustainability topics such as the improvement of sustainability performance in banking operations and the development of sustainability-related financing products. The work groups are also tasked with the implementation of regulatory requirements and the execution of the sustainability programme.

Strategically important sustainability issues are discussed in the Sustainability Board, whose task is to oversee and coordinate bankwide sustainability activities. The Sustainability Board operates as a bankwide body of experts with the participation of all relevant executive officers and the Management Board. Moreover, the central sustainability unit informs the participants about newly arising sustainability-related issues at the meetings of the Sustainability Board. Important decisions related to the Bank's sustainability performance and strategic orientation are presented to the Management Board in the form of draft resolutions for adoption. The Management Board bears overall responsibility for the Bank's sustainability activities.

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Sustainability Programme

Under our [Sustainability Programme](#), we define annually updated objectives on the basis of the Bank's Sustainability Guidelines and formulate the associated measures, indicators, and responsibilities to ensure and monitor the achievement of these objectives.

The Sustainability Programme defines specific short-term and medium-term objectives in the individual areas of activity with the goal of continuously improving the Bank's sustainability performance and so achieving the long-term objectives of the Sustainability Guidelines. Given the integrative nature of this topic and the Bank's fundamentally decentralised organisation, the respective organisational units are responsible for individual goals and

measures. The Management Board and Sustainability Board are regularly informed of the status of implementation. At the end of each year, we assess whether or not the measures have been successfully implemented. The [Sustainability Programme 2022](#) detailing the status of implementation and progress of each topic and the current [Sustainability Programme 2023](#) are available to the public on Rentenbank's website.

1.3 Business ethics and lawful conduct

Compliance

By reason of its statutory promotional mandate, public opinion is particularly important to Rentenbank. The impeccable conduct of all the Bank's executive officers and employees is an indispensable prerequisite for the success of the Bank's activities. To this end, the Management Board and all employees live out a compliance culture as expressed particularly in the Bank's Mission Statement and Codes of Conduct, and supplemented with internal control processes designed to ensure lawful conduct.

Code of Conduct

Rentenbank has adopted a Code of Conduct for all employees. As the foundation of a lawful, ethical, sustainable corporate culture, the Code of Conduct demands lawful, ethical, and sustainable action on the part of all employees. The prevention of corruption is an especially important aspect of the Code of Conduct. With regard to the preventive combatting of corruption, i.e., the offering and acceptance of bribes and benefits, Rentenbank takes a zero-tolerance approach to all forms of corruption. Violations are punished with disciplinary measures and potentially also criminal prosecution. There have been no such violations in the past years.

The Code of Conduct is concretised by rules of conduct accessible to all employees in the Bank's intranet, particularly regarding the acceptance and giving of gifts and invitations (Gifts Guideline), the handling of conflicts of interest, the prevention of fraud and other criminal acts, and the prevention of money laundering and terrorist financing. If misconduct or criminal acts are suspected, employees are able to inform their supervisor and/or the

Compliance Officer or Anti-Money Laundering Officer in confidence. If they prefer, they can also provide anonymous tips to an external ombudsperson.

The members of the Management Board are subject to a special Code of Conduct that particularly comprises fundamental principles of conduct in relation to conflicts of interest, rules governing the acceptance and giving of gifts and invitations, lecturing activities, dealings in financial markets, side-line activities and volunteering.

Prevention of money laundering and other criminal acts

The Bank has designated an officer in charge of preventing money laundering, terrorist financing, and other criminal acts (Anti-Money Laundering Officer). The Anti-Money Laundering Officer is organisationally positioned directly beneath the Management Board and reports directly to it. The various risks related to money laundering, terrorist financing, and other criminal acts, including customer risks and business partner risks, as well as product, process, and transaction risks, are assessed in risk assessments prepared annually or on an ad-hoc basis. Particular attention may be given to risk-minimising factors such as Rentenbank's special business model as a promotional bank in Germany and Europe and the granting of loans via local banks by the on-lending method.

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Another important element of money laundering prevention relates to compliance with due diligence obligations and the identification of contractual partners (know-your-customer principles). All procedures and processes required for this purpose are followed and any suspected cases are reported immediately to the Financial Intelligence Unit (FIU) by the Anti Money Laundering Officer. No violations of the laws and regulations applicable to money laundering and terrorist financing or other criminal acts are known to have occurred and only one other criminal act (paper based wire transfer fraud) resulting in a minor loss is known to have occurred in 2022.

1.4 Corporate Governance Report and Statement of Compliance

Rentenbank is committed to the Public Corporate Governance Code of the German federal government

Effective corporate governance is a critically important prerequisite of responsible and sustainable governance. For this reason, Rentenbank's Supervisory Board adopted the German federal government's [Public Corporate Governance Code \(PCGC, version of 16 September 2020\)](#) on 4 November 2021.

Rentenbank's Management Board and Supervisory Board identify with and respect the principles of the PCGC. Compliance with the nationally and internationally recognised standards of good and responsible corporate governance set out in the PCGC in the conduct of Rentenbank's activities is expressly recognised as being in the interest of the German federal government. Any deviations from the principles of the PCGC are disclosed and explained in the annual Statement of Compliance.

Management by the Management Board and supervision by the Supervisory Board

The Management Board reports to the Supervisory Board on the course of business with due regard to all relevant planning issues, as well as on the Bank's risk position, risk management, compliance with banking regulations, and financial condition on a regular basis, but at least four times a year. In addition, the Management Board remains in regular contact with the Chairman of the Supervisory Board and discusses important questions of management and strategy with him. The Supervisory Board has adopted a non-exhaustive list of events and criteria that must be reported immediately to the Supervisory Board, its Chairman, and/or the Chairmen of the committees.

The Management Board kept the Supervisory Board completely informed of all relevant matters concerning the Bank's planning, risk position, risk management, compliance with banking regulations, business performance, and financial condition in the past financial year.

Management Board

The Management Board manages the Bank under its own responsibility in accordance with all applicable laws and regulations, particularly including Rentenbank's Governing Law, as well as the Bank's Articles of Incorporation and the Management Board's rules of procedure. It is bound to safeguard the Bank's interests and fulfil its statutory promotional mandate. One woman was represented on the Bank's Management Board in the past financial year.

Supervisory Board

The Supervisory Board supervises and advises the Management Board in the management of the Bank in accordance with Rentenbank's Governing Law, the Bank's Articles of Incorporation, and the Supervisory Board's rules of procedure. It appoints the members of the Management Board and decides on the ratification of their actions. The Supervisory Board may give general and specific instructions to the Management Board. The Supervisory Board selects the independent auditor, grants the audit engagement, and agrees the compensation of the independent auditor with the latter. Among its other tasks, the Audit Committee formed by the Supervisory Board also supervises the independence of the independent auditor.

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In accordance with Rentenbank's Governing Law, the Supervisory Board is composed of 18 members. The Chairman of the Supervisory Board is chosen by the Supervisory Board from the ranks of the members designated by the German Farmers Association (Deutscher Bauernverband e.V., DBV). The Supervisory Board Chairman in the past financial year was the President of the DBV, Joachim Rukwied. Initially four and then, since 8 February 2022, five women were represented on the Supervisory Board in the past financial year. Not one Supervisory Board member attended fewer than half the total of three Supervisory Board meetings held in the past financial year.

Legal oversight

In accordance with Section 11 (1) of Rentenbank's Governing Law, the Bank is subject to the legal oversight of the German Federal Ministry of Food and Agriculture (regulatory authority), which makes its decisions in agreement with the German Federal Ministry of Finance. The regulatory authority ensures that the Bank's activities serve the public interest, particularly the promotion of agriculture and rural areas, and comply with the applicable laws and regulations and Rentenbank's Articles of Incorporation.

Efficiency review of the Supervisory Board

In accordance with Section 25d (11), sentence 1 nos. 3 and 4 German Banking Act (Kreditwesengesetz, KWG), the Supervisory Board conducts an annual review of the structure, size, composition, and performance of the Management Board and the Supervisory Board overall, as well as the knowledge, skills, and experience of individual governing body members and each governing body individually. In accordance with Section 9 (3) no. 2 c, d of the Supervisory Board's rules of procedure, the Supervisory Board is assisted in the conduct of the review by the Nomination Committee, which determines the questions to be asked in its autumn meeting. The Supervisory Board evaluated the efficiency review and discussed potentially required adjustments at its meeting of 24 March 2022.

Avoidance of conflicts of interest

The members of the Management Board and the Supervisory Board are bound to safeguard the Bank's interests in the performance of their duties. Members of the Management Board and the Supervisory Board are required to disclose to the Supervisory Board Chairman and the Supervisory Board, respectively, any potential conflicts of interest in connection with their activity. No conflicts of interest of Management Board and Supervisory Board members arose in the past financial year.

Compensation policies for the Management Board and the Supervisory Board

The compensation of Management Board members is set in appropriate amounts and regularly monitored by the Supervisory Board. Since 2016, the compensation system of the Management Board has consisted of a purely fixed compensation model. The overall compensation of Management Board members does not include any incentives to enter into certain transactions or risks.

The compensation of Supervisory Board members is specified by resolution of the annual general meeting; this resolution requires the approval of the regulatory authority. Compensation is set with due regard to the responsibility and scope of activity of the individual Supervisory Board members and the economic position of Rentenbank.

The individual compensation of Management Board and Supervisory Board members is stated on pp. 153 to 154 of the notes to the financial statements.

Transparency and dissemination of information

Transparency and dissemination of information are especially important for the Bank. In disseminating information, Rentenbank adheres to the principle of equal treatment of investors and other interested parties. The Bank also publishes all important information on its website (www.rentenbank.de). In addition to its annual financial statements, all press releases and ad-hoc disclosures of Rentenbank, the Statement of Compliance with the PCGC, and ESG notices are published there.

Statement of Compliance of the Management Board and the Supervisory Board

In the 2022 financial year, Landwirtschaftliche Rentenbank followed the recommendations of the PCGC in the version of 16 September 2020, with the following exceptions:

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- The Bank opted not to state the compensation of Management Board and Supervisory Board members in the present Corporate Governance Report pursuant to Sections 7.2.1 and 7.2.2 PCGC because the compensation of each member is stated by name in a generally comprehensible form in Rentenbank's Annual Report (Notes to the financial statements, pp. 153 to 154).
- The Bank opted not to disclose in the present Corporate Governance Report the measures defined in Sections 5.5.1.–5.5.3. PCGC, including statements on the subject of its sustainability activities and the development of the percentage of positions held by women on the Management Board and the two management levels beneath that, as well as on the Supervisory Board, because this information is provided in detail in the sections of the Annual Report entitled Sustainable corporate governance (Sections 1.1. and 1.2) and Our employees (Section 3).
- In accordance with Section 4 (2) of the Management Board's rules of procedure, the distribution of responsibilities may be specified in a business distribution plan without the approval of the Supervisory Board – contrary to Section 5.2.6 PCGC. This ensures the required flexibility to make necessary changes.

- In exceptional cases, the committees not only prepare the decisions of the Supervisory Board, but make the final decisions themselves – contrary to Section 6.1.7 PCGC – for reasons of practicability and efficiency.
- No age limit has been specified for resignation from the Management Board according to Section 5.2.5 PCGC.
- By way of exception to Section 4.4 PCGC, members of the governing bodies may utilise the promotional loans granted under Rentenbank's special promotional programmes. Due to the standardisation of lending rules and the principle of on-lending by local banks, there is no risk of conflicts of interest in the utilisation of promotional loans.
- By way of exception to Section 6.5, two regular meetings of the Supervisory Board and its committees are held every year. The Expert Committee meets once a year. Other special meetings may be held if necessary.

Subject to the exceptions noted above, Landwirtschaftliche Rentenbank also intends to conform with the PCGC in the future.

Landwirtschaftliche Rentenbank
March 2023

The Management Board
The Supervisory Board

1.5 Communication and stakeholders

Dialogue with stakeholders

As a bank and direct agency of the German federal government, we maintain a dialog with many stakeholders via different communication channels. Communicating with stakeholders and being transparent with them is one of our fundamental values. To achieve this goal, we conducted an analysis of our stakeholders in 2020, focused on indicators such as the influence, participation, impairment, and interests of potential stakeholders. The following stakeholder groups were identified and confirmed by the Management Board in alphabetical order:

- Chambers of Commerce and associations
- Employees
- Government ministries (BMEL, BMF), other public agencies
- Internal and external boards
- Investors, analysts, issuers
- Local banks and on-lending institutions, federal state development banks
- (General) public
- Rating agencies (credit and sustainability ratings)
- Suppliers and service providers
- Ultimate borrowers
- Universities

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In addition, the following important channels of communication with stakeholders were identified:

- By communicating directly with government ministries, we cultivate a dialogue on the subject of the current requirements for promotional programmes and the possibilities for designing our own promotional programmes. Communicating directly with local banks is also important to us because it is they who actually extend the loans, giving us access to ultimate borrowers.
- We present our promotional programmes to our business partners, borrowers, and agriculture specialists at banks and savings banks in workshops, seminars, and presentations.
- We sponsor guest presentations to sensitise students of agricultural sciences, who we consider to be the future decision makers in this sector, to the issues of agriculture financing.

- We present our Bank to a broad audience of stakeholders at trade fairs and other events. We live up to our claim of supporting companies in all phases by serving as a jury member in start-up contests.
- We organise roundtable discussions to inform different stakeholders and share opinions on the subject of particular issues. We continued this format in the past financial year by hosting a roundtable discussion on the subject of the EU Taxonomy in forestry. We also discussed the issue of sustainable finance with farming and banking associations.
- We provide wide-ranging information to organisations such as local banks, lending banks, the federal states' development banks, and ultimate borrowers, as well as the general public, about Rentenbank, its services, and its values on our website. We also provide financial information particularly for analysts and investors.
- We communicate with our employees in various different channels, including the intranet, telephone conferences with employees, and an internal podcast.

Initiatives and memberships

Rentenbank is a member of the Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands, VÖB) and the European Association of Public Banks (EAPB). The VÖB represents the interests of its members in relation to the legislative bodies of the German federal and state governments, national and international supervisory and regulatory authorities, and the media and public at large. Through its work on the committees, Rentenbank participates in the VÖB's policy-making work on the subject of all key lending and regulatory issues, as well as the issue of sustainable finance. The EAPB represents the interests of public banks in the European framework.

We are also active in advisory boards such as that of the German AgriFood Society and in the expert committees of the German Farmers' Association. Rentenbank is a member of the Green Bond Principles of the International Capital Markets Association (ICMA) and the Frankfurt Ökoprotit Club and a Diversity Charter signatory.

1.6 Corporate social responsibility

As a good corporate citizen, Rentenbank mainly supports local cultural institutions and selected projects in Frankfurt am Main, where the Bank has its headquarters. We regularly support the Schirn Kunsthalle, the Städel Museum, and the Museum of Modern Art, among other institutions, in the form of memberships in the respective support associations.

Our annual Christmas donation supports the following charitable organisations in the Frankfurt area: “Die Arche” Kinderstiftung Christliches Kinder- und Jugendwerk, which provides aid to children and youths from disadvantaged backgrounds, the hospice association Hospizverein Sankt Katharina e. V., the aid agency Malteser Hilfsdienst e. V., and the “Winter Action” campaign of the Sankt Katharinengemeinde

In view of the war in Ukraine and as a sign of solidarity with the affected people there, Rentenbank launched a fundraising campaign in 2022 to benefit the organisation “Emergency Aid for Ukraine”, which is an alliance of the two NGOs “Bündnis Entwicklung Hilft” (BEH) and “Aktion Deutschland Hilft” (ADH), and topped up the donations made by its employees. Our employees donated EUR 29,098, which Rentenbank then matched to bring the total to EUR 60,000.

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Rentenbank’s employees regularly donate bags filled with groceries to support the work of “Die Arche” in Frankfurt. They also donated school supplies and participated in the “Wish List” campaign by purchasing Christmas gifts for the children and youths served by this organisation.

Rentenbank never uses donations or sponsoring to influence third parties improperly. Rentenbank does not enter into sponsoring agreements with and does not make donations to political parties and organisations.

Rentenbank Donations 2020-2022 in Euros	2022	2021	2020	
Rentenbank	77,097	106,130	136,600	
Employees	29,098	560		
Total	106,195	106,690	136,600	

Gerd Sonnleitner Award for Volunteering Work

Rentenbank sponsors the annual Gerd Sonnleitner Award, which comes with a cash prize of EUR 3,000. Candidates should be less than 35 years old and perform exemplary work in the service of the reconciliation of interests in rural areas according to the example of the prominent farmers' advocate after whom the award is named. The 2022 award winner is Torben Eppstein, who was honoured for his work in a long-term collaboration between agricultural enterprises and nature conservation organisations in the German state of Hesse.

Buchenborn Forest Project

As an example of its targeted support of nature conservation efforts in the Rhine-Main region, Rentenbank has since 2016 promoted a forestry project in the 550-hectare Buchenborn Forest District in the Wetterau region of Hesse State, together with the German Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben, BImA). Through this long-term project, Rentenbank and BImA make an active contribution to climate, species, and biodiversity protection in the area directly adjacent to Rentenbank's headquarters in Frankfurt am Main.

By means of sustainable forestry and other projects, numerous ecosystem conservation services are provided and financially rewarded in the forest area. Rentenbank and BImA have entered into a framework agreement for this purpose. BImA manages the forested areas in accordance with strict ecological standards, including the enrichment of dead wood and a complete ban on the use of biocides. Other focal points of the agreement include the support of locally appropriate vegetation on the basis of potential natural vegetation, adapted wildlife stock, and special species conservation measures. The Nature Conservation Department of the German Federal Forest Service (Bundesforst) provides expert advice and quality assurance services.

Under this same collaboration, additional ecosystem conservation services are provided in the form of individual measures. Ten of these additional measures contributing to nature and species conservation have since been initiated. One of these is the "Sommerhang" (Summer Slope) project aimed at creating a warmer and drier forest climate. This untypical forest climate provides habitat for numerous, increasingly rare species of plants and animals, especially insects and birds, but also wildcats. The growth of wildcat

populations is promoted in the “Auf leisen Pfoten” (On Silent Paws) project. The highly endangered European wildcat prefers structurally diverse, near-natural forests where they can find adequate places of refuge and hunting grounds. The “Taubenwäldchen” (Pigeon Woods) project launched in 2022 seeks to improve living conditions for the rare and shy stock pigeon and considerably enlarge the natural habitat of these creatures by protecting hollow trees and installing special nesting aids. Under another project called “Sonnenanbeter” (Sun Worshipers), which was launched last year and is currently being implemented, the two old stone quarries in Buchenborn will be returned to nature and the surrounding forest vegetation trimmed. The sunny areas so created will benefit the native common lizards, smooth snakes, blindworms, and insects.

The Buchenborn Forest Project is a prime example of how additional ecosystem conservation services can be promoted in commercially used forests and demonstrates the necessity of supporting such work with financial resources.

our financial year 2022



2.1 Promotional programmes

We seek to sustainably support agribusiness and rural areas with our promotional activity, which is centred on our special promotional loans. We place particular emphasis on promoting sustainable investments such as investments in renewable energy, but also the Agriculture Investment Programme of the German Federal Ministry of Food and Agriculture. Another one of our key objectives is to promote innovation.

The volume of new special promotional loans granted in 2022 reached EUR 6.9 billion, which is nearly 23% more than in the previous year. By contrast, the number of special promotional loans granted fell to 17,986 in 2022 (2021: 22,839), particularly due to a decrease in the rather small-volume promotional loans granted in the Agriculture promotional line.

Principal repayment deferrals continued to decline in the past financial year. Local banks requested 349 principal repayment deferrals (2021: 1,066) for loans amounting to EUR 180.1 million (2021: EUR 386.5 million).

New special promotional loans in euro millions	2022	2021	
Agriculture	2,024	2,452	
of which: at best terms	1,007	1,340	
Forestry	11	43	
Aquaculture and fisheries	15	5	
Agribusiness and food	1,202	843	
Renewable energy	1,573	1,066	
Rural development	2,053	1,200	
Total	6,879	5,609	

Differences from the total sum are due to rounding.

Extensive promotion of sustainability projects by the Bank's special promotional loans

The transformation to a more sustainable economy is a mission for the whole of society and one that demands investments on a commensurate scale. We support sustainable investments in agriculture with our special promotional programmes. The expansion of renewable energy is supported by the Bank's "Energy from the Countryside" programme, which seeks to promote investments in photovoltaic, biogas, and wind energy generation, including civic wind farms. With its "Sustainability", "Environmental and Consumer Protection", and "Forestry" programmes, Rentenbank supports a wide range of measures to improve animal welfare, energy efficiency, and emissions reduction. Other objectives of these programmes include the promotion of ecological farming, forestry measures such as the conversion of forests to climate-adapted mixed forests, and the direct or regional marketing of agricultural products.

New promotional programme: Future areas in focus

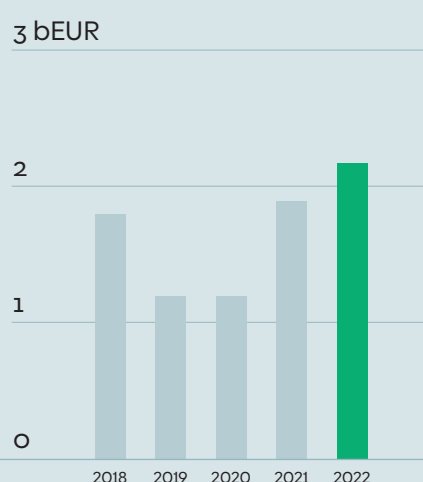
Out of a desire to promote sustainable investments in agribusiness and rural areas even more, Rentenbank launched a new promotional lending programme called "Future areas in focus" in November 2022. The loans offered under this new programme, which is focused on selected areas of promotion, feature additionally subsidised premium terms. The programme is flexible and can be adjusted as needed; for example, the number of future areas can vary.

The programme currently has four future areas which Rentenbank has identified as being especially worthy of promotion and/or innovative on the basis of the current social and political discourse. They are: expansion of regional food production, use of agricultural photovoltaic systems, environmentally friendly farming, including a transition phase to ecological farming, and the establishment of agroforestry systems and paludiculture. By the end of 2022, we had already granted the first promotional loans totalling EUR 2.1 million at premium terms.

Promotion of sustainable projects totalling EUR 2.2 billion

The volume of loans granted in the Renewable Energy promotional line increased substantially again in 2022 as a result of strong demand for wind power financing with fixed-interest terms of longer than 10 years. Accordingly, wind power financing accounted for 61.1% of the new loans granted in this promotional line, followed by biogas at 19.0% and photovoltaic systems at 18.4%. The remaining 1.5% went to renewable resources and biofuels, along with other forms of renewable energy.

New promotional loans to sustainable projects



We also financed investments in environmental, animal, and consumer protection such as emissions reduction projects, humane animal husbandry practices, and energy efficiency enhancement in the past financial year.

Including promotional loans for renewable energy, we financed sustainable projects totalling EUR 2.2 billion (2021: EUR 1.9 billion). Thus, nearly a third of our new promotional lending consisted of special promotional loans to finance sustainable investments.

Sustainable investments in euro millions	2022	2021	
Renewable Energy promotional line	1,573	1,066	
Of which: Wind power	960	682	
Photovoltaic systems	289	231	
Biogas	299	127	
Other	24	26	
Emissions reduction	295	431	
Humane animal husbandry	101	120	
Energy efficiency	100	103	
Ecological farming	70	97	
Other	56	78	
Total	2,195	1,894	
Share of total new promotional loans, in %	32	34	

Differences from the total sum are due to rounding.

Fewer new loans in the Agriculture promotional line

The decrease in the volume of new loans granted in the Agriculture promotional line resulted from the lower volume of loans granted to finance machinery investments, which came to EUR 835.8 million, representing 41.3% of the total loans granted in this promotional line in the past financial year. Promotional loans granted to finance investments in buildings were likewise lower, at EUR 533.7 million (26.4% of total loans), while loans granted to finance land acquisition amounted to EUR 350.0 million, representing 17.3% of the total loans granted in this promotional line.

At EUR 16.7 million, the total volume of loans granted under our liquidity protection programmes, which are also part of the Agriculture promotional line, was likewise smaller in 2022 than in the previous year. This programme was utilised by agricultural enterprises that had heightened liquidity needs due to the consequences of the coronavirus pandemic or the war in Ukraine in 2022 or who had been affected by storms and flooding in 2021.

Continued strong demand for promotional loans to finance environmentally friendly and climate-friendly investments under the BMEL's Agriculture Investment Programme

The BMEL programme "Promotion of Investments under the Investment and Future Programme for Agriculture" launched in 2021 was again successful in the 2022 financial year.

The objectives of this programme are to promote resource-conserving land management, better climate and environmental protection, and improved biodiversity. Machinery and equipment used in the more exact application of livestock manure and plant protection agents and in mechanical weed control are promoted under the programme. Structural installations for the low-emissions storage of livestock manure and liquid manure separation systems are also eligible for promotional loans. Not only agricultural enterprises, but also agricultural contractors and commercial machinery rings are eligible to apply for such loans. Investment projects are supported with a subsidy of up to 40% of the total investment amount, combined with a low-interest promotional loan by Rentenbank to finance the rest.

After the German Bundestag approved the budget for 2022, a new request for expressions of interest was put out in July 2022. The responses confirmed the continued high level of interest and need for investments in resource-conserving land management and better climate and environmental protection. Expressions of interest totalled EUR 1.8 billion, which actually exceeded the result from the same procedure carried out in April 2021.

Nevertheless, the programme was again plagued by persistent delivery difficulties on the part of machinery manufacturers and construction firms in 2022, which again made it necessary to transfer larger amounts of funds to the year 2023 because the investment projects could not be completed according to plan.

Despite these difficulties, we approved loans totalling EUR 237.1 million and investment subsidies totalling EUR 131.0 million for investments in environmentally friendly and climate-friendly projects in 2022.

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Conclusion of the promotional programme for sustainability in forestry

The BMEL programme “Investment Grants for Digitalisation and Technology for Sustainable Forestry” concluded already at the end of 2021. Due to difficulties in the delivery of ordered machinery, the final disbursements under this programme were made in December 2022.

Increased volume of new promotional loans in the Agribusiness and Food promotional line

The increase in the volume of new promotional loans granted in the Agribusiness and Food promotional line resulted mainly from the higher volume of loans granted to finance machinery investments, which amounted to EUR 717.1 million and represented the greatest share of new loans granted in this promotional line, at 59.6%, followed by building finance loans at 24.2% or EUR 290.7 million.

Sharp increase in loan demand in the Rural Development promotional line

The development of the Rural Development promotional line was characterised by strong demand from the German states’ development banks for Rentenbank’s global loans, which amounted to EUR 1.7 billion and represented 83.4% of the total loans granted in this promotional line.

Efficacy measurement in the Bank’s promotional lending activity

The quantitative effects on ultimate borrowers of the Bank’s promotional lending activity are not currently measured because it is the local lending banks that are in contact with the ultimate borrowers. Together with academic partners, however, we are working on a methodology to measure and assess such effects, including the savings effects associated with the investments we finance, for example. The qualitative effects of our promotional lending activity are measured and systematised by way of attribution to the Sustainable Development Goals (SDGs). A quantitative evaluation of efficacy indicators is part of the Sustainability Programme for the year 2023.

2.2 Promotion of innovation

The agribusiness and food industry plays a key role in the attainment of societal and ecological targets. Innovations and technical progress are fundamental prerequisites for assuring the competitiveness of enterprises in this industry while also combatting climate change and achieving the goals of resource conservation. This is particularly true in the face of rising demands for animal welfare, product quality, and environmental protection.

Therefore, Rentenbank has stepped up its promotion of innovation and new technologies for a sustainable and therefore viable agribusiness and food industry. We support the entire innovation process from development to the practical use and scaling of especially innovative methods and products.

At the beginning of the innovation process, practice-relevant research projects are subsidised from the funds of the programme “Research for Innovation in Agriculture” (Innovation Fund) with the participation of commercial partners. The projects approved in the past financial year pursued goals in the areas of biodiversity, climate protection, sustainable aquaculture, sustainable viticulture, and forest protection.

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To facilitate the commercialisation of innovative ideas, we promote agriculture-related start-ups in the early financing phase from the “German federal government’s special-purpose fund administered by Landwirtschaftliche Rentenbank” (Special-Purpose Fund). The promotion entails a low-interest subordinated loan for an amount of up to EUR 800,000 in combination with a grant for consulting services (innovation voucher). By means of this promotional activity, we create an incentive to develop innovations and new business models in the agribusiness and food industry.

From our Innovation Fund, we promoted 19 project partners with grants totalling EUR 5.6 million in 2022 (2021: 11 project partners with grants totalling EUR 2.5 million). Among the projects we promoted was the extension of the joint project F.R.A.N.Z. (“Developing and Testing of Suitable Measures to Enhance Agricultural Biodiversity”) with eight sub-grants totalling EUR 3.4 million. In our start-up promotion programme, we approved subordinated loans totalling EUR 5.4 million and innovation vouchers totalling EUR 0.4 million to nine start-ups from the Special-Purpose Fund.

Despite our diverse initiatives, financing possibilities particularly for agtech, foodtech and bioeconomy start-ups remain limited. Since February 2022, therefore, we have been promoting innovation also in the form of growth capital and venture capital investments. Growth capital is one of the most important drivers for the development of innovations, new technologies, and business models and therefore also for the transformation to a more sustainable economic system. We invest in venture capital funds with a strong focus on agtech, foodtech and bioeconomy in different investment phases from seed to growth phase. These investments also enable start-ups in the above-mentioned sectors to raise their visibility to other venture capital investors and therefore mobilise additional capital for these sectors.

We invested in two venture capital funds in 2022. In February, we invested EUR 25 million in the European Circular Bioeconomy Fund, a European growth fund that invests in bioeconomy enterprises. In December, we invested EUR 5 million in the Green Generation Fund, which invests in foodtech and green-tech enterprises in Europe and the United States in the early phases of their development.

2.3 Promotional Fund and Rehwinkel-Stiftung Foundation

Promotional Fund: Focus on research and continuing education

Rentenbank devotes its entire distributable profit to the promotion of agriculture and rural areas. One half of the distributable profit is allocated to Rentenbank's Promotional Fund and the other half to the German federal government's Special-Purpose Fund administered by Rentenbank.

An amount of EUR 8.625 million was allocated to the Promotional Fund from the Bank's distributable profit in the past financial year. We used these funds to support both individual projects and institutions of importance for agriculture and rural areas.

Another focal point of the Promotional Fund besides agriculture-related research is the promotion of cooperation projects between academic facilities and institutions in the agricultural sector. We also use the funds of the Promotional Fund to support practice-oriented model projects, education measures and events, particularly projects related to continuing education events for agricultural professions.

Finally, we also provided financial support to international cooperation projects in the agricultural sector, particularly including agriculture student exchanges and knowledge transfer projects aimed at children and young people.

We also promoted projects in the areas of forestry, animal welfare and livestock farming, as well as climate protection and sustainability.

Edmund Rehwinkel-Stiftung: Promotion of science and research

The foundation Edmund Rehwinkel-Stiftung was founded by Rentenbank in 1974. In the spirit of the man after whom it is named – Edmund Rehwinkel, the former President of the German Farmers' Association – the foundation promotes agricultural research activities and projects of great practical use for agriculture. The capital of this foundation organised under civil law, which is recognised as a non-profit institution, is EUR 17 million.

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Scientific papers

The annual calls for proposals on issues of current interest to the agribusiness and food industry pertain to scientifically and socially relevant discussions and developments. The research papers are presented to the broader public at the Rehwinkel Symposium.

The overarching theme of the 2022 Rehwinkel Symposium was the “Management of Pandemics and New Animal and Plant Diseases in Agriculture and the Value Chain”. Scientific papers on the topic of “Implications of a Changed Allocation of Roles between State and Market for the Future of Agriculture” were promoted in the past financial year.

Scholarships

The foundation also awards two to three scholarships per year to outstanding students specialising in agriculture or food sciences. The scholarship recipients receive financial support for two years. They can also attend seminars, trade fairs, and other events.

Additionally, the Rehwinkel-Stiftung foundation awards a total of four German National Scholarships sponsored by the German Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF) to students of Göttingen University and Gießen University.

2.4 Funding

Continuation of excellent market access

Our strong credit ratings and the special regulatory treatment afforded to our bonds by virtue of the Federal Republic of Germany's guarantee for Rentenbank's obligations allow us to maintain our excellent market access across all maturities.

Our funding costs improved in comparison to the previous year. In the short-term funding segment of less than one year, we continued to raise funds at highly favourable yields compared to interbank rates through our Euro Commercial Paper Programme (ECP Programme).

Increased issue volume

We raised EUR 11.8 billion (2021: EUR 10.7 billion) in funds with maturities of longer than two years in the capital markets in the past financial year. The funds were raised by the following funding instruments:

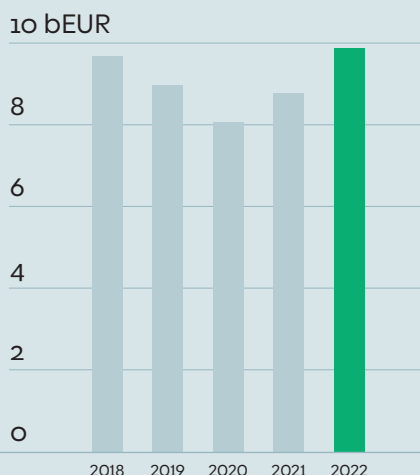
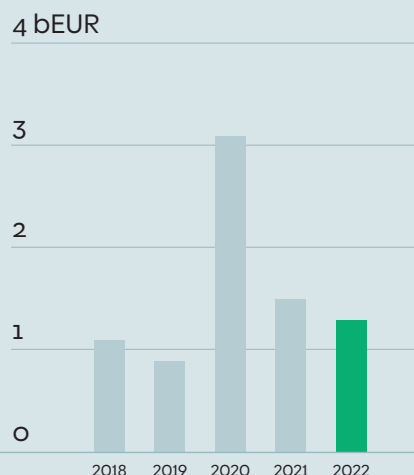
Medium- and long-term issue volume (longer than 2 years)	bEUR 2022	bEUR 2021	Share in % 2022	Share in % 2021	
EMTN	9.9	8.8	84.3	82.9	
of which green bonds	1.0	1.5	8.5	14.0	
Global bonds	1.3	1.5	10.7	13.8	
AUD-MTN	0.5	0.4	4.4	3.3	
of which green bonds	0.0	0.3	0.0	2.9	
Domestic capital market instruments	0.1	0	0.5	0	
Total	11.8	10.7	100.0	100.0	

Vital importance of the EMTN Programme

The Euro Medium-Term Note Programme (EMTN Programme) is our most important funding instrument, with a programme capacity of EUR 70 billion. The programme capacity used at the end of 2022 was EUR 57.1 billion (EUR 53.0 billion). Using standardised documentation, we can float issues of different amounts, maturities, and structures in many currencies under the EMTN Programme. We used the programme in the past financial year to raise mostly medium- and long-term funding.

This includes a green bond denominated in euros in the amount of EUR 1.0 billion. We consider this capital market product to be an essential instrument for the further transformation of Rentenbank into a sustainable institution. These funds are used exclusively to fund loans under our “Energy from the Countryside” lending programme.

We also issued a bond for EUR 150 million, which we classified as short-term funding by reason of the maturity structure.

Medium- and long-term EMTN issues**Issuance of global bonds****Successful US dollar global bond**

The global bonds registered with the US Securities and Exchange Commission (SEC) play an important role in our funding activities. The registration under “Schedule B” gives us access to the US market. This registration is only granted to sovereign states and quasi-sovereign issuers, underscoring our “agency” status in the international capital market. We issued a five-year global bond for USD 1.25 billion in the past financial year.

Higher issue volume in the “kangaroo” market

Under our AUD MTN Programme, we issued bonds in the total amount of AUD 0.8 billion (AUD = Australian dollars), equivalent to EUR 0.5 billion (EUR 0.4 billion), in 2022.

With an outstanding volume of AUD 9.3 billion, Rentenbank was the fifth-biggest foreign issuer in this market segment at the end of 2022.

Higher average utilisation of the ECP Programme

Issues from our EUR 20 billion ECP Programme continue to be of major importance for short-term funding. These are bearer notes maturing in less than one year, which are usually issued in discounted form, meaning without interest coupons. We were again able to issue currency-hedged ECP, especially in US dollars, but also ECP in euros, at favourable terms in the past financial year. The average annual programme utilisation was EUR 13.2 billion in 2022 (EUR 11.1 billion). The programme utilisation at the end of 2022 was EUR 7.6 billion (EUR 10.9 billion).

Zero risk weight for Rentenbank bonds

Based on the Credit Risk Standardised Approach of the Capital Requirements Regulation (CRR), EU banks do not need to allocate capital to back their loans to and receivables from Rentenbank. The zero risk weight resulting from the German Federal Republic's guarantee also applies in many countries outside of the EU such as in Norway, Canada, Australia, and New Zealand.

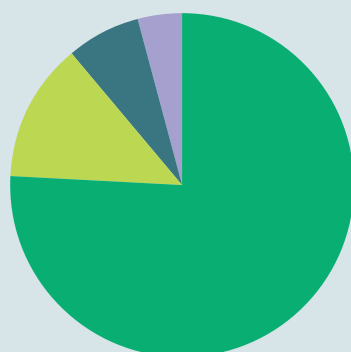
Banks were again the most important investor group

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The percentage of our medium- and long-term issue volume placed with banks increased to 62% in the past financial year (47%). This group of buyers purchases the highest-rated zero-weight notes offering attractive spreads, which are recognised as liquid assets. In addition, central banks and other government agencies purchased a significant percentage of these funding instruments, accounting for 22% (27%) of the total.

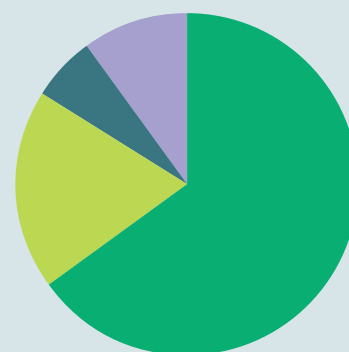
The percentage of German investors rose to 34% (20%), while we placed 42% (51%) of our issues with other European investors. At 13%, the demand of Asian buyers was less than in the previous year (16%). The share of US investors fell slightly to 7% (8%). Another 1% (4%) of our issues were placed with investors in the Middle East and Africa, and 3% (1%) in New Zealand and Australia.

Breakdown by region of medium- and long-term issues in 2022



■ Europe 76 %
 ■ Asia 13 %
 ■ North America 7 %
 ■ Other 4 %

Breakdown by currency of medium- and long-term issues in 2022



■ EUR 65 %
 ■ USD 19 %
 ■ GBP 6 %
 ■ Other 10 %

Euro was the most important issue currency

Our medium- and long-term issue volume was divided among seven currencies in the past financial year. The most important issue currency was the euro, at 65% (62%), followed by the US dollar, the share of which fell to 19% (25%). The British pound came in third place, at 6% (4%). The remaining 10% was divided among issues denominated in Australian dollars, New Zealand dollars, Norwegian kroner, and Swedish krona.

Rentenbank issues are classified as “liquid assets” ...

In the European Union, the bonds of promotional banks are classified as “liquid assets” for purposes of bank regulatory reporting pursuant to the CRR. Thanks to the German Federal Republic's guarantee, our bonds fulfil the regulatory requirements of “Level 1 assets” in the EU. The same applies accordingly in Canada and Switzerland.

... and recognised as eligible collateral

Our euro-denominated exchange-listed issues meet the requirements of the European System of Central Banks (ESCB) to qualify as Category I collateral.

Our bonds are classified as belonging to Liquidity Category II. Only central bank and sovereign bonds are assigned to the higher Category I. Liquidity Category II includes the bonds of supranational institutions and institutions operating under a public promotional mandate. Moreover, the Reserve Bank of Australia recognises our “kangaroo bonds” and the Reserve Bank of New Zealand our “kauri bonds” as eligible collateral. Our issues also enjoy a preferential status in the private repo markets. For example, Eurex Clearing AG accepts our securities as collateral for the “GC Pooling ECB Basket”.

Rentenbank bonds are included in the most important bond indices

Our large-volume euro and dollar bonds are included in the most important bond indices, including the “Market iBoxx Sovereigns & Sub-Sovereigns Index”, the “Bloomberg Euro Aggregate Bond Index”, and the “Bloomberg US Aggregate Bond Index”, as well as the “ICE BofA US Broad Market Index”.

Sustainability ratings

Rentenbank’s ESG performance is regularly assessed by rating agencies specialising in sustainability. Rentenbank ratings are assigned by ISS ESG, Moody’s ESG Solutions (V.E), MSCI ESG, and Sustainalytics.

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- SS ESG (as of: 21/07/2022): D+ (on a scale from A+ to D-)
- Sustainalytics (as of: 11/02/2022): Low risk with 11.3 out of 100 possible points, 0 being the best score
- MSCI ESG Ratings (as of: 20/07/2022): AA (on a scale from AAA to CCC)
- Moody’s ESG Solution (as of: 20.08.2021): 52 out of 100 possible points

We underwent a feedback process only with Sustainalytics in 2022. As a result, we again improved our rating score from 14.5 to 11.3. The last feedback processes conducted with MSCI ESG and Moody’s ESG Solutions were two years ago. The last feedback process with ISS ESG was conducted in 2018. Because we are continuously improving our sustainability performance, the results of feedback processes or rating updates are less representative, the longer back they were conducted. We expect to improve our sustainability ratings further in the course of future ratings discussions, especially those with feedback options.

Money market operations

We employ a number of instruments to fund short-term assets, manage liquidity, and hedge short-term interest rate risks. Short-term funds can be raised by way of the ECP Programme and EMTN Programme, by way of overnight deposits and term deposits in the interbank market, and by way of the ECB's refinancing facilities. We also manage interest rate risk through the use of derivatives. We take deposits from non-banks only to an extremely limited extent and only within the scope of our statutory promotional mandate.

Derivatives to hedge market price risks

To hedge interest rate and currency risks, we entered into swaps amounting to EUR 25.2 billion in the past financial year (EUR 21.2 billion). Of this total, EUR 21.0 billion (EUR 17.1 billion) consisted of interest rate swaps and EUR 4.2 billion (EUR 4.1 billion) consisted of cross-currency interest rate swaps and cross-currency basis swaps. We also hedged our foreign currency ECP issues with currency swaps (FX swaps).

We only use derivatives as hedging instruments for existing or foreseeable market price risks. We limit the credit default risk of the derivatives we employ by means of minimum rating requirements and collateral agreements with all swap counterparties.

Rentenbank remains classified as a non-trading book institution

Rentenbank does not keep a trading book according to the definition of the German Banking Act (KWG) and Article 4 (1) no. 86 CRR. We therefore classified our Bank as a non-trading book institution and notified this classification to the BaFin and the Bundesbank already in 1998. We still do not hold any positions with trading intent according to Article 4 (1) no. 85 CRR. We assign all transactions to the banking book.

our employees

3.1 Personnel policy

As of 31/12/2022, 403 employees contributed to the fulfilment of Rentenbank's promotional mandate. The increase over the previous year (385) occurred primarily in the areas of promotional activity (including the new Venture Capital segment) and IT/digitalisation. Rentenbank too is affected by the shortage of skilled workers and demographic trends. The working population is shrinking and the competition for talent is becoming more and more intense. The current labour market trends are reflected in our increased staff turnover rate and the longer times it takes to fill vacant positions, among other signs.

In response to these trends, we have identified the topic areas of "employer branding", "recruiting" and "employee retention" as the priorities of our personnel work. Our goal is to raise Rentenbank's profile as an attractive employer, recruit the best talents, and retain high potentials and top performers over the long term. We also strive to create a resilient organisation that accommodates the distinct needs of different generations.

Rentenbank is committed to providing a healthy and attractive work environment, offers numerous continuing education possibilities, and prizes diversity, inclusion, and the compatibility of family, caretaking, and work.

As a member of the German Association of Public Banks, Rentenbank applies the collective wage agreement concluded with the relevant trade union. As of 31 December 2022, 50% of the Bank's employees were paid according to the collective wage scale, while 50% were paid outside of the collective wage scale.

Corporate co-determination and staff representation

For purposes of corporate co-determination, a Staff Council elected on the basis of the German Federal Staff Representation Act (Bundespersönalvertretungsgesetz) represents the Bank's employees. Together with the Gender Equality Officer and the Council of Severely Disabled Employees, the Staff Council represents the interests of all employees. The Staff Council exercises its co-determination, participation, and consultation rights.

We attach great importance to involving our employees in our strategic development processes. To this end, we established a strategy team and a transformation team in the past financial year. All employees were invited to apply for membership in one of these teams. The goal of the strategy team is to determine the best direction for the Bank's development in the coming years with the goal of ensuring the long-term viability of its organisation. The transformation team coordinates and manages the realisation of this vision and fosters a modern and efficient workplace culture. In this context, we understand "transformation" to mean not only making adjustments to existing processes, but also redesigning them entirely where this makes sense. We keep our staff informed about the work of these two teams by telephone conferences and intranet posts.

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We also took steps to enhance direct communication between the Management Board and the Bank's employees in the past financial year. One such step was to introduce new formats in which employees can meet with Management Board members and exchange ideas in smaller groups with a personal atmosphere.

Corporate health management

Rentenbank attaches a high priority to comprehensive corporate health management in the form of physical and mental health programmes. The corresponding measures include the regularly held Health Days, allowances for membership in a fitness centre of the employee's choice, personalised health training courses, corporate sports clubs, medical check-ups for managers, and occupational reintegration management. All employees may also utilise the counselling services of pme Familienservice (life coaching, elder care, addiction prevention, etc.) free of charge.

Occupational health and safety

The occupational health and safety organisation provides the framework for the measures taken by the Bank to protect employees against occupational hazards. Rentenbank has established an Occupational Health and Safety Committee composed of members of the Staff Council, the Occupational Health and Safety Officer, the Council of Severely Disabled Employees, and employer representatives, among others.

3.2 Diversity and equal opportunity

Rentenbank has signed the Diversity Charter. By joining this corporate initiative, Rentenbank publicly expresses its commitment to genuine diversity in the workplace. All employees are valued regardless of nationality, ethnic background, gender, religion, worldview, disabilities, age, or sexual identity.

In commemoration of Diversity Day 2022, Rentenbank conducted various activities in May, beginning with intranet articles providing information about the different aspects of diversity. All employees were encouraged to express their opinions and wishes related to the role of diversity in the Bank in collaborative posters. On Diversity Day itself, we released a special edition of the Bank's internal podcast in which the Gender Equality Officer, the Severely Disabled Employees Representative, and the Chairperson of the Staff Council were interviewed for the purpose of raising staff awareness for the importance of diversity in our day-to-day work.

Gender equality

The equality of women and men – also in terms of compensation – is an important element of personnel policy at Rentenbank. The Bank has appointed a Gender Equality Officer who is closely involved in all relevant decisions, including employee hiring.

Gender Equality Plan

The Gender Equality Plan, which is available to all employees, contains targeted measures to improve the equality of women and men and enhance family friendliness and the compatibility of family, caretaking, and work. These measures include flexible work schedules and part-time models, allowances to defray childcare costs at designated day-care centres in Frankfurt, and the counselling services of pme Familienservice. Moreover, a “Company Agreement on Remote Working” that allows for a higher proportion of remote work than that stipulated in the collective wage agreement was concluded in the past financial year. The Gender Equality Plan and the Gender Equality Report also include key indicators such as the percentage of management positions held by women and the breakdown of compensation paid to men and women by collective wage groups. In 2022, 27% of management positions were held by women. At 53% to 47%, the ratio of male to female employees was nearly even. Women accounted for 79% of part-time employees.

Inclusion

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In exercising its social responsibility, Rentenbank advocates for the inclusion of disabled persons. In this respect, we adhere to the principles of the UN Convention on the Rights of Persons with Disabilities, which took effect in Germany in March 2009, and design appropriate workplaces for our employees with disabilities. The inclusion rate was 2.84% in the past financial year.

3.3 Qualifications

Rentenbank ensures that its staff have the appropriate qualifications primarily by means of continuous, personalised, and needs-based staff development measures. Such measures include external seminars, work assignments in other departments of the Bank, language courses, and in-house workshops. The number of continuing education days per employee is included as a target in the Bank’s business strategy. The average number of continuing education days was 3.2 days per employee in 2022.

Compliance training

To raise the awareness of its employees for relevant laws and regulations, the Bank provides regular, mandatory training courses, especially on the subject of money laundering and fraud prevention, data protection, and information security. Employees' participation in these courses is subject to monitoring. The Bank also provides regular instruction to employees on the subject of current trends, attack patterns, and concrete warning signs.

Mentoring Programme

The goal of our Mentoring Programme is to foster the transfer of knowledge within our Bank and break down any barriers to such knowledge transfers in order to improve employees' understanding of the work performed in other areas of the Bank. In the past financial year, moreover, the Bank introduced a new Cross-Mentoring Programme under which mentees from Rentenbank work with mentors from other companies in order to broaden their spectrum of experience. In exchange, Rentenbank makes mentors of its own available to other companies.

Onboarding

We also developed and introduced our new Onboarding Programme in the past financial year. Under this programme, each new employee is paired with an onboarding mentor in the first few months of their employment with the Bank. New employees are also given an Onboarding Guide to structure the onboarding process. The regularly held Onboarding Days give new employees the chance to network among themselves and participate in interactive presentations to learn more about the Bank's different areas of activity.

Agile work methods

All employees were given the chance last year to participate in training courses on the subject of agile work methods. Workshops were offered on the topics of “Design Thinking”, “Scrum” and “Kanban”. Moreover, an entirely new conference and meeting room called the “Rentenbank Arena” was opened in the past financial year to provide a suitable environment for learning and applying new work methods. This room is equipped with flexible-use items of furniture, multiple large monitors, and whiteboard walls.

Training by employees, for employees

Another new format introduced in 2022 is the series of training courses entitled “Agriculture for Employees”. Many of our employees, especially those working in the area of promotional activity, grew up on farms. In this webinar series, they introduce their colleagues to the different forms of agriculture and future topics such as in-vitro meat and carbon farming.

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Training for executives

Several workshops were held with executives in the past year to establish a uniform, employee-focused understanding of leadership under the overarching slogan: “Leadership Must Create Value”.

Trainee programme

We use our established trainee programme to recruit and develop university graduates. This programme entails on-the-job training in various departments of the Bank, cross-disciplinary seminars, and personalised continuing education measures.

3.4 Key personnel indicators

Key personnel indicators	2022	2021	2020
Number of employees*	403	385	343
Ratio of men to women (in %)	53/47	52/48	54/46
Of whom:			
Number of part-time employees	89	96	91
Ratio of men to women (in %)	21/79	23/77	23/77
Percentage of total management positions held by women	27%	25%	22%
Percentage of “first level management” positions (upper management) held by women	14%	7%	0%
Percentage of “second level management” positions held by women (all other managers)	31%	31%	27%
Percentage of temporary employees	15%	15%	11%
Percentage of employees paid according to collective wage agreements	50%	53%	50%
Percentage of employees not paid according to collective wage agreements	50%	47%	50%
Average length of service (in years)	9.5	9.8	10.6
Staff turnover rate	9,0%	4,8%	6,4%
Average age (in years)	44.5	44.4	45.0
Continuing education days per employee	3.2	1.9	1.4
Inclusion rate	2,84%	2,45%	3,63%
Personnel expenses in mEUR	2022	2021	2020
Personnel expenses	56.8	41.9	34.7
Of which:			
“Social security contributions and expenses for pensions and other employee benefits”	21.5	8.1	4.7

* Excluding Management Board members, employees on leave (e.g., parental leave), apprentices and interns.

Women accounted for 33% of Management Board members at 31/12/2022 (PY: 25%).

Women accounted for 29% of Supervisory Board members (PY: 22 %).

operational ecology and procurement

4.1 Operational environmental protection

As a bank with a small number of employees working at a single location in Frankfurt am Main, the environmental impact of Rentenbank's business activities is minor. Nevertheless, Rentenbank strives to continuously shrink its ecological footprint. Because our own building on Hochstraße is currently being renovated while taking into account its landmark-building status, we are using the "Goldenes Haus" building on Theodor-Heuss-Allee 80, where we have leased four floors, as interim headquarters. The Bank's own resource management standards are met both in the building we are using on a temporary basis and in the renovation of our own building.

For the second year now, the Bank is participating in the City of Frankfurt's Eco-Profit Programme, which helps local enterprises improve their sustainability performance. After being certified as an Eco-Profit Enterprise in February 2022, Rentenbank remains a member of the Eco-Profit Club and will therefore seek to be recertified in 2023. As conditions of recertification, the Bank must meet certain mandatory criteria for Eco-Profit Enterprises and implement the measures devised and implemented by the members of the interdisciplinary environmental protection team.

The following measures, among others, were implemented in 2022:

- Conversion of the data centre to 100% eco-power from renewable energy
- Pursuit of a single-device strategy in IT in order to avoid duplications of required devices and reduce electricity consumption.

- Measurement of Scope-3 emissions from business travel, data centres, and leased buildings
- Further reduction of paper consumption by digitalising and streamlining processes, including those required for the request and approval of business travel
- Replacement of most desk printers with resource-conserving floor-wide printers
- Support and sensitisation of drinking tap water as an environmentally friendlier alternative to the use of disposable or returnable bottles
- Installation of a lighting system time relay in a heavily used storage room to minimise electricity consumption

The measures initiated in 2021 were consistently pursued in 2022 as well. For example, efforts to increase the share of hybrid vehicles in the overall motor vehicle fleet were continued. This share was increased from 35% at the end of 2021 to 50% at the end of 2022.

4.2 Key ecological indicators

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Energy consumption

As in the previous year, we still have only limited data on resource consumption in the office space we were leasing in 2022. The category of indirectly purchased electricity is a new factor to be measured in connection with Rentenbank's use of rented space. Whereas directly purchased electricity is used to power staff offices, charging poles, and kitchen appliances, other electricity-consuming equipment like air conditioning, cooling, and elevator systems use the indirectly purchased building power. Therefore, the increase in overall electricity consumption is attributable to the fact that many of these electricity consumers were not present, or only to a lesser extent, in Rentenbank's own building on Hochstraße. The electricity used to operate the building is ordered by the lessor and charged to Rentenbank. Whereas the generating sources of the building's power had been equivalent to the overall power mix in Germany until the end of 2021, the power used since January 2022 has been generated from renewable energy sources.

Particularly in response to the perceived threat of an imminent shortage of natural gas, Rentenbank launched its Energy Savings Challenge in September 2022. Aside from the measures implemented in the Bank's own operations, employees were given extensive information about how they can save

energy both at work and in their private lives. In the work building, for example, devices were shut off in seldomly used mini-kitchens and certain lamps were dimmed. Employees were additionally sensitised to the efficient use of air conditioning and lighting systems. Thanks to these measures, electricity consumption in the months of September to December was reduced by 11% from the previous year. These and other measures helped reduce the Bank's direct electricity consumption by more than 8% from the previous year.

Key indicators of operational ecology	2022 ¹	2021 ²	2020 ²	Unit of measure	
Bank operation					
Directly purchased electricity	801,400	872,373 ³	723,364	kWh	
Of which from eco-power	100	100	57,4	%	
Indirectly purchased electricity (building power)	–	1,016,403 ⁴	/	kWh	
Of which from eco-power	100	43	/	%	
Electricity consumption per employee	–	5,491 ^{3,4}	2,494	kWh	
Heating energy	–	5,094,688 ⁴	5,080,106	MJ	
Heating energy per employee	–	14,810	17,518	MJ	
Employees (full-time equivalents)	359	344	290		

¹ Due to Rentenbank's use of leased space in the interim building, not all consumption data for 2022 were available at the time of preparation of the present report. These key indicators will be disclosed in a separate document at a later time.

² In view of the ongoing Covid-19 pandemic and Rentenbank's move to the interim building in 2020, the consumption data for the years 2020 and 2021 are not to be seen as representative.

³ The previous-year figure was corrected.

⁴ Calculated on the basis of the rental space used in the leased interim building. When exact data are available, they will be published in a separate document.

Motor vehicle pool and business travel

A slight increase from the previous year can be observed in the consumption data for the motor vehicle pool. This increase resulted from the higher incidence of business travel associated with the receding Covid-19 pandemic.

Key indicators of operational ecology	2022	2021	2020	Unit of measure	
Motor vehicles					
Petrol	4,072	4,357	5,330	l	
Diesel	926	205	1,225	l	

We measured the emissions caused by our business travel for the first time in 2022. The VfU ("Network of Sustainable Finance Professionals") standard was used for this purpose. Whereas rail transport was used for the greater part of business trips, they only caused 13% of the emissions because the railway routes of Deutsche Bahn, which we use for most of our rail transport, have been rendered 100% CO₂-free and were therefore applied with a reduced factor in the calculation. Business trips by car have been sub-divided into business trips with the Bank's own vehicles and with employees' vehicles. The emissions from the Bank's own vehicles have been sub-divided into direct emissions from internal combustion and indirect emissions from the manufacturing of the vehicles, whereas emissions from the use of motor vehicles that do not belong to the Bank's own fleet were not sub-divided in this way.

Business trips by means of transport in 2022	km (thsd.)	Tons of CO _{2e}		
		Scope 1	Scope 3	
Passenger vehicles (including upstream emissions per VfU)	76.14	12.15	12.01	
Of which motor vehicle pool, diesel	50.90	9.67	6.42	
Of which motor vehicle pool, petrol	13.62	2.48	1.77	
Of which employees' vehicles	11.62		3.82	
Rail transport	305.43		4.88	
Air travel	163.72		27.6	
Of which short-range (up to 500 km)	24.87		3.38	
Of which long-range	138.85		24.22	
Distance divided by emissions per employee (full-time equivalents)	1.52	0.03	0.12	

Resource consumption

Thanks to numerous digitalisation measures, paper consumption was reduced to a level below 850,000 sheets, which is the target set for 2024. Finally, the quantity of waste produced, which had been heavily influenced in the previous years by Rentenbank's move to interim quarters, declined by approximately 46% from the previous year.

Key indicators of operational ecology	2022 ¹	2021	2020	Unit of measure	
Paper					
Paper consumption total	793,925	1,016,125	1,178,000	Sheet	
Paper consumption per employee	2,212	2,954	4,062	Sheet	
Waste					
Waste quantity total	44.25	95.85	115.43	t	
Of which non-hazardous waste	100	100	100	%	
Of which paper and cardboard, including packaging	10.7 ²	24.6 ²	29.2	%	
Waste quantity per employee	123.3	278.6	398.0	kg	
Water					
Water consumption total	–	4,300 ³	3,346	m ³	
Water consumption per employee	–	12,500	11,538	l	
Employees (full-time equivalents)	359	344	290		

¹ Due to Rentenbank's use of leased space in the interim building, not all consumption data for 2022 were available at the time of preparation of the present report. These key indicators will be disclosed in a separate document at a later time.

² Due to Rentenbank's use of leased space, it only has limited data at its disposal to provide a breakdown of the waste quantity produced. The stated percentage of paper waste (Waste Breakdown No. 20 01 01) only refers to certified file destruction and is not comparable with the previous years.

³ Calculated on the basis of the rental space used in the leased interim building. When exact data are available, they will be published in a separate document.

Emissions

The now available consumption data for 2021 allow us to conduct an analysis of our emissions for the first time since we moved into the interim building known as “Goldenes Haus”. The previous irrelevant emissions from the building power are now reflected in Scope 3 because the power is ordered by the lessor. We have also calculated, for the first time, the emissions associated with our consumption of paper and water and production of waste. The increase in overall emissions is equal to the sum of these newly measured factors.

Key indicators of operational ecology	2022	2021	2020	2019	Unit of measure
Greenhouse gas emissions¹					
Scope 1 emissions	–	413.0	283.2	329.1	t CO _{2e}
Scope 2 emissions	0	0	118.6	136.7	t CO _{2e}
Scope 1 and 2 emissions	–	413.0	401.8	465.8	t CO _{2e}
Scope 1 and 2 emissions per employee	–	1.2	1.3	1.7	t CO _{2e}
Scope 3 emissions	–	646.2	/	/	t CO _{2e}
Electricity (indirect)	–	426.9			t CO _{2e}
Paper	3.6	4.6			t CO _{2e}
Heating (indirect)	–	60.0			t CO _{2e}
Water	–	2.7			t CO _{2e}
Waste	20.3	44.0			t CO _{2e}
Electricity for external data centre	0	108.0			t CO _{2e}
Business travel (including upstream emissions)	44.5	–			t CO _{2e}
Total emissions measured per employee	–	3.1	1.3	1.7	t CO _{2e}
Employees (full-time equivalents)	359	344	290	281	

¹ Calculated by application of the VfU Standard, Update 2022, Version 1.0

4.3 Sustainable procurement

As a non-manufacturing enterprise, our procurement is mainly limited to electronic and IT equipment, office supplies, and food for the Bank's own cafeteria, as well as consulting, IT, and marketing services.

Ecological and ethical considerations are weighed in making decisions regarding the choice of service providers and suppliers. In line with our Sustainability Guidelines, we refuse to work with enterprises or institutions which are known to disrespect the principles and standards of human rights, labour standards, environmental protection, or combating corruption. These principles are supplemented by the ["Declaration of Landwirtschaftliche Rentenbank on Respect for Human Rights and the Core Labour Standards of the ILO"](#).

As a public contracting authority, Rentenbank solicits Europe-wide bids for all contracts for goods and services above certain threshold values in accordance with the applicable procurement laws. This approach ensures compliance with the applicable legal requirements and the fulfilment of European standards, including those pertaining to environmental protection and human rights. Rentenbank requested Europe-wide bids for a total of ten contracts awarded in 2022. 100% of these contracts included human rights clauses.

The fulfilment of ecological and social standards in contracts for goods and services below the specified threshold values is verified on the basis of independent certifications.

We observe recognised sustainability standards in the procurement of office supplies. For example, we only use certified copy paper (FSC and Blue Angel) in our copiers and printers and only use certified envelopes (FSC) for outgoing post. In the procurement of IT hardware, we will give even greater preference to electricity-saving components and sustainable materials in the future. Furthermore, we seek to purchase regional and seasonal food products for use in our internal cafeteria.

management report

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1. General information about Rentenbank

1.1 Promotional mandate

Rentenbank is a promotional bank that operates throughout Germany. According to Rentenbank's Governing Law, our mission is to promote agriculture along with related upstream and downstream industries, as well as rural areas in general. The Bank's business activity is aligned with this promotional mandate and its business model is primarily defined by the framework established in Rentenbank's Governing Law and Articles of Incorporation.

As a promotional bank for agribusiness and rural areas, we provide earmarked funds for a wide range of investments. We grant our special promotional loans to local banks in a competitively neutral way to fund projects in Germany. The loans are granted to enterprises in the sectors of agriculture and forestry, viticulture and horticulture, and aquaculture and fisheries. We also promote projects in the food industry and other industries upstream and downstream of agriculture, as well as investments in renewable energy and infrastructure projects in rural areas. Rentenbank also invests in venture capital funds that provide targeted financing to start-ups in the areas of agtech, foodtech, and bioeconomy and help them establish themselves in the market. Moreover, we provide funding to banks, savings banks, and local authorities operating in rural areas, also by purchasing registered bonds, promissory notes, and securities.

1.2 Management system

The Bank's business objectives and the measures required to achieve them are derived from its business strategy, which is operationalised in the form of different sub-strategies.

In line with our business strategy, we pursue the following objectives:

- To perform a self-supporting promotional activity,
- the sustainability of which is assured by earning appropriate net interest income from diversified sources, guided by a prudent risk policy,
- with the flexibility to adjust the promotional activity at any time to account for changed requirements.

Segments

The Bank's business activity is managed on the basis of three segments:

- Promotional Activity
- Capital Investment
- Treasury Management

In the Promotional Activity segment, we promote investments in agribusiness and rural areas by funding earmarked loans granted to ultimate borrowers by local banks for use in Germany according to the terms and conditions of our special promotional lending programme. By managing the interest terms, we support preferred promotional goals such as animal welfare, environmental protection, and investments made by young farmers.

We also fulfil our promotional mandate by acting as a funding partner to banks operating in agriculture and rural areas, as well as local authorities in rural areas. Such funding takes the form of various financial instruments (registered bonds, promissory notes, securities). These transactions also serve to fulfil regulatory liquidity requirements in part. We manage both the business volume and the risk structure.

The mainly maturity-matched funding operations are likewise assigned to the Promotional Activity segment.

The "Capital Investment" segment comprises investments of the Bank's equity and long-term provisions. The Bank invests mainly in registered bonds, promissory notes, and securities issued by banks and public-sector issuers.

Short-term liquidity and short-term interest rate risk are managed in the "Treasury Management" segment. Various instruments featuring fixed-interest periods of no more than one year are available for short-term investments of surplus liquidity as well as the borrowing of required liquidity. In addition to money market transactions, we can also purchase longer-term debt instruments for the purpose of managing the Bank's liquidity profile.

Financial key performance indicators

Financial key performance indicators are the key financial reporting-related metrics applied to measure the achievement of strategic objectives within

the internal management system. These KPIs are reflective of the Bank's business activities. They include:

- Operating result (operating result before loan loss provisions and valuation effects)

Rentenbank's business activity is not geared primarily to generating profits, but rather to fulfilling its statutory promotional mandate. However, business management principles must be observed in order for the Bank to perform a self-supporting promotional activity. In particular, this means that the Bank's activities must be economically efficient so that it can permanently sustain and adapt its promotional activity when necessary. With a view to rising regulatory requirements, the operating profit is reinvested to strengthen the Bank's capital base. We rely on our high credit rating as a promotional institution under public law combined with a commensurate capital markets strategy to raise funds at favourable rates.

- Cost-income ratio¹

As a key performance indicator for measuring cost in relation to income, the cost-income ratio is applied to ensure the efficient use of the Bank's resources. Referring as it does to the ratio of cost to income, it is influenced by changes in both these variables. To enhance operational transparency, allocations to promotional contributions and reversals of promotional subsidies from previous years are not included in the calculation of the cost-income ratio. The cost-income ratio is observed over a longer period of time and is supplemented by the periodic analysis of changes in costs.

- Volume of promotional loans

The volume of promotional loans refers to the volume of new special promotional loans granted in a given year. The special promotional loans granted to promote agribusiness and rural areas represent the core of Rentenbank's promotional activity. The loans are granted as earmarked funding instruments. The loans granted to the federal states' development banks may also be bundled together.

¹ The cost-income ratio is calculated as the ratio of cost to income. The numerator shows the sum of general administrative expenses, depreciation, amortisation and impairments of intangible assets as well as property and equipment, other operating expenses and income taxes. The denominator shows the sum of interest income and current income minus interest expenses (plus allocation to the interest subsidy, minus reversals from previous years), other operating income and fee and commission income minus fee and commission expenses.

These three financial key performance indicators and their primary components are calculated and checked against the corresponding budget values as part of the monthly reporting process. They are also included in the multi-year plan as separate indicators. Additional information on the financial key performance indicators is provided in the section on Rentenbank's financial position, cash flows, and financial performance and in the forecast report.

Non-financial key performance indicators

- **Employees**

Highly qualified and dedicated employees are the basis of Rentenbank's long-term success. The objectives of the corresponding personnel strategy, which is consistently derived from the business strategy, include the assurance of appropriate staff in quantitative and qualitative terms, the promotion of equal opportunity, and the provision and refinement of personnel management instruments and processes.

- **Corporate social responsibility**

An essential aspect of our corporate social responsibility is closely linked to our promotional mandate. As a direct agency of the German federal government, however, we are also committed to serving the public good beyond the scope of our promotional mandate.

Sustainability management

As part of our sustainability programme, we formulate measures and update them every year to continuously improve our sustainability performance on the basis of our Sustainability Guidelines, which set out our long-term objectives in the areas we have identified as essential. These objectives are sub-divided into four categories: governance, banking, human resources management, and operations.

The Bank's sustainability activities are coordinated by a central unit that reports directly to the Management Board Chairwoman. The central sustainability unit ensures that the necessary parameters and regulations are observed and that current trends and developments are adopted by the Bank and helps the responsible organisational units and the ESG Team implement them.

The ESG Team consists of working groups composed of representatives from different divisions and departments, which are convened as needed and sometimes informally. These working groups address sustainability-related issues such as improving the Bank's sustainability performance in its operations and developing sustainability-focused financing instruments. They are also responsible for the implementation of regulatory requirements and the execution of the Bank's sustainability programme.

Strategically significant sustainability issues and the progress of measures implemented to address them are discussed in the Sustainability Board. This interdisciplinary committee of experts composed of members of the Bank's senior management and Management Board submits important decisions related to the Bank's sustainability performance and strategic direction to the Management Board for approval. The Management Board itself bears overall responsibility for the Bank's sustainability activities.

1.3 Affiliated companies

The Bank's direct and indirect subsidiaries are:

- LR Beteiligungsgesellschaft mbH (LRB)
- DSV Silo- und Verwaltungsgesellschaft mbH (DSV)
- Getreide-Import-Gesellschaft mbH (GIG)

All material risks of the subsidiaries are concentrated in and centrally managed by Rentenbank. As in previous years, the scope of the subsidiaries' business activity was strictly limited in the 2022 financial year. The primary activity of DSV and GIG was limited to the fulfilment of pension obligations to former employees of those entities for which DSV and GIG are the legal successors. LRB's business activity essentially consists in the management as a holding company and business management agent of the affiliates DSV and GIG and the investment of their liquid funds. Rentenbank had issued a letter of comfort in favour of LRB in the past.

1.4 Public Corporate Governance Code

The Statement of Compliance with the German Public Corporate Governance Code issued by the Management Board and the Supervisory Board is publicly available on Rentenbank's website.

2. Economic report

2.1 General economic and institution-specific conditions

International interest rate and monetary policy

The global economy was increasingly affected over the course of 2022 by the repercussions of Russia's war of aggression against Ukraine, which began in February 2022. The globally perceptible effects of this war particularly included sharply higher prices and shortages of energy, food, and other commodities, as well as a worsening of supply chain problems. Economic growth was additionally weighed down by the aftermath of the coronavirus pandemic and extreme weather events resulting from climate change.

As a result, inflation rates rose to levels that have not been seen in decades. In the Eurozone, the rate of increase of the Harmonised Index of Consumer Prices (HICP) reached its high for the year of 10.6% in October 2022.²

To combat inflation, the European Central Bank (ECB) ended the zero interest rate policy it had pursued for more than six years by raising its base rate to 2.5% in multiple steps in July, September, October, and December. Furthermore, the ECB ended its net purchases under its Pandemic Emergency Purchase Programme (PEPP) at the end of March 2022 and its Asset Purchase Programme (APP) at the end of June 2022. In July 2022, moreover, the ECB introduced the Transmission Protection Instrument (TPI) to ensure the smooth transmission of monetary policy to all Eurozone countries. In addition, the ECB continued to provide sufficient liquidity to banks in its third series of targeted longer-term refinancing operations (TLTRO III).³

The US Federal Reserve (the "Fed") likewise tightened its interest rate policy aggressively in the past year. In a total of seven interest rate hikes, the Fed raised its base rate from a target range of 0.0% to 0.25% to a target range of 4.25% to 4.50%.⁴

² Eurostat, Euro Indicators 139/2022, 16 December 2022

³ ECB press releases dated 03/10, 06/09, 07/21, 09/08, 10/27, 12/15/2022

⁴ <http://www.leitzinsen.info/usa.htm>

The euro lost value against the US dollar over the course of 2022. At the end of 2022, the ECB set its reference rate for the euro-dollar exchange rate at 1.07, 5.7% below the level at the end of 2021 (1.13).⁵

Development of long-term interest rates

The development of long-term interest rates was affected on the one hand by the sharp rise in prices and the interest rate hikes of central banks. On the other hand, however, it was also affected by uncertainty in the markets and stronger investor demand for safe-haven investments in the bond markets. The yield of 10-year Bunds rose dramatically over the course of the year from - 0.18% at the end of 2021 to 2.53% at the end of 2022.⁶

Development of the economic environment of our promotional activity

According to an estimate of the German Federal Agriculture Information Centre (Bundesinformationszentrum Landwirtschaft), German agricultural output rose to EUR 74.4 billion in 2022 (+24.8%). The output of both animal production (+33%) and plant production (+19%) increased considerably.

Both higher harvest yields, especially for oilseed and wheat, as well as price increases contributed to the rise in plant production. Producer price increases ranged from 10% to 12% for vegetables, more than 28% for rapeseed, and up to 45% for grain. The price increases were mainly driven by the repercussions of the war in Ukraine and globally tight supplies. On the cost side, however, producers mainly had to contend with the effects of increased energy and fertiliser prices.

The output value of livestock farming also benefitted from producer price increases. However, livestock farmers also had to contend with sharply higher costs for feed, breeding, and energy. Pig production declined by 5% in total as a result of lower demand and limited export possibilities due to African swine fever.⁷

⁵ ECB reference rates: https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html

⁶ Börsen-Zeitung 31/12/2022, p. 1

⁷ BMEL Statistics: <https://www.bmel-statistik.de/landwirtschaft/landwirtschaftliche-gesamtrechnung/produktionswert>

On the whole, the economic situation of agricultural enterprises in the 2021/2022 financial year (1 July 2021 to 30 June 2022) was considerably better than in the previous year. Agricultural enterprises generated an average profit of EUR 79,700, that being 49% higher than the prior-year figure of EUR 53,500. While both crop farmers and livestock farmers posted higher profits, beef and dairy cattle farmers enjoyed the biggest profit increases.⁸

The importance of energy generated from renewable sources became even clearer in 2022 as the war in Ukraine led to serious shortages and higher prices of fossil energy sources. Also driven by the efforts of the European Union and Germany to achieve climate neutrality by the year 2050, the quantity of electricity generated from renewable sources in Germany rose to 47% in 2022.⁹ Biomass is the most important source of renewable energy in Germany, accounting for 55% of the total, followed by wind power at 24%.¹⁰

2.2 Business development

The volume of new special promotional loans reached EUR 6.9 billion in 2022, after EUR 5.6 billion in the previous year. This increase was driven by strong loan growth in the Rural Development and Renewable Energy promotional lines. By contrast, the volume of new special promotional loans in the Agriculture promotional line declined as a result of lower machinery and building financing activity. The demand for liquidity protection loans was lower than in the previous year. The volume of new loans granted in the Renewable Energy promotional line continued to grow as a result of strong demand for wind power financing with fixed interest-rate periods of longer than 10 years. The volume of new loans granted in the Agribusiness and Food promotional line also increased on the strength of higher demand for machinery financing.

To bolster innovation in Germany, Rentenbank is now also investing in venture capital for the first time as of February 2022. In the past financial year,

⁸ Situation Report 2022/2023 of the German Farmers Association (Deutscher Bauernverband, DBV), Chapter 5

⁹ German Federal Ministry for Economic Affairs and Climate Action: Neue Dynamik beim Ausbau der Erneuerbaren Energien ("Fresh Impetus to the Expansion of Renewable Energy") (29/12/2022) <https://www.bmwk.de/Redaktion/DE/Artikel/Energie/ausbau-der-erneuerbaren-energien.html>

¹⁰ German Federal Environment Agency: Erneuerbare Energien in Zahlen ("Renewable Energy in Numbers") (15/12/2022) <https://www.umweltbundesamt.de/themen/klima-energie/erneuerbare-energien/erneuerbare-energien-in-zahlen#ueberblick>

we invested EUR 30 million in venture capital funds focused on the areas of agtech, foodtech, and bioeconomy.

The total volume of new promotional loans amounted to EUR 11.5 billion in the past financial year, which was above the level of the previous year (EUR 9.8 billion).

The nominal amounts of new promotional loans are presented in the table below:

	01/01 to 12/31/2022 mEUR	01/01 to 12/31/2021 mEUR	Change mEUR
Special promotional loans	6,879	5,609	1,270
Registered bonds/promissory notes	3,109	3,830	- 721
Securities	1,507	352	1,155
Venture capital investments	30	-	30
Total	11,525	9,791	1,734

Due to rounding, there may be minor differences in totals and percentage calculations in the present report.

In the past financial year, we were able to raise the necessary funds at favourable rates again. We raised a total nominal amount of EUR 11.8 billion (EUR 10.7 billion) in medium- and long-term funding in the national and international financial markets. We employed the following medium- and long-term funding instruments:

	01/01 to 12/31/2022 bEUR	01/01 to 12/31/2021 bEUR	Change bEUR
Euro Medium-Term Notes (EMTN)	9.9	8.8	1.1
Global bonds	1.3	1.5	-0.2
AUD Medium-Term Notes (MTN)	0.5	0.4	0.1
Domestic capital market instruments	0.1	0.0	0.1
Total	11.8	10.7	1.1

2.3 Economic position

2.3.1 Financial performance

The Bank's financial performance is presented in the table below:

	01/01 to 12/31/2022 mEUR	01/01 to 12/31/2021 mEUR	Change mEUR	
Net interest income ¹⁾	268.8	285.7	- 16.9	
Net commission income	- 2.4	- 1.2	- 1.2	
Administrative expenses	112.5	90.0	22.5	
Other operating result	5.2	- 4.7	9.9	
Income taxes/other taxes	1.3	2.1	- 0.8	
Operating result before provisions for loan losses/valuation effects	157.8	187.7	- 29.9	
Provisions for loan losses/valuation effects	121.8	153.2	- 31.4	
Net income	36.0	34.5	1.5	

¹⁾ Net interest income including income from equity interests.

Operating result before loan loss provisions and valuation effects

The operating result before loan loss provisions and valuation effects amounted to EUR 157.8 million. While less than the previous-year figure (EUR 187.7 million), it was considerably better than expected, particularly thanks to the very good net interest income earned in the "Treasury Management" segment.

Net interest income

Interest income, including income from equity interests, amounted to EUR 1,993.7 million (EUR 2,234.1 million). After deducting interest expenses of EUR 1,724.9 million (EUR 1,948.3 million) net interest income came to EUR 268.8 million (EUR 285.7 million).

Net interest income by segment	01/01 to 12/31/2022 mEUR	01/01 to 12/31/2021 mEUR	Change mEUR	
Net interest income				
Promotional Activity	149.3	177.1	- 27.8	
Capital Investment	74.5	84.6	- 10.1	
Treasury Management	45.0	24.0	21.0	
Total net interest income	268.8	285.7	- 16.9	

The net interest income of the **Promotional Activity** segment amounted to EUR 149.3 million, thus below the level of the previous year (EUR 177.1 million), as expected. Rentenbank was again able to grant a considerably larger amount of subsidies compared to the previous year, which reduced the Bank's net interest income. The volume of new promotional loans was significantly higher than the previous-year figure, although the average spread was slightly lower.

Although the net interest income of EUR 74.5 million earned in the **Capital Investment** segment came out above our expectations, it was nonetheless 11.9% lower than the previous-year figure. The increased income from the higher investment volume resulting from new investments has for some time not been enough to offset the lower reinvestment rates of maturing equity investments. On the other hand, earlier investments coupled with the higher dividend paid by our affiliate DZ BANK made a positive contribution to the better-than-expected results. Another positive effect was the sharply higher returns on new investments and reinvestments.

The net interest income of the **Treasury Management** segment in the amount of EUR 45.0 million was substantially higher than the corresponding previous-year figure of EUR 24.0 million and also exceeded our expectations. The increase resulted from favourable funding terms in the money market and higher business volumes.

Administrative expenses

Administrative expenses rose by 25.0% to EUR 112.5 million (EUR 90.0 million), mainly due to the EUR 14.8 million increase in personnel expenses. Material

expenses rose also by EUR 5.2 million, depreciation, amortisation and impairments by EUR 2.4 million.

The increase in personnel expenses resulted mainly from considerably higher pension expenses due to the consideration given to higher inflation expectations in the actuarial calculation of pension obligations. In comparison, the increase in personnel expenses resulting from the higher number of employees was rather moderate. The average staff level (according to Section 267 (5) HGB) is now 391 employees (PY: 376 employees).

The higher material expenses resulted mainly from higher expenses for IT investments and external support in connection with the transformation process and for personnel recruitment (recruitment consulting).

Depreciation, amortisation and impairments of intangible assets as well as property and equipment increased to EUR 10.7 million (EUR 8.3 million), due above all to the launch of new software modules in the Murex and SAP environments and the associated commencement of amortisation of capitalised project expenses.

Other operating result

The **other operating result** improved from EUR -4.7 million to EUR 5.2 million, mainly due to positive valuation effects related to the actuarial calculation of pension obligations.

Loan loss Provisions/valuation effects

A net amount of EUR 121.8 million was allocated to the loan loss provisions under the heading of “Loan loss Provisions / valuation effects”. Of this total, EUR 21.8 million was allocated to the Fund for general banking risks, thus further increasing the Bank’s regulatory capital.

Net income/distributable profit

The net income for the year rose from EUR 34.5 million to EUR 36.0 million in the past financial year.

Subject to a corresponding resolution of the Supervisory Board, a total amount of EUR 18.0 million (EUR 17.2 million) is to be allocated from net income to the principal reserve.

The distributable profit of EUR 18.0 million remaining after the allocation of funds to the principal reserve was modestly higher than the previous-year figure (EUR 17.3 million). One half the distributable profit is to be allocated to the German federal government's Special Purpose Fund administered by Rentenbank and the other half to Rentenbank's Promotional Fund.

2.3.2 Financial position and cash flows

Rentenbank's financial position according to the financial statements is presented in the table below:

Changes in significant asset items	31/12/2022 mEUR	31/12/2021 mEUR	Change mEUR
Loans and advances to banks	66,006.5	65,082.2	924.3
Loans and advances to customers	7,800.3	7,598.9	201.4
Bonds and other fixed-income securities	15,898.7	15,069.4	829.3

Loans and advances to banks totalled EUR 66.0 billion at 31 December 2022 (EUR 65.1 billion). They accounted for 67.7% of total assets and were slightly lower than the previous-year figure. Thus, they still represent the largest constituent of total assets. The increase in loans and advances to banks is attributable in part to the higher holdings of registered bonds and promissory notes and in part to the higher volume of money market transactions at the reporting date. On the other hand, the volume of special promotional loans was lower than in the previous year.

Loans and advances to customers mainly include the promissory notes issued to the German federal states, rural districts and municipalities. The increase in this item resulted particularly from the higher volume of new promotional loans, which rose by EUR 0.2 billion from the previous year to EUR 7.8 billion in the past financial year.

The portfolio of bonds and other fixed-income securities increased by EUR 0.8 billion to EUR 15.9 billion due to the fact that new issuances in the securities portfolio exceeded maturing securities. As in the previous year, this portfolio is assigned in full to Fixed assets.

Changes in key items of liabilities and equity	31/12/2022 mEUR	31/12/2021 mEUR	Change mEUR	
Liabilities				
Liabilities to banks	1,757.5	1,854.4	-96.9	
Liabilities to customers	2,084.8	2,065.5	19.3	
Securitised liabilities	83,745.8	82,635.2	1,110.6	
Nachrangige Verbindlichkeiten	40.0	102.7	-62.7	
Equity (including Fund for general banking risks)				
Subscribed capital	135.0	135.0	0.0	
Retained earnings	1,215.0	1,197.0	18.0	
Distributable profit	18.0	17.3	0.7	
Fund for general banking risks	3,395.0	3,373.2	21.9	

Liabilities

Liabilities to banks decreased by EUR 0.1 billion to EUR 1.8 billion, while liabilities to customers were unchanged from the previous year at EUR 2.1 billion. The decrease resulted mainly from the smaller amount of accrued interest. Securitised liabilities increased by EUR 1.1 billion or 1.3% to EUR 83.7 billion. The Medium-Term Note Programme (MTN) amounting to EUR 63.4 billion (EUR 60.3 billion) is still the Bank's most important funding source. The portfolio of outstanding Euro Commercial Paper (ECP) issues decreased to EUR 7.6 billion (EUR 10.8 billion) and the portfolio of outstanding global bonds increased to EUR 12.4 billion (EUR 11.1 billion).

Equity

Equity including the fund for general banking risks pursuant to Section 340g HGB rose in total by EUR 40.5 million to EUR 4,763.0 million. Half of net income totalling EUR 36.0 million was allocated to retained earnings and half to the distributable profit. The Fund for general banking risks was increased by EUR 21.8 million.

Regulatory capital ratios

In consultation with the supervisory authorities, Rentenbank dissolved the regulatory group with the subsidiary LR Beteiligungsgesellschaft mbH as of 30 November 2022; since that time, it fulfils all regulatory requirements exclusively at institution level. The dissolution of the regulatory group leads only to marginal changes in the capital ratios.

The total capital ratio of 31.7% (PY: 32.0% at group level) and the CET 1 capital ratio of 31.7% (PY: 31.8% at group level) reflect Rentenbank's strong capitalization and are still well above the minimum regulatory requirements.

Please refer to Chapter 4.6 for details on the amounts and development of regulatory own funds and risk-weighted assets (RWAs).

Capital expenditures

Our capital expenditures in the past year were still focused on modernising our IT systems, particularly the replacement of the internally developed, host-based core banking system. In this respect, major milestones were achieved with the implementation of the partial migration to SAP and Murex. In this respect, major milestones were achieved with the successful migrations to SAP and Murex. We also conducted several preliminary studies for additional implementation measures and launched additional projects in 2022. Moreover, considerable funds were invested to improve IT security and implement regulatory requirements.

The Promotion Portal introduced in cooperation with the Federal Agriculture Programme in December 2020 was further optimised and the internal IT systems were upgraded in 2022.

To digitalise the Bank's processes, additional bots were developed to perform routine application processing tasks, thus enhancing efficiency.

Aside from modernising the IT landscape, we are also investing in the energy-efficient refurbishment of our landmark-status building on Hochstraße in Frankfurt am Main.

Liquidity

The Federal Republic of Germany bears the institutional responsibility and guarantee for the liabilities of Rentenbank (statutory funding guarantee).

Thanks to the resultant AAA rating, we are able to procure liquid funds in the market without any problems. The considerable holdings of debt instruments eligible as collateral for borrowings from the Bundesbank represent an additional liquidity reserve. For more information on this subject, please refer to the description of liquidity risks in the Risk Report section of the present Management Report.

Summary assessment of business development and economic position

The Management Board judges the Bank's business development and the development of its financial position, cash flows, and financial performance to be satisfactory. The same goes for the financial and non-financial key performance indicators defined in the section "Management System".

2.4 Financial and non-financial key performance indicators

Financial key performance indicators

The operating result before loan loss provisions and valuation effects (operating result) amounted to EUR 157.8 million. It was therefore, as expected, 15.9% less than the previous-year operating result of EUR 187.7 million. Net interest income decreased by 5.9% and administrative expenses increased by 25.0% compared to the respective previous-year figures.

The aforementioned development of income and administrative expenses also affected the cost-income ratio, one of our key performance indicators. Moreover, the allocations to promotional contributions (EUR 59.6 million) and reversals of promotional grants from previous years (EUR 4.5 million) are excluded from the cost-income ratio. As expected, the cost-income ratio rose to 36.7% from the previous year (32.9%). Taken as a whole, the cost-income ratio is still very low.

The key performance indicator "volume of promotional loans" comprises the volume of new special promotional loans granted in a given year, which amounted to EUR 6.9 billion in the past financial year (PY: EUR 5.6 billion), which exceeded our expectations.

Non-financial key performance indicators

With regard to the key performance indicator of “employees”, Rentenbank had a total of 403 (PY: 385) employees (excluding apprentices, interns, employees on parental leave, and members of the Management Board) at the end of 2022.

With regard to corporate social responsibility, we support specific projects and institutions operating in agriculture and rural areas from Rentenbank’s Promotional Fund, which is funded from the distributable profit. As part of our agricultural sponsoring activities, moreover, we finance nationwide, high-reach agriculture-related events and projects of importance for agriculture and rural areas. In addition, our forestry project in the Buchenborn forest district supports nature conservation in the Rhine-Main region. And because our headquarters is located in Frankfurt am Main, we additionally support cultural institutions and social services providers in the city. In 2022, moreover, Rentenbank launched a fundraising campaign for the organisation “Emergency Aid for Ukraine”, which is an alliance of the two NGOs “Bündnis Entwicklung Hilft” (BEH) and “Aktion Deutschland Hilft” (ADH), and topped up the donations made by its employees.

We reward volunteering work in rural areas with the Gerd Sonnleitner Award, which is given annually to a young farmer less than 35 years of age. And our foundation Edmund-Rehwinkel-Stiftung grants stipends in support of agronomic research and projects of great practical use for agriculture.

3. Forecast and opportunities report

3.1 Anticipated development of business and general conditions

The economic performance of Rentenbank mainly depends on the prevailing conditions in the credit and financial markets, which are, in turn, decisively influenced by the monetary policy of central banks, the development of prices and currencies, and the development of public finances.

Macroeconomic outlook

The Russian war of aggression against Ukraine continues to hamper global economic growth, for which reason the global economic recovery is expected to weaken in 2023. The Bundesbank is predicting that German gross domestic product (GDP) will contract slightly by 0.5%. Based on the currently available information, additional economic stresses are not expected to result from the earthquake in Turkey and Syria. The rate of inflation as measured by the Harmonised Index of Consumer Prices (HICP) is expected to gradually decline over the course of 2023 from the high level of 8.6% reached in 2022. Nevertheless, price pressures will remain intense due to high energy prices, shortages, and rising wage costs.¹¹

In view of the high level of inflation, the members of the US Federal Reserve's Open Market Committee anticipate additional interest rate increases in 2023.¹² The European Central Bank has likewise announced that it will stick to its course of interest rate hikes in the current year.¹³

The expectation in financial markets that the pace of interest rate increases to be implemented by central banks could be less rapid than originally expected temporarily led to modest declines in the yield of 10-year German Bunds, which trended upwards again in the further course of the year, however.

Considering the still high rates of inflation and the steps still to be taken by central banks, we expect that the level of interest rates will rise modestly in the further course of the year. In view of global economic developments and risks, the overall increase will probably be rather modest.

Outlook for the economic environment for promotional activity

Investments in agriculture and food and therefore also the demand for special promotional loans are influenced by many factors, one of which being the development of general economic conditions, which has influence on demand and prices in the agricultural markets. However, agricultural investment propensity is also heavily influenced by political and legal framework conditions, as well as public-sector promotional support.

¹¹ Bundesbank Monthly Report Dec. 2022, pp. 17 ff.

¹² U.S. Federal Reserve Press Release, Appendix p. 4 of 14/12/2022

¹³ Börsen-Zeitung, 20/01/2023

As commodity and energy costs continue to rise, higher expenses are expected for fertiliser, seed, and crop protection in 2023. Prices of grain and oilseed will also be influenced by the course of the war in Ukraine given that both Ukraine and Russia are among the world's biggest grain and oilseed exporters. The earthquake is not expected to influence the prices of the most important agricultural commodities.

Nevertheless, many producers will presumably be able to pass on the higher costs to retailers and consumers. Faced with higher food prices, consumers can be expected in turn to opt for cheaper alternatives and purchase fewer organic products, for example.¹⁴

The "Agriculture Business and Investment Barometer" survey sponsored by us provides insights into the current and future business situation of farmers in Germany and their investment propensity in the coming six months. According to the latest survey results from December 2022, farmers plan to invest EUR 5.8 billion in the first six months of 2023, which is much higher than the EUR 5.0 billion planned in the previous year. Considerably higher investments are planned particularly in farm buildings and renewable energy. By contrast, planned investments in farm and stable equipment are lower, while planned investments in machinery and equipment remained at the level of the previous year.¹⁵

The German federal government has announced a federal programme to improve livestock farming. It will provide start-up funding of EUR 1 billion to promote investments in the construction of new pigsties and the conversion of existing pigsties to make pig farming more humane and environmentally friendly and defray the higher ongoing expenses.¹⁶

We expect additional growth impetus in the renewable energy sector. The German federal government intends to accelerate the expansion of renewable energy and increase its share of gross electricity consumption to 80% by the year 2030.¹⁷ Wind power in particular will make a decisive contribution to

¹⁴ EY Press Release dated 19/01/2023: "Agribusiness trotz geopolitischer Herausforderungen – steht aber vor einem schwierigen Jahr" ("Agribusiness bucks geopolitical challenges, but still faces a difficult year")

¹⁵ DBV Press Release dated 19/01/2023: "Kurzfristige Stimmungsaufhellung zum Jahreswechsel" ("Short-term sentiment improvement at the turn of the year")

¹⁶ BMEL Press Release dated 21/12/2022: "BMEL legt Eckpunkte des Bundesprogramms zum Umbau der Tierhaltung vor" ("German Federal Ministry of Food and Agriculture presents key points of the federal programme to improve livestock farming")

¹⁷ <https://www.bundesregierung.de/breg-de/themen/klimaschutz/novelle-eeg-gesetz-2023-2023972>

this goal. The German Wind Energy Association (Bundesverband Windenergie, BWE) expects that onshore wind energy installations will increase from 2.7 GW to 3.2 GW in 2023, after a net increase of 2.1 GW in 2022.¹⁸

3.2 Business development forecast

The Bank's loan loss provisions were little changed in the 2022 financial year. We expect that the loan loss provisions will be subject to only minor changes in 2023. This supposition is supported by the small unsecured portion of the Bank's lending portfolio together with the steady performance and consistently good credit ratings of our business partners. We continually monitor the business development of our business partners. We had no need to recognise specific valuation allowances (SVAs) in 2022 and do not plan to recognise any SVAs in 2023 either.

Annual and five-year budget plans are prepared for the purpose of forecasting the Bank's future financial position, cash flows, and financial performance. These budget plans cover the planned development of new loans, existing loans, capital, income and costs, as well as adverse scenarios. They also include the planned development of regulatory ratios and the anticipated development of the Bank's risk-bearing capacity. The forecasts offered in the following refer to the budget plan for 2023.

Budget plan for the 2023 financial year

According to the current budget plan, we anticipate an average volume of new promotional loans at the level of the previous year and lower net interest rate spreads for new promotional loans. Also, because the planned net interest rate spreads for new promotional loans are significantly lower than the spreads for the promotional loans maturing in 2023, planned net interest income in the Promotional Activity segment will be moderately lower than in the previous year.

Special promotional loans will continue to be the focus of the Bank's lending activity. Based on the volume of new promotional loans of EUR 6.9 billion in 2022, we expect that the volume of new promotional loans will remain at the same level in 2023. We therefore anticipate a nearly unchanged volume of

¹⁸ German Wind Energy Association Press Release dated 18/01/2023: "Ausbau der Windenergie an Land 2022: Genehmigungen sind der Zubau der Zukunft!" ("Onshore wind energy expansion in 2022: Permits are the net new installations of the future!")

new promotional loans representing about the same percentage of total assets.

In the Promotional Activity segment, the portfolio of securities, registered bonds, and promissory notes increased slightly in the past year. We expect a modestly larger portfolio in 2023 compared to 2022.

Rentenbank's offering of promotional loans to finance start-ups related to the Bank's promotional mandate was expanded to include investments in a venture capital fund in 2022. The investment amount is in the low double-digit millions of euros. In a conservative scenario, therefore, we could absorb any potential capital losses resulting from the venture capital investments from the Bank's current income without having to release reserves, also in the long term.

In the Capital Investment segment, we expect that interest income in 2023 will be well below the level of the previous year mainly as a result of prior investments made in securities maturing in 2023, which were therefore already included pro rata in the 2022 result.

The net interest income to be generated in the Treasury Management segment in 2023 is expected to be well below the level of the previous year given that we anticipate lower net interest rate spreads over the course of the year, compared to the previous year.

We expect considerably lower net interest income in total from the three operating segments in 2023.

The planned administrative expenses for 2023 are less than the corresponding figure for the previous year particularly due to lower planned pension expenses. In this context, the inflation adjustments made in the actuarial calculation of pension obligations gave rise to a high level of non-recurring effects in 2022. For this reason, total planned personnel expenses are lower despite the moderately higher number of employees. Planned material expenses are still influenced by the high level of investments to modernise our IT infrastructure, for which reason they are little changed from the previous-year figure.

In view of the anticipated development of income and costs, we expect a significantly lower operating result before loan loss provisions and valuation effects in 2023. Despite the lower expected operating result, we will easily be able to continue funding our promotional activities from our current income.

Due to the lower income, which will not be offset by the moderately lower administrative expenses, the cost-income ratio is likely to be somewhat higher. It will remain at a low level compared to the Bank's peers.

3.3 Opportunities and risks

Additional opportunities and risks affecting the development of the Bank's business compared to the planned results for 2023 could arise as a result of changed operating conditions.

The further course of the war in Ukraine and the development of inflation and supply chain problems are among the factors that could decisively change the basic economic conditions. A recession could develop in the Eurozone, which would have an adverse effect on the Bank's lending activities, including the volume of new promotional loans, and its risk situation, but could also have the positive effect of widening credit spreads. In an economically uncertain environment, however, our own credit spreads have often proved to be relatively stable given that we benefit from a "flight to safety" effect due to being backed by the German federal government. The resulting rise in net interest rate spreads would have a beneficial effect on the Bank's net interest income, whereas a decline in business volumes would have a dampening effect.

The profit to be generated in the Capital Investment segment will be adversely affected by the preliminary end to the low interest-rate environment caused in particular by the ECB's monetary policy. A further strong rise in interest rates would present both risks and opportunities for Rentenbank. The potential specific consequences would depend on the extent and speed of the change in interest rates and would also vary by operating segment and the chosen observation period.

Further, as yet unknown regulatory requirements could give rise to additional adverse factors affecting administrative expenses such as increased IT and personnel expenses. Such additional regulatory requirements could also necessitate further changes in the IT infrastructure beyond the already planned investments. Moreover, the refurbishment of our landmark-status bank building could lead to negative budget variances and higher costs.

Despite the risk-conscious policy regarding new promotional loans, a deterioration of the credit standings of the Bank's business partners during the year cannot be ruled out. Such a development would have a detrimental effect on the Bank's risk capital in the context of the risk-bearing capacity analysis.

More detailed information on the Bank's risks is provided in the Risk Report section.

3.4 Developments in the current financial year

At the beginning of the current financial year, the total net interest income of our three operating segments was considerably higher than in the same period of last year and considerably higher than the plan figure. This increase is particularly attributable to the Treasury Management segment, which was able to take advantage of market opportunities, and the Promotional Activity segment, in which a smaller amount of interest rate subsidies was granted at the beginning of the year, mainly due to the high proportion of loans granted to the development banks of the German federal states.

Based on the developments to date in the current fiscal year, the Management Board considers the operating results planned for the 2023 fiscal year to be achievable.

The forecast report contains certain forward-looking statements that are based on current expectations, estimates, assumptions, and forecasts of the Management Board, as well as the information available to it. These statements particularly include statements about our plans, business strategy, and prospects. Such forward-looking statements are signified by words such as "expects", "anticipates", "intends", "plans", "believes", "strives", "estimates" and similar expressions. These statements are not to be understood as guarantees of the future developments mentioned therein, but rather as being dependent on factors that involve risks and uncertainties and are based on assumptions that may prove to be incorrect. Unless required by law, we accept and assume no obligation to update forward-looking statements after the publication of this information.

4. Risk report

The Management Board has implemented a risk management system (RMS) to manage the risks resulting from our business activities. The RMS is based on

- the derived risk strategy which is consistent with the overall business strategy,
- the Risk Appetite Framework and the Risk Appetite Statement,
- ongoing assessments to confirm the adequacy of the Bank's capital and liquidity position,
- the structural and procedural organisation of the RMS, and
- the Risk Controlling function, the Compliance function, the function of the Information Security Officer(s), and Internal Audit.

Rentenbank is not a CRR institution within the meaning of Section 1 (3d) of the German Banking Act (Kreditwesengesetz, KWG). It is subject to the national jurisdiction of the German regulators, the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the Bundesbank. We are nonetheless subject to the Capital Requirements Regulation (CRR) pursuant to Section 1a (1) KWG. We do not keep a trading book according to Art. 4 para. 1 nos. 85 and 86 CRR.

4.1 Organisation of risk management

Risk reporting is conducted in accordance with the German regulatory requirements known as the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk). The Management Board is informed of the risk situation on a monthly and ad-hoc basis.

The Audit and Risk Committee of the Supervisory Board and the competent regulatory authority are informed of the Bank's risk situation on a quarterly basis. In addition, the Management Board informs the Supervisory Board of significant risk-relevant events at the latter's meetings and on an ad-hoc basis when they occur.

The Risk Committee, which is to meet at least four times a year to discuss central RMS issues and topics and advise the Management Board on their assessment, was established in 2022. Besides the members of the Management Board, the committee members include the Head of the Risk Controlling Function (RCF) and the Heads of the Credit, Finance, Treasury, and Promotional Activity Departments.

In accordance with the MaRisk requirements, we have delegated the management of the RFC to the Head of the Risk Controlling Department. This person is responsible for monitoring and communicating risks and is involved in all important risk-policy decisions of the Management. The Risk Controlling Department performs all RCF tasks, which include supporting the Management in all risk policy matters, particularly in the development and implementation of the risk strategy, the regular monitoring of the limits defined to ensure the Bank's risk-bearing capacity, risk reporting, the daily valuation of financial instruments, and risk assessment in the "New Products Process" (NPP). In accordance with the MaRisk requirements, risks are monitored and reported independently of the front office functions Promotional Activity and Treasury.

The back office function is performed by the Credit Department as this department casts the second, market-independent vote on credit decisions pursuant to MaRisk BTO No. 2b). This department also processes the transactions for purchased promissory notes and registered bonds. In consultation with the Risk Controlling Department, the Credit Department also formulates the credit risk strategy to be adopted by resolution of the Management Board. The Credit Department is also responsible for the valuation of loan collateral, the administration of payment methods for special promotional loans, and the intensive monitoring and management of non-performing loans.

In addition, the Credit Department monitors compliance with credit default risk-specific limits for purposes of loan portfolio management. It also analyses credit risks, country risks, and currency transfer risks, among other things. Business partners and transaction types for each counterparty are assigned to Rentenbank's specific credit rating categories, draft resolutions for credit decisions are prepared, and the overall credit portfolio is monitored on a constant basis.

As front office functions, the Promotional Activity and Treasury Departments are responsible for new promotional loans in the Promotional Activity segment. The Treasury Department manages market price risks and liquidity risks within the framework of the risk strategy, including the Risk Appetite Statement, and the Treasury sub-strategy. The Operations Financial Markets Department and the Loan Processing Department within the Credit Department monitor concluded trades as processing and control units according to the MaRisk requirements. The Risk Controlling Department is responsible for performing market conformity checks.

Independent risk assessment and monitoring is consistently assured by the organisation of risk management.

Rentenbank's Compliance function is part of the internal control system (ICS). In the context of MaRisk compliance, it works with other organisational units to counter risks that could arise from non-compliance with statutory regulations and requirements (compliance risk). It strives to bring about the implementation of effective procedures to ensure compliance with relevant statutory regulations and requirements and the implementation of suitable controls for this purpose. The Compliance function also supports and advises the Management in matters of compliance with the relevant statutory regulations and requirements. It reports directly to the Management Board.

The regulatory working group (Arbeitskreis regulatorische Themen, ART) is particularly responsible for assessing and monitoring regulatory and legislative initiatives and for strengthening the structure of the Compliance function. The ART addresses regulatory issues identified as relevant to the Bank as whole, ensures the assignment of responsibilities, and monitors implementation.

The Information Security Department (ISD) bears responsibility for all information security concerns. The head of this department performs the function of Information Security Officer (ISO) prescribed by the Regulatory Requirements for IT in Financial Institutions (Bankaufsichtliche Anforderungen an die IT, BAIT) and the MaRisk. This person is responsible for the provision and further development of procedures and methods and for the management and monitoring of the Information Security Management System (ISMS), Information Risk Management (IRM), and the Emergency Management System.

Internal Audit audits and evaluates the legal compliance of activities and processes and the appropriateness and effectiveness of the RMS and the ICS on a risk-oriented and process-independent basis. It reports directly to the Management Board and performs its duties in an autonomous and independent manner. The Management Board may order additional audits. The members of the Audit Committee and the respective Chairpersons of the Compensation Control and Risk Committees may elicit information directly from the Head of Internal Audit.

4.2 Business and risk strategies

The Management Board formulates the Bank's sustainable business strategy on the basis of the company mission derived from the relevant legislation. The business strategy is particularly determined by the Bank's promotional mandate and the measures taken to fulfil it. Rentenbank does not keep a trading book. Our business activity is not geared primarily to generating profits, but rather to fulfilling our statutory promotional mandate.

We provide our special promotional loans for agriculture and rural areas via local banks (on-lending) while fulfilling the applicable regulatory requirements.

Our Risk Appetite Framework comprises all strategies and guidelines, methods, processes, responsibilities, controls, and systems from which we derive, communicate, and monitor our risk appetite. Apart from minimum targets, alert thresholds, and limit systems, the Framework also includes soft factors such as an appropriate compliance culture and an actively practiced risk culture.

Our risk strategy is consistently derived from our business strategy. It comprises an overarching risk strategy, as well as sub-strategies focused on specific types of risk. The Venture Capital Policy was added to the business and risk strategies in 2022.

The business and risk strategies are discussed with the Supervisory Board on an annual basis.

The Management Board defines the risk strategy, the Risk Appetite Framework, and the Risk Appetite Statement as the main parameters of risk management.

We understand risk appetite to mean the overall risk we are prepared to accept in order to achieve our strategic objectives within the limits of the allocated risk capital. The risk appetite is defined on the basis of quantitative requirements and qualitative assertions. The requirements are concretised in the form of the limits and alert thresholds defined for purposes of the risk-bearing capacity, the requirements relative to products and markets, and the treasury sub-strategy.

The credit risk strategy is shaped by the promotional mandate. To promote agriculture and rural areas, funding is only granted as a rule to banks domiciled in the Federal Republic of Germany or another EU country that conduct business with agricultural enterprises, enterprises in upstream or downstream

sectors, or in rural areas. The special promotional loans are only granted to promote investments in Germany.

The agribusiness and food industry is critically important to the implementation of the “Green New Deal”. However, sustainability targets such as emissions reduction, food security, and biodiversity conflict with each other in many ways. For this reason, innovative ideas that can take root successfully in the business world are needed. That is precisely why Rentenbank has supplemented its promotional lending strategy with investments in venture capital funds as a means of supporting agribusiness start-ups. The idea is to promote the eco-system holistically while also incentivising private capital providers to invest more in agtech. The basic terms and conditions governing limited partner investments in venture capital funds have been set out in the Bank’s Venture Capital Policy.

Rentenbank is also authorised to acquire equity interests. The Bank provides funding to the German federal states, rural districts, and municipalities in the form of promissory notes, registered securities, and bearer securities. Thus, our lending activity is limited to the funding of credit institutions and financial institutions as defined in Art. 4 CRR and to providing capital to German local authorities. In accordance with the Bank’s credit risk strategy, only a Rentenbank subsidiary may grant loans directly to enterprises. No such direct loans were granted in 2022.

Derivatives are only used as hedging instruments and are only concluded with business partners with whom we have entered into a collateral agreement.

Our credit risk strategy demands a careful selection of business partners and products for all business activities. In accordance with our core competencies and business model, we mainly choose banks and public-sector borrowers as business partners. By reason of our promotional mandate, we are necessarily exposed to the banking sector as a sector concentration risk. As an indicator of the Bank’s risk profile, the average credit rating of the total loan portfolio should be at least A+, with due regard to product credit ratings.

The market price risk strategy stipulates that interest rate risks must be limited through the use of derivatives and all currency risks must be hedged, as a rule. Market price risks are limited in accordance with the Bank’s risk-bearing capacity.

The primary objective of the liquidity risk strategy is to ensure the Bank’s ability to meet its financial obligations at all times.

Non-financial risks, which include operational and strategic risks according to our understanding, are managed with the goal of preventing losses by ensuring the quality of all the Bank's operational processes. Compliance with regulatory requirements and the minimisation of reputation risks by means of appropriate communication management and a code of conduct are likewise components of the risk strategy.

All material risks are limited within the scope of the defined risk appetite for purposes of the risk-bearing capacity calculation.

4.3 Risk culture

Our risk culture shapes our understanding of dealing with risks on a day-to-day basis. It comprises all standards, attitudes, and behavioural patterns related to risk awareness, risk appetite, and risk management. The appropriateness of the Bank's risk culture is reviewed on the basis of suitable indicators.

4.4 Risk inventory

The risk inventory provides a structured overview of all risks that could harm the Bank's financial position, capital resources, financial performance, or liquidity situation. This overview also comprises risk concentrations within individual risk types and between risk types.

In addition, material risks are identified by means of indicators based on quantitative and qualitative risk characteristics and detected at an early stage by means of self-assessments. Risks are further identified as part of the New Products Process (NPP), key controls of the ICS system, and daily control and monitoring activities.

Our risk profile comprises all material risk types: credit default risks, market price risks, liquidity risks and non-financial risks. According to our understanding, non-financial risks include operational and strategic risks.

We also pay particular attention to risks and opportunities arising from changes in the ESG (Environmental, Social, and Governance) environment in our assessment of risks. We incorporate these factors into our risk management system as risk drivers, including on the basis of scenario analysis, for example.

4.5 Validation of risk measurement

A validation framework based on the regulatory requirements is applied for the purpose of validating the methods and procedures defined for the measurement of material risk types in Rentenbank's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The methods and procedures are validated at least once a year. The separation between method development and validation is assured by employing different teams for each process. The objective of the validation process is to critically review the quality of the risk measurement methods and models employed, as well as the corresponding parameters and assumptions, on the basis of quantitative and qualitative analysis. The assessment is based on a defined methodology. The validation results are reported to the Management Board.

4.6 Risk-bearing capacity

The risk-bearing capacity of Rentenbank is the central element of our Internal Capital Adequacy Assessment Process (ICAAP) and the basis for the operational implementation of our risk strategy. The objectives of the risk-bearing capacity concept are to ensure the continuation of the Bank as a going concern in order to fulfil its promotional mandate in compliance with the regulatory requirements, to ensure the long-term preservation of the Bank's capital, and to protect creditors against economic losses. These objectives are reflected in the two perspectives of our risk-bearing capacity concept, which encompasses a Normative Approach and an Economic Approach. The risk management processes are designed to fulfil these objectives and requirements equally. The monitoring of limits within the risk-bearing capacity concept is supplemented with stress tests, which are reported to the Management Board and discussed there and in the Risk Committee on a regular basis.

Normative Approach

The managerial objective of the Normative Approach is to fulfil all regulatory minimum capital requirements and standards. For this purpose, the Bank determines whether the Bank's capital resources are sufficient to ensure compliance with all regulatory requirements and thus the continuation of the Bank as a going concern, in the base scenario and in the adverse scenarios,

both as of the reporting date and over the period covered by the multi-year (five-year) capital plan. The capital resources should also make it possible for the Bank to sustainably pursue its business strategy under these scenarios.

The Bank's regulatory capital under the Normative Approach at the reporting date and in comparison with the corresponding prior-year figures is presented in the table below:

	31/12/2022 mEUR	31/12/2021 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,197.1	1,195.0
Fund for general banking risks	3,373.2	3,218.3
Intangible assets	- 28.1	- 24.9
Tier 2 capital	8.7	24.2
Regulatory own funds	4,685.9	4,547.6

The increase in own funds compared to the previous year resulted mainly from the regulatory conversion from group to single institution (see Chapter 2.3.2 for details). The decrease in Tier 2 capital resulted from the repayment of promissory notes and the non-inclusion of bearer securities, which only qualified as Tier 2 capital until 31 December 2021 according to the transitional regulations.

Risk exposures and risk-weighted assets (RWAs) are presented in the table below:

	Risk Exposure 31/12/2022 mEUR	Risk Exposure 31/12/2021 mEUR
Credit default risk	13,718.1	13,102.6
CVA charge	510.0	564.6
Operational risk	551.8	554.9
Total RWAs	14,779.9	14,222.1

The slightly higher amount of RWAs was mainly due to the higher business volumes. This had little effect on the capital ratios overall. For information purposes, moreover, the plan values for the following three years from the base scenario applied in the capital plan are presented in the table below:

	Reporting Date 31/12/2022	Base Scenario		
		2023	2024	2025
Total capital ratio in %	31.7	30.8	31.4	27.6
Tier 1 capital ratio in %	31.7	30.8	31.4	27.6
CE Tier 1 capital ratio in %	31.7	30.7	31.4	27.6
Leverage ratio in %	10.4	10.1	10.2	10.3

The war in Ukraine and the pandemic had no material effects on Rentenbank's key risk indicators in 2022. To account for the war in Ukraine and the high rates of inflation, a mild recession in 2023 followed by a recovery in the subsequent years was assumed in the base scenario for capital planning purposes. Therefore, the base scenario is based on the assumption of a rather stable development. This is reflected in the capital ratios. The introduction and implementation of the finalised Basel III requirements at the EU level were assumed in the capital plan for the year 2025. These requirements will have a seriously negative overall effect on the capital ratios. An adverse scenario considered for capital planning purposes involves the possibility of a severe economic downturn.

The regulatory requirements are fulfilled as of the reporting date and at all times considered in the base scenario of the capital plan. The regulatory requirements are likewise always met in the various adverse scenarios of the capital plan (involving seriously adverse market-wide and institution-specific developments), also in consideration of the finalised Basel III requirements.

Economic Approach

The objectives of the Economic Approach are to ensure the long-term preservation of the Bank's capital and protect creditors against economic losses. For this purpose, the economic capital is checked against the total risk exposure and assessed both as of the reporting date and in the base scenario of the capital plan.

Economic capital includes undisclosed reserves and liabilities from securities and promissory notes of the German federal states, including their hedges, as well as the reserves pursuant to HGB 340f. Interim profits or losses (during the year) are included, while planned and not yet realised profits are not included.

The economic capital applied in the Economic Approach is presented as of the reporting date and in the previous year in the table below:

	31/12/2022 mEUR	31/12/2021 mEUR
Subscribed capital	135.0	135.0
Retained earnings	1,215.1	1,211.1
Fund for general banking risks	3,395.0	3,247.1
Undisclosed liabilities/reserves	619.7	1,052.1
Economic capital	5,364.8	5,645.3

The planned utilisation of the profit earned in 2022 is already included in economic capital. Undisclosed reserves and therefore also economic capital are considerably lower as a result of the sharp rise in interest rates in 2022.

Under the Economic Approach, risks in all positions are considered independently of their accounting treatment. Risks are calculated at a confidence level of 99.9% and for a time period of one year. The risk exposures of the individual risk types are aggregated without regard to diversification effects. They break down as follows:

	Risk Exposure 31/12/2022 mEUR	Risk Exposure 31/12/2021 mEUR
Credit default risks	362.3	362.7
Market price risks	1,529.9	1,141.7
of which interest rate risks	541.2	452.6
of which CVA risk from derivatives	99.9	40.8
of which spread and other risks	873.9	633.2
of which risk buffer	15.0	15.0
Non-financial risks	90.2	82.2
of which operational risks	65.4	58.2
of which strategic risks	24.8	24.0
Overall risk	1,982.3	1,586.5

Rentenbank's risk-bearing capacity under the Economic Approach was comfortably assured at all times in 2022. All limits were kept. The utilisation rate of risk capital was 36.95% at the reporting date, which was considerably higher than at the end of the previous year (28.10%). This increase is attributable to adjustments made in the measurement of spread and interest rate risks, which led to a sharp increase in market price risk and the above-mentioned decrease in undisclosed reserves.

Stress tests

The objective of the stress tests is to analyse whether Rentenbank's risk-bearing capacity would also be assured in unusual, but plausible scenarios affecting different risk types. For this purpose, we simulate a hypothetical scenario (economic downturn resulting from a worsening of the war in Ukraine, including the accompanying rise in inflation) and an historical scenario (financial markets crisis and ensuing sovereign debt crisis). Market-wide and institution-specific aspects are considered in these scenarios. The main risk parameters applied in the stress scenarios are credit rating deterioration, changes in interest rates, and a widening of credit spreads. The effects of the stress scenarios are analysed from the normative and economic perspectives.

Under the Normative Approach, the effects of the scenarios on the income statement and equity and particularly also on risk-weighted assets are simulated over a time period of three years. The dominant risk under the Normative Approach is credit default risk; under the Economic Approach, credit default risk and above all market price risk are particularly relevant.

Under both approaches, Rentenbank's risk-bearing capacity is assured also in the stress scenarios without the use of regulatory reliefs from capital and liquidity requirements, thus confirming the Bank's comfortable capital situation.

In addition to these stress scenarios, the Bank also conducts an inverse stress test to identify those events that would cause the Bank's risk-bearing capacity to be no longer assured. The Bank also analyses the impact of sustainability risks under different scenarios (see separate section).

4.7 Credit default risks

Definition

Credit default risk refers to the risk that a counterparty would not be able to fulfil its payment obligations, or only in part, as well as the risk of valuation losses due to the deterioration of credit ratings. This risk type is sub-divided into credit risk, migration risk, and country risk.

Our lending business is largely limited to the funding of credit institutions, institutions, and financial institutions according to the definitions of Art. 4 CRR, as well as other interbank transactions. The credit risk inherent in the ultimate borrowers of special promotional loans lies with the local bank extending the loans. In addition, we provide funding to German federal states, rural districts, and municipalities.

Risk assessment and management

The central risk parameters for the determination of credit default risk are probability of default, loss given default, exposure at default, and the correlations between business partners, with the aid of which simultaneous defaults of business partners are simulated in the credit portfolio model.

The probability of default is derived from the credit ratings of our business partners. The credit rating is assigned by way of an internal risk classification process under which individual business partners or transaction types are assigned to one of 20 credit rating categories. The best ten rating categories AAA to BBB- are reserved for business partners with low risks (“investment grade”). The seven rating categories BB+ to C signify latent or heightened latent risks, and the three rating categories DDD to D signify problem loans and business partners in default.

The credit ratings of our business partners are reviewed at least once a year on the basis of an analysis of their financial statements and financial position. For this purpose, key performance indicators, qualitative characteristics, the background of shareholders, and other supporting factors such as their affiliation with a protection scheme or state guarantee mechanisms are considered. The country risk of the business partner’s country of domicile is also considered in assessing the credit quality. For certain products such as German mortgage bonds (Pfandbriefe), the associated collateral or cover assets are considered as a further criterion, in addition to the respectively applicable national regulations, in determining the product rating. Whenever the Bank becomes aware of current information about negative financial data or a deterioration of the business partner’s business outlook, the credit rating is reviewed and adjusted if necessary.

The loss given default quantifies that portion of the exposure that would be irrecoverable after the default of a business partner and the realisation of collateral. To quantify our credit default risks, we apply product-specific or transaction type-specific loss ratios determined on the basis of analytical and expert-based methods. In particular, the utilisation chain of the special promotional loans granted by way of on-lending is considered in the measurement and parameterisation of the loss given default for special promotional loans. We also rely on external data sources in assessing specific transaction types.

The exposure at default corresponds to the net balance at the reporting date, plus off-balance sheet transactions with individual debtors. This indicator represents the residual value or market value of the exposure. In determining the amount of exposure under derivatives, a premium is added to account for market value fluctuations, with due consideration given to contractual netting clauses and any cash collateral furnished and received.

Under the Economic Approach, the credit value at risk is calculated by way of a credit portfolio model with due consideration given to correlations between business partners and migration risks.

The method described above enables us to measure, monitor, and manage our risks in accordance with the MaRisk requirements. In this way, adverse developments and portfolio concentrations can be quickly identified and countermeasures initiated.

Limitation and monitoring

The maximum credit limit for all credit limits and a maximum limit for unsecured lines are set by the Management Board to limit credit default risks. Concentration risks are managed and limited at several levels of the Bank by means of various targeted concepts. Country limits and currency transfer limits are set to limit the corresponding risks.

A limit system manages the amount and structure of all credit default risks. Internal limits are set for all borrowers, issuers, and counterparties and are sub-divided where appropriate for specific products and maturities. The Bank's risk classification system is the central decision-making basis for the adoption of limits. In addition, certain minimum credit ratings have been established for individual transaction and limit types.

For risk-bearing capacity purposes, credit default risks are limited on the basis of the credit value at risk determined in the credit portfolio model.

In addition, risk indicators provide early indications of potential risk increases and risk shifts within the portfolio. Alert thresholds are established to quickly detect higher limit utilisation levels so that appropriate countermeasures can be taken.

Other limits are monitored on a daily basis. Limit overruns are immediately reported to the Management Board.

Thus, credit default risks are managed, monitored, and reported for individual transactions at the borrower level and borrower unit level, at the country level, and at the level of the overall credit portfolio.

Portfolio overview

More than 70% of our risk exposures are backed by collateral in the form of assignments of claims under funded loans to ultimate borrowers and state guarantee mechanisms. The Other risk exposures are likewise mainly secured products such as German mortgage bonds (Pfandbriefe) and covered bonds.

Unsecured risk exposures largely consist of loans to and receivables from banks belonging to joint liability schemes in Germany (Haftungsverbünde).

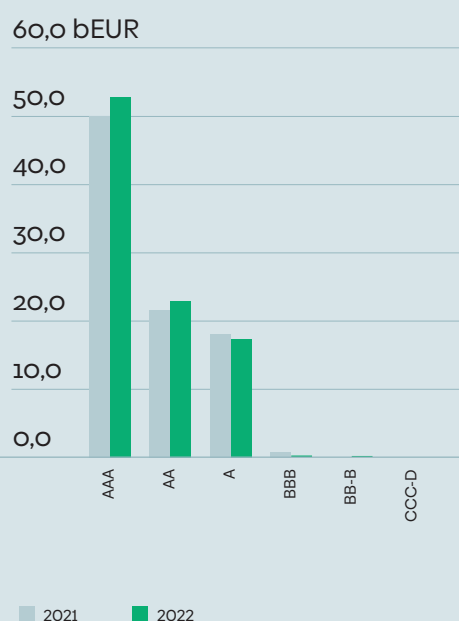
The overall credit portfolio of EUR 93.4 billion (PY: EUR 90.4 billion) comprises the nominal amounts of risk exposures in euros, including special promotional loans with the corresponding assignments of claims under funded loans to the ultimate borrowers, state-guaranteed special promotional loans, registered bonds, promissory notes, securities, money market and derivative transactions, equity interests, investments in venture capital funds, and all externally committed credit facilities, but not loans granted from the German federal government's Special Purpose Fund. The risk exposures of companies in which Rentenbank holds direct equity interests are included in the equity interests.

Derivative financial instruments may only be concluded as hedging instruments on the basis of a netting and collateral agreement.

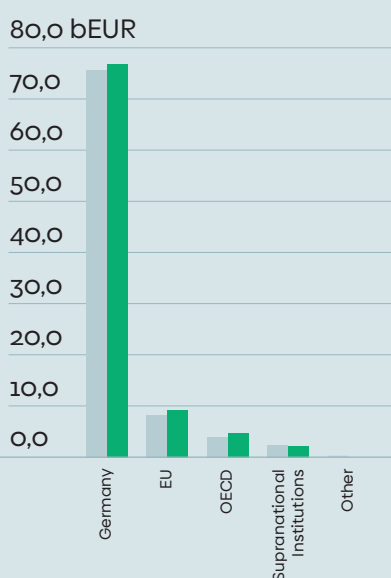
In the three tables below, risk exposures are aggregated on the basis of country of domicile and at the level of the legally independent business partner without regard to Group affiliations. The risk exposures are assigned to credit rating categories on the basis of product ratings. The presented figures are based on nominal amounts.

The portfolio is secured at a rate of over 90%. It breaks down as follows:

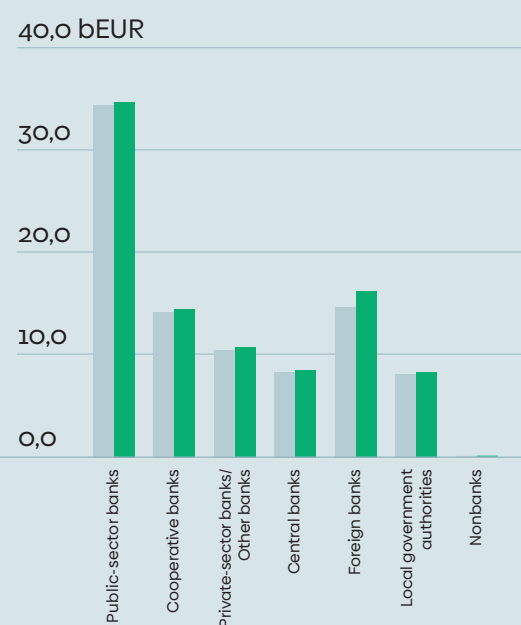
Rating Categories



Country Groups



Counterparty Groups



Rentenbank has no exposure to Russian, Belorussian, or Ukrainian business partners or their subsidiaries. The exposure of our business partners to Russia and/or Ukraine is very limited. Therefore, the direct effects of the Russia-Ukraine crisis on the business performance of the affected institutions are manageable on the whole.

Loan loss Provisions

Specific valuation provision

The Bank assesses on a monthly basis whether there are any indications that not all payments of interest and principal can be made in accordance with the applicable contractual provisions. For financial reporting purposes, the necessity of recognising a specific valuation allowance in respect of a given loan receivable is assessed on the basis of the following criteria:

- “Non-investment grade” credit rating,
- non-performing, deferred, or restructured exposures,
- significant deterioration of the business partner’s credit quality,
- significant deterioration of the credit rating of the business partner’s country of domicile.

As in the previous year, it was not necessary to recognise specific valuation allowances at the reporting date.

General valuation allowance

General valuation allowances are recognised to account for latent credit default risks. The amounts of such general valuation allowances are determined on the basis of the probability of default and the loss given default.

The general valuation allowances for loan receivables, securities, and irrevocable credit commitments amounted to EUR 2.7 million, nearly unchanged from the previous year (EUR 2.7 million).

4.8 Market price risks

Definition

Market price risk refers to the potential losses arising from changing market data. It encompasses interest rate risks, CVA risks from derivatives, spread risks, and other market price risks. The latter category comprises currency risks and volatility risks.

Interest rate risk refers to the risk of unexpected changes in the economic value or present value of interest rate-sensitive exposures and in net interest income due to changes in interest rates. Interest rate risk in terms of present value is subsumed under the regulatory term Economic Value of Equity (EVE) and interest rate risk in terms of net interest income is subsumed under the term Net Interest Income (NII). We have assigned all transactions to the banking book and calculate interest rate risk from the EVE and NII perspectives under the term Interest Rate Risk in the Banking Book (IRRBB).

CVA risk refers to the risk of potential market value losses in derivative financial instruments resulting from the deterioration of the counterparty's credit rating.

Spread risks are sub-divided into credit spread risks, cross currency basis spread risks, and basis spread risks.

Currency risk is the risk of a present value loss in foreign currency positions resulting from detrimental changes in exchange rates. However, open currency positions are only held in very low balances in nostro accounts. With regard to closed foreign currency positions, the market values of underlyings and hedging transactions differ from each other as a result of different valuation parameters, mainly of credit spreads, leading to temporary market value differences caused by exchange rate effects.

Volatility risk is the risk that the value of an option could change as a result of changes in the implied volatility. Options also include embedded options such as loans with cancellation rights.

Other market price risks such as equity and commodity price risks are not relevant by reason of our business model.

Risk assessment and management

Interest rate risks

Interest rate risks from both present value and economic perspectives are measured with reference to a parallel shift of yield curves on a daily basis for the Treasury Management and Promotional Activity segments and on a monthly basis at the overall bank level. In accordance with the regulatory accounting method applied, equity is not included as a liability item.

The income-related measurement of interest rate risks is performed by means of the stress tests conducted under the Normative Approach over a period of three years on the basis of the fixed-interest periods in the interest rate scenarios considered.

Risks resulting from negative interest rates, particularly from variable interest-rate transactions with zero floors, are taken into account from the present value and net income perspectives.

The calculations conducted for purposes of the risk-bearing capacity are supplemented with the analysis of stress scenarios.

Under the Economic Approach, interest rate risk in the banking book mainly results from longer-term investments of the Bank's own funds in the Capital Investment segment. Therefore, only rising interest rate scenarios are relevant from the EVE perspective. From the NII perspective, however, falling interest rates are relevant because the effects from the interest accruing on new promotional loans are the main factor in this case.

We also calculate interest rate risk in the banking book in accordance with the BaFin Circular 06/2019. In this case, the Bank assesses whether the negative change in present value resulting from a parallel interest rate shift of +/- 200 basis points exceeds 20% of total regulatory capital. In addition, present value changes arising from six specified interest rate scenarios are calculated as percentages of CE Tier 1 capital as early warning indicators. The alert threshold for the early warning indicators is 15%. The interest rate coefficient and Rentenbank's early warning indicators were below the level of the alert thresholds at the reporting date.

We do not seek to generate material income from the assumption of interest rate risks as a strategic objective.

We limit interest rate risk particularly through the use of derivatives. Derivatives are concluded on the basis of micro-hedges or macro-hedges, the latter for special promotional loans.

CVA risk

CVA risk refers to the risk of potential market value losses in derivative financial instruments resulting from a deterioration of the counterparty's credit rating. The parameters applied in the calculation are the business partner's probability of default and loss given default, and the potential market value changes (potential future exposure) at the level of netting pools.

Spread and other risks

We quantify spread risks using a Value at Risk (VaR) model based on an historical simulation. The parameters applied in the VaR calculation are the present value sensitivities to the spreads of the transactions considered. Based on historical market data trends going back up to ten years, the maximum loss is calculated for the specified confidence level. Credit spread risks are calculated for both securities and highly liquid promissory notes.

Currency and volatility risks are measured on the basis of scenario-based changes in exchange rates and volatilities.

Risk buffer

Risk modelling uncertainties and simplifications are additionally accounted for by means of a risk buffer.

Limitation and monitoring

The overall limit for market price risk is divided among interest rate risk, CVA risk, spread risk, and other risks, as well as the risk buffer. The observance of limits for interest rate risks in the Treasury Management and Promotional Activity segments is monitored and reported on a daily basis. The other market price risks are reported on a monthly basis.

4.9 Liquidity risks

Definition

Liquidity risk particularly comprises liquidity risk in the narrower sense and funding cost risk.

We define liquidity risk in the narrower sense as the risk of not being able to meet current or future payment obligations or only to a limited degree. This also includes intraday liquidity risk, market liquidity risk, and funding risk. Funding risk refers to the risk that future funding resources could only be raised or a liquidity surplus would have to be invested under unexpectedly worsened cost conditions.

Risk assessment and management

The objectives of liquidity management are to ensure the Bank's ability to meet its financial obligations at all times, also under stress conditions, to optimise the funding structure, and to coordinate the Bank's own issues in the money market and capital markets. We manage liquidity risk centrally.

The Bank's outstanding liquidity balances are limited by means of a limit specified by the Management Board on the basis of our funding possibilities, from both the normative and economic perspectives. The cash position and the limit utilisation are monitored on a daily basis.

The instruments available for managing the Bank's short-term liquidity position include interbank funds, ECP placements, and open market operations with the Bundesbank. Liquidity can also be managed by purchasing securities and raising funds with terms of up to two years by way of the Euro Medium-Term Note Programme (EMTN Programme), promissory notes, global bonds, and domestic capital market instruments. Foreign currency-denominated incoming or outgoing payments from balance sheet transactions are covered by opposite payments from hedging derivatives.

Under the risk-bearing capacity concept, liquidity risks are covered not by risk capital but by liquid assets. Thanks to our triple-A rating and the statutory guarantee of the German federal government, we are able to raise liquid funds in the market at all times. In addition, any and all assets held with the Bundesbank may be pledged as collateral for loans.

The bonds issued by us are classified in the EU as “liquid assets” according to the Liquidity Coverage Ratio (LCR). Also in other legal jurisdictions (e.g., United States and Canada), Rentenbank’s bonds may be held as highly liquid assets.

Liquidity stress scenarios

Stress scenarios are employed for the purpose of analysing the effects of unexpected, unusual events on the Bank’s liquidity position and market liquidity risk. The liquidity stress scenarios developed for this purpose are an integral part of the internal management model and are calculated and monitored on a monthly basis. The scenario analyses include a market-wide scenario involving a decline in the prices of securities (market liquidity) and liquidity outflows for cash collateral, and an idiosyncratic scenario involving simultaneous calls of all irrevocable credit commitments and default on the part of important borrowers. This scenario mix is used to simulate the cumulative occurrence of liquidity stress scenarios. Liquidity stress tests are also conducted on an ad-hoc basis when risk-relevant events occur.

Liquidity ratios according to the CRR

The regulatory liquidity ratios LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) serve to limit short-term, medium-term, and long-term liquidity risk. The objective is to enable banks to remain solvent also in stress phases by maintaining a liquidity buffer and stable funding. The LCR, which is the ratio of highly liquid assets to net cash outflows in the stress scenario, must be at least 1.0. The minimum NSFR, which is the ratio of available stable funding to required stable funding, is 1.0.

Limitation and monitoring

The calculated liquidity requirement for up to 30 days under stress assumptions must be less than the liquid assets calculated according to the LCR and the freely available funding resources.

The calculated liquidity requirement for a period of between 30 days and two years is limited by the freely available funding resources.

In the medium-term and long-term liquidity calculation, moreover, cash inflows and outflows over a period of longer than two years are accumulated and carried forward on a quarterly basis. The cumulative net liquidity outflows may not exceed a limit set by the Management Board.

The scenario mix is defined as the management-relevant scenario. It limits the survival period by means of a traffic-light system.

The short-term, medium-term, and long-term liquidity limits are monitored and reported on a daily basis. As in the previous year, the Bank's liquidity was assured at every date considered in the reporting period, also under stress assumptions. All liquidity limits and regulatory liquidity ratios were comfortably kept. The average LCR was 5.14 (4.41) and the average NSFR was 1.37 (1.34).

The short-term, medium-term, and long-term liquidity, the results of the scenario analyses, the survival period, the liquidity ratio LCR and NSFR, and the calculation of the liquidity buffer in accordance with the MaRisk are reported on a monthly basis.

4.10 Non-financial risks

Non-financial risks are sub-divided into operational risks and strategic risks.

Definition of operational risks

Operational risks arise as a result of non-functioning or defective systems and processes, misconduct on the part of humans, or external events. Operational risks include legal risks, compliance risks, outsourcing risks, IT risks, information security risks, litigation risks, personnel risks, model risks, project risks, and event or environmental risks.

Definition of strategic risks

Strategic risks are sub-divided into business/strategic risks, reputation risks, and pension risks.

Business/strategic risk refers to the risk of losses as a result of the non-attainment of business strategy objectives due to business strategy positioning or detrimental changes in market and environmental conditions, including legal framework conditions, for Rentenbank.

Reputation risk refers to the risk of losses as a result of a worsening of the perception of Rentenbank in the minds of relevant internal and external stakeholders, which would have an adverse economic effect or lessen the trust placed in Rentenbank.

Pension risk refers to the risk of an inadequate measurement of pension provisions.

Risk assessment and management

Under the Economic Approach, non-financial risks are quantified and reported separately by operational and strategic risks for purposes of the risk-bearing capacity concept. The risk exposure is calculated on the basis of a simulation model. The data basis comprises the self-assessments of the process owner, the risk analyses of other organisational units, and the historical loss events arising from operational risks.

All the Bank's loss events and near losses are decentrally recorded in a loss event database by the Operational Risk Officer. Risk Controlling analyses and aggregates the loss events and refines the methodological instruments. We also perform self-assessments in which material operational risk scenarios of specific business processes are analysed and assessed with a view to inherent risks and control measures are established.

Risk Controlling aggregates and analyses all non-financial risks on a centralised basis. This department is responsible for the use of instruments and the refinement of risk identification, assessment, management, and communication methods. Non-financial risks are managed by the respective organisational units.

The Legal & Committees Department manages and monitors legal risk. It informs the Management Board about current or potential legal disputes on an ad-hoc basis and also periodically in the form of semi-annual reports. The Bank minimises legal risks from contracts by largely employing standardised contracts. The Legal Department is involved in the corresponding decisions at an early stage and important projects are coordinated with the Legal & Committees Department. Legal disputes are immediately entered into the loss event database. A specified risk indicator is monitored to ensure the early identification of risks.

In addition to the compliance function, we have also instituted a central office for the prevention of money laundering, terrorism financing, and other

criminal acts. The Anti-Money Laundering Officer reports directly to the Management Report. Based on a threat assessment pursuant to Section 25h KWG, risks that could jeopardise the Bank's assets are identified and organisational measures are defined to optimise risk prevention. To this end, we also assess whether the general and bank-specific requirements for an effective organisation are met.

The fulfilment of duties of care and the identification of contractual partners (know-your-customer principle) are other important elements of money laundering prevention. The necessary procedures and processes for this purpose have been implemented and any suspected cases are referred immediately by the Anti-Money Laundering Officer to the Central Financial Intelligence Unit (FIU). To the Bank's knowledge, no acts of money laundering and terrorism financing were committed, and only one criminal act (paper-based wire transfer fraud) was committed, causing a minor loss, in 2022.

Regulatory risks as a sub-category of compliance risks are managed by active participation in regulatory initiatives and other legislative initiatives affecting Rentenbank and by the identification of potential consequences for the Bank under the direction of the regulatory working group ART.

The risks associated with outsourcing are identified as a sub-category of operational risks. We have instituted the position of a Central Outsourcing Officer who is supported by the Central Outsourcing Management Department. Outsourced activities are monitored decentrally. The Central Outsourcing Management Department also performs risk management and monitoring with respect to the portfolio of outsourced activities. Outsourced activities are classified as material or immaterial on the basis of a standardised risk analysis. Material outsourced activities are subject to special requirements, particularly with regard to contracts, management, monitoring, and reporting.

Rentenbank has implemented the legal requirements of the EU General Data Protection Regulation (EU GDPR) and the German Federal Data Protection Act (Bundesdatenschutzgesetz, BDSG). We have implemented an Information Security Management System (ISMS) to protect data, systems, networks, and the business premises. The Information Security Department monitors compliance with all standards and requirements for the confidentiality, availability, and integrity of information implemented within the ISMS. Employees are regularly trained in matters of information security and sensitised to risks by means of different channels. Information security risks are integrated into operational risk management and are transparently reported. This also

includes risks arising from threats related to cyber-attacks. To this end, we arrange for external service providers to conduct penetration tests on a regular basis.

The Bank's Emergency Management Department has defined preventive and reactive measures to protect time-critical business processes in case of emergency or crisis. The manner of dealing with business interruptions is detailed in the Emergency Handbook, business continuation plans, and recovery plans. We review and monitor the efficacy of these plans on the basis of test and drill plans.

A code of conduct and professional corporate communication help to minimise reputation risks.

To measure the risks inherent in pension provisions, an actuarial opinion is prepared by an outside expert on the basis of parameters such as interest rates, inflation, and life expectancies. The corresponding interest rate risks are taken into account in the monitoring of Interest Rate Risk in the Banking Book (IRRBB).

Limitation and monitoring

Non-financial risks are limited separately by operational and strategic risks in the economic risk-bearing capacity calculation. The loss events identified in the reporting period, the insights gained from the self-assessments, the risk assessment of the organisational units, and the monitoring of early warning indicators do not show any risks that would endanger the Bank's continuation as a going concern. The results are reported in the Risk Report.

4.11 Sustainability risks

Sustainability risks refer to events or conditions in the areas of Environment, Social, and Governance (ESG), the occurrence of which could actually or potentially have serious adverse effects on a company's financial position, cash flows, and financial performance and reputation.

Sustainability risks in the areas of climate and environment are sub-divided into physical and transition risks. Physical risks arise from both extreme weather events and their consequences, as well as long-term changes in climatic and ecological conditions. Transition risks arise in relation to the conversion to a low-carbon economy.

Sustainability risks are not regarded as a standalone risk type, but rather as a driver of classic risk types at Rentenbank. ESG risk drivers relevant for Rentenbank were identified from a long list of potential ESG risk drivers. The identification of these ESG risk drivers was based on risk exposure, financial effects, and the potential transmission channel.

In its promotional activity, Rentenbank ensures the funding of local banks that grant its special promotional loans. The local bank bears the default risk of the ultimate borrower. Rentenbank also invests in the securities, promissory notes, etc., of banks, promotional institutions, German federal states, rural districts and municipalities, or other state institutions. Rentenbank's customers are nearly all classified as banks or German state institutions. The Bank does not invest directly in agriculture and forestry.

Based on this classification, Rentenbank analyses the potential effects of sustainability risks. Individual ESG aspects are already taken into account within the existing credit rating procedures. Various ESG scenarios focused on climate and environmental risks have been analysed and the potential effects of climate change on Rentenbank's capital and risk situation have been examined since 2020. The ESG scenarios were significantly revised In 2022 on the basis of currently available information and assessments (including the "Network for Greening the Financial System"). A physical scenario and a transition scenario that reflect Rentenbank's risk drivers as broadly as possible were selected and quantitative estimates of long-term effects were made for both scenarios. As expected, the effects on the Bank's key risk indicators in both scenarios were minor. The scenarios are continually refined on the basis of new insights with the goal of concretising the corresponding effects.

5. Financial reporting process

The essential purpose of the financial reporting process is to track the account assignment and processing of transactions all the way to the preparation of the required annual financial statements.

The purpose of the financial reporting-related ICS/RMS is to ensure compliance with financial reporting standards and regulations and to ensure legally compliant financial reporting.

Rentenbank prepares its financial statements in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the Regulation on the Financial Reporting of Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV).

The regulations are documented in handbooks and procedural instructions. The Finance Department monitors these documents regularly and adapts them to changed statutory, regulatory, and procedural requirements. The involvement of the Finance Department in the “New Products Process” ensures the appropriate representation of new products in the financial reporting system.

The documentation of the financial reporting process conforms with German Generally Accepted Accounting Principles (Grundsätze ordnungsmäßiger Buchführung, GoB) and is comprehensible to knowledgeable third parties. The statutory retention periods are observed with respect to the retention of the corresponding documents.

The functions of organisational units that play an important role in the financial reporting process are clearly separated. Appropriate subsidiary ledgers for money market accounting, loan accounting, securities accounting, and liabilities accounting are assigned to the corresponding organisational units and are monitored by them. The data contained in the subsidiary ledgers are transferred to the general ledger by way of automated interfaces. The Finance Department is responsible for accounting, the definition of account assignment rules, the posting methodology, management of the posting programme, and the administration of the financial accounting system.

In addition to SAP as a standard software programme, an internally developed financial software programme is used for the Bank's operations. Authorisations are granted on a task-specific basis to protect the financial reporting

process from unauthorised access. Plausibility checks are performed on a regular basis. In addition, the application of the dual control principle, standardised reconciliation routines, and budget-actual comparisons within the financial system ensure the prompt detection and correction of errors. These measures also serve to ensure the correct recognition, presentation, and measurement of assets and liabilities.

The functional efficacy of the financial reporting-related ICS/RMS is monitored by means of periodic, process-independent audits conducted by the Internal Audit Department.

Quality-assured, relevant data are promptly reported to the responsible persons via the Management Information System. The Management Board informs the Supervisory Board and its committees of the corresponding results on a regular basis. It also promptly informs them of specific events of importance.

financial statements

Balance Sheet of Landwirtschaftliche Rentenbank at 31 Dezember 2022

Assets	Note	mEUR	mEUR	31/12/2022 mEUR	31/12/2021 mEUR	Liabilities and equity	Note	mEUR	mEUR	31/12/2022 mEUR	31/12/2021 mEUR
1. Cash reserve						1. Liabilities to banks	20/31				
a) Cash on hand		0.2			0.2	a) Payable on demand		1.9			0.1
b) Balances with central banks		17.2			12.5	b) With agreed term or notice period		1,755.6			1,854.3
of which:										1,757.5	1,854.4
at the Bundesbank: EUR 17.2 million (PY: EUR 12.5 million)				17.4	12.7	2. Liabilities to customers	21				
2. Loans and advances to banks	11					a) Other liabilities					
a) Payable on demand			8,492.1		8,301.9	aa) Payable on demand		147.6			155.8
b) Other loans and receivables			57,514.4		56,780.3	ab) With agreed term or notice period		1,937.2			1,909.7
				66,006.5	65,082.2					2,084.8	2,065.5
3. Loans and advances to customers	12					3. Securitised liabilities	22				
of which:						a) Debt securities issued				83,745.8	82,635.2
Secured by mortgages: EUR -- million (PY: EUR -- million)						4. Trust liabilities	23				
Municipal loans: EUR 7,783.1 million (PY: EUR 7,561.8 million)				7,800.3	7,598.9	of which:					
4. Bonds and other fixed-income securities	13/17					Trust loans: EUR 166.1 million (PY: EUR 166.7 million)				166.1	166.7
a) Bonds and notes						5. Other liabilities	24			1,645.7	620.7
aa) Public-sector issuers			824.1		868.3	6. Deferred income	25				
of which:						a) From issuing and lending business		454.5			565.2
eligible as collateral with the Bundesbank						b) Other		2,399.9			2,412.6
EUR 669.8 million (PY: EUR 714.0 million)										2,854.4	2,977.8
ab) Other issuers			15,074.6		14,201.1	7. Provisions	26				
of which:						a) Provisions for pensions and similar obligations		155.2			140.1
eligible as collateral with the Bundesbank						b) Other provisions		224.6			225.5
EUR 12,219.5 million (PY: EUR 11,219.4 million)				15,898.7	15,069.4					379.8	365.6
5. Shares and other non-fixed-income securities	14			4.0	0.1	8. Subordinated liabilities	27			40.0	102.7
6. Equity interests	15/17					9. Fund for general banking risks				3,395.0	3,373.2
of which:						10. Equity	45				
In banks: EUR 321.9 million (PY: EUR 321.9 million)						a) Subscribed capital			135.0		135.0
In financial services institutions:						b) Retained earnings					
EUR -- million (PY: EUR -- million)						ba) Principal reserve pursuant to Section 2 (2)		1,196.1			1,178.8
In investment firms EUR -- million (PY: EUR -- million)				327.9	327.9	of Rentenbank's Governing Law		18.0			17.2
7. Shares in affiliated companies	15/17					Allocations from net income			1,214.1		1,196.0
of which:						bb) Guarantee reserve pursuant to Section 2 (3)			1.0		1.0
In banks: EUR -- million (PY: EUR -- million)						of Rentenbank's Governing Law			18.0		17.3
In financial services institutions:						c) Distributable profit				1,368.1	1,349.3
EUR -- million (PY: EUR -- million)											
In investment firms: EUR -- million (PY: EUR -- million)				49.6	49.6						
8. Trust assets											
of which:											
Trust loans: EUR 166.1 million (PY: EUR 166.7 million)				166.1	166.7						
9. Intangible assets	17										
a) Purchased concessions, industrial property rights and											
similar rights, and licenses to such rights				19.0	18.3						
10. Property and equipment	17			57.7	19.8						
11. Other assets	18			4,192.0	4,154.5						
12. Prepaid expenses	19										
a) From issuing and lending business			2 429.3		2,439.4						
b) Other			468.7		571.6						
				2,898.0	3,011.0						
Total assets				97,437.2	95,511.1	Total liabilities and equity				97,437.2	95,511.1
						1. Contingent liabilities	29				
						a) Liabilities from guarantees and indemnity agreements				35.9	37.9
						2. Other commitments	30				
						a) Irrevocable loan commitments				1,962.5	1,197.9

Income Statement of Landwirtschaftliche Rentenbank for the period from 1 January to 31 December 2022

	Note	2022 mEUR	2022 mEUR	2022 mEUR	2021 mEUR
1. Interest income from	32				
a) Lending and money market transactions		1,761.7			1,975.2
b) Fixed-income securities and debt register claims		223.4			245.4
			1,985.1		2,220.6
less negative interest: EUR 42.5 million					(65.5)
2. Interest expenses	33		1,724.9		1,948.3
less positive interest: EUR 4.8 million					(16.5)
				260.2	272.3
3. Current income from					
a) Shares and other non-fixed-income securities			0.0		0.0
b) Equity interests			8.6		13.4
				8.6	13.4
4. Fee and commission income			0.4		0.6
5. Fee and commission expenses			2.8		1.8
				-2.4	-1.2
6. Other operating income				14.6	13.9
7. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		35.3			33.8
ab) Social security contributions and expenses for pensions and other employee benefits		21.5			8.1
					41.9
of which: EUR 16.5 million for pensions			56.8		(3.4)
b) Other administrative expenses			45.0		39.8
				101.8	81.7
8. Depreciation, amortisation and impairments of intangible assets as well as property and equipment				10.7	8.3
9. Other operating expenses				9.3	18.6
10. Write-downs and impairments of loans and advances and certain securities, and additions to provisions for loan losses				100.1	124.6
11. Income from reversals of write-downs and impairments of equity interests, shares in affiliated companies and securities held as fixed assets				0.1	0.3
12. Additions to the fund for general banking risks				21.8	28.9
13. Profit on ordinary activities				37.4	36.6
14. Taxes on income and profit			1.3		2.0
15. Other taxes not included in "Other operating expenses"			0.1		0.1
				1.4	2.1
16. Net income for the year				36.0	34.5
17. Allocations to retained earnings					
to principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law from net income				18.0	17.2
Distributable profit				18.0	17.3

Statement of Cash Flows for the period ended 31/12/2022

	2022 mEUR	2021 mEUR
Net income/loss for the period	36.0	34.5
Depreciation, amortisation and impairments, and reversals of impairments of loans and advances and fixed assets	10.8	8.3
Increase (+)/decrease (-) in provisions	14.2	- 25.0
Other non-cash expenses/income	121.8	153.5
Other adjustments (net)	- 64.1	- 318.9
Increase (-)/decrease (+) in loans and advances from banks	- 1,024.4	- 3,405.5
Increase (-)/decrease (+) in loans and advances from customers	- 201.5	- 630.9
Increase (-)/decrease (+) in other assets from operating activities	83.0	1,169.4
Increase (+)/decrease (-) in liabilities to banks	- 96.8	- 317.6
Increase (+)/decrease (-) in liabilities to customers	19.2	- 605.2
Increase (+)/decrease (-) in securitised liabilities	1,110.6	875.9
Increase (+)/decrease (-) in other liabilities from operating activities	901.0	450.0
Interest expenses/interest income	- 260.3	- 272.3
Income tax expenses/income	1.3	2.1
Interest and dividends received	2,030.2	2,643.4
Interest paid	- 1,705.7	- 2,052.2
Income taxes paid	- 1.3	- 2.1
Cash flow from operating activities	974.0	- 2,292.6
Proceeds from disposal of financial investments	2,191.0	3,170.2
Payments for investments in financial investments	- 3,030.9	- 656.3
Proceeds from disposal of property and equipment	0.0	0.5
Payments for investments in property and equipment	- 39.6	- 4.9
Proceeds from disposal of intangible assets	0.0	0.1
Payments for investments in intangible assets	- 9.8	- 11.3
Cash flow from investing activities	- 889.3	2,498.3
Appropriation of distributable profit pursuant to Section 9 of Rentenbank's Governing Law	- 17.3	- 16.8
Net change in funds from other capital	- 62.7	- 200.0
Cash flow from financing activities	- 80.0	- 216.8
Net change in cash and cash equivalents	4.7	- 11.1
Cash and cash equivalents at beginning of period	12.7	23.8
Cash and cash equivalents at end of period	17.4	12.7

The Statement of Cash Flows shows the changes in cash and cash equivalents for the 2022 and 2021 fiscal years from operating, investing and financing activities. Cash and cash equivalents correspond to the Cash reserve reported in the balance sheet.

Cash flows are allocated to operating activities based on the definition of the operating result. Cash flows from investing and financing activities were derived directly from the financial accounting. The cash flows from investing activities result from proceeds from and payments for property and equipment and intangible assets and from proceeds from and payments for securities held as fixed assets. The net change in cash and cash equivalents resulting from financing activities includes proceeds from and payments for Regulatory Tier 2 Capital and the appropriation of our distributable profit.

The Statement of Cash Flows was prepared on the basis of the regulations set out in German Accounting Standard No. 21.

The informative value of the Statement of Cash Flows as an indicator of the liquidity position is limited. For further details on liquidity management, please refer to the information in the Management Report.

Statement of Changes in Equity at 31 December 2022

	Subscribed capital mEUR	Principal reserve mEUR	Guarantee reserve mEUR	Distributable profit mEUR	Total 2022 mEUR
Equity at 01/01	135.0	1,196.1*	1.0	17.3	1,349.4*
Profit distribution	–	–	–	– 17.3	– 17.3
Net income	–	18.0	–	18.0	36.0
Equity at 31/12	135.0	1,214.1	1.0	18.0	1,368.1

* Difference from previous year due to rounding, as in the balance sheet.

Statement of Changes in Equity at 31 December 2021

	Subscribed capital mEUR	Principal reserve mEUR	Guarantee reserve mEUR	Distributable profit mEUR	Total 2021 mEUR
Equity at 01/01	135.0	1,178.8	1.0	16.8	1,331.6
Profit distribution	–	–	–	– 16.8	– 16.8
Net income	–	17.2	–	17.3	34.5
Equity at 31/12	135.0	1,196.0	1.0	17.3	1,349.3

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Basis of accounting

Landwirtschaftliche Rentenbank (hereinafter referred to as Rentenbank) has its registered office in Frankfurt am Main. It is recorded in the Commercial Register of the Local Court of Frankfurt am Main under entry number HRA 30636.

Rentenbank's annual financial statements have been prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) applicable to large corporations and the relevant provisions of the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV). The structure of the balance sheet and the income statement is based on the templates set out in RechKredV. Balance sheet and income statement items that are included in the template, but not used at Rentenbank are not reported.

Based on the exemption allowed in Section 290 (5) in conjunction with Section 296 (2) HGB, Rentenbank is not required by law to prepare consolidated financial statements in accordance with HGB. Therefore, Rentenbank is not required by Section 315e HGB to prepare consolidated financial statements in accordance with IFRS. Rentenbank has opted not to prepare consolidated financial statements on a voluntary basis.

Rentenbank is exempt from corporation tax in accordance with Section 5 (1) No 2 (Körperschaftsteuergesetz, KStG) and trade tax in accordance with Section 3 (2) (Gewerbesteuer-gesetz, GewStG). Accordingly, deferred taxes pursuant to Section 274 HGB are not to be recognised in the annual financial statements of Rentenbank.

Accounting policies

(1) General information

Assets, liabilities, and pending transactions are measured in accordance with the provisions of Sections 252 et seq. HGB, with due regard to the supplementary provisions for banks (Sections 340 et seq. HGB). The annual financial statements at 31 December 2022 are generally based on the same account-

ing policies as were applied in the prior year's annual financial statements. Any changes are described below.

The Bank does not keep a trading book pursuant to Section 1 (35) German Banking Act (Kreditwesengesetz, KWG) in conjunction with Article 4 (1) no. 86 Regulation (EU) no. 575/2013.

(2) Recognition and measurement of financial instruments

In accordance with Section 11 RechKredV, pro rata interest is presented in the corresponding balance sheet item.

Loans and advances/liabilities

Loans and advances are accounted for in accordance with Section 340e (2) HGB, i.e. at their nominal amount less any write-downs. Liabilities are measured at their settlement amount in accordance with Section 253 (1) sentence 2 HGB. Premiums and discounts on loans and advances and liabilities are presented as either prepaid expenses or deferred income. Zero bonds are measured at their issue price plus capitalised interest based on the issue yield.

Securities held as fixed assets

All securities are carried at amortised cost less any impairments. Reversals of impairments are recognised if the reasons for an earlier impairment no longer apply.

Fixed-income securities held as fixed assets are measured in accordance with the moderate lower of cost or market principle pursuant to Section 253 (3) sentence 5 HGB. On the basis of the criteria defined by the Insurance Committee of the Institute of Public Auditors in Germany (IDW), Rentenbank tests for a potential permanent impairment if the carrying amount of the bond was more than 20% below the fair value (cf. Note 4) in the last six months prior to the reporting date or if the average of daily fair values over the last twelve months was more than 10% below the carrying amount.

Because these securities are intended to be held over the long term, no write-downs to fair value are recognised if an identified impairment is considered to be only temporary. In particular, write-downs are not recognised when an

identified impairment is only of a temporary nature with respect to future financial performance and it is expected that the securities will be fully repaid when due.

Securities allocated to the liquidity reserve

Securities allocated to the liquidity reserve are measured in accordance with the strict lower of cost or market principle (Section 253 (4) HGB). These securities are written down to their lower fair value where applicable.

Equity interests and shares in affiliated companies

Equity interests and shares in affiliated companies are measured at cost in accordance with the rules applicable to fixed assets. They are written down to their lower fair value to account for any impairment that is expected to be permanent.

Derivatives

Derivatives are only used to hedge existing or foreseeable market price risks. Measurement effects from derivatives are taken into account in the loss-free valuation of the banking book.

Upfront payments made and received from derivatives contracts are presented as prepaid expenses or deferred income, respectively. The reversal amounts from upfront payments from swap transactions are netted with the nominal interest income or expenses, depending on the contract.

Other assets / liabilities

Other assets are measured at their nominal amount and Other liabilities at their settlement amount.

(3) Loan loss provisions

Identifiable risks in the lending business are sufficiently accounted for by specific valuation allowances and provisions. In addition to the fund for general banking risks presented in the balance sheet, general valuation

allowances and contingency reserves pursuant to Section 34 of HGB are recognised to account for latent (credit) risks and deducted from the corresponding asset items.

Rentenbank assesses on a monthly basis whether there are any objective indications that not all payments interest and principal can be made in accordance with the terms of the underlying contracts. For accounting purposes, the Bank applies the following criteria to determine whether the recognition of a specific valuation allowance for a given receivable is required:

- Internal credit rating as non-investment grade,
- non-performing, deferred or restructured exposures,
- material deterioration of the business partner's credit quality,
- material deterioration of the credit quality of the business partner's country of domicile.

In accordance with IDW RS BFA 7, general valuation allowances are recognised for latent credit risks, the amount of which is calculated using the probability of default and the loss ratio as a basis.

Due to the low default rates of its portfolio, Rentenbank does not have enough of a default history to allow for a reliable estimate of its default rate. Therefore, the internal master scale is derived from the realised default rates published by the rating agencies Fitch, Moody's, and S&P. The probabilities of default are allocated on the basis of the credit quality of the respective business partner.

The loss given default (LGD) rates for specific products and types of transactions are determined by application of analytical and expert-based methods, with due regard to the respective collateralisation.

(4) Determination of fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined with reference to either directly observable exchange or market prices or the Bank's own calculations on the basis of valuation models and observable market parameters. When valuation models are applied, the fair value of contracts without option features is determined on the basis of the discounted expected future cash flows (discounted cash flow (DCF) method). Contracts with option features are measured by application of recognised

option pricing models. Hedged items are discounted to present value using a base curve plus a credit spread based on credit quality.

Derivatives are discounted to present value on the basis of the OIS (overnight interest rate swap) swap curve, as well as basis swap spreads and cross-currency basis spreads. These are differentiated by maturity and currency and obtained from external market data providers. Apart from the yield curves and spreads mentioned above, volatilities and correlations are also taken into account in the calculations.

(5) Loss-free valuation of the banking book

According to the IDW Accounting Principle “Specific aspects of the loss-free valuation of interest rate transactions in the banking book (interest book)” (IDW RS BFA 3), a provision for onerous contracts must be recognised in respect of any excess liability in the banking book resulting from an interest rate transaction on the basis of an overall assessment of the transaction.

A periodic (income statement) approach was applied to calculate the amount required to be recognised as a provision in the context of the loss-free valuation of the banking book. The banking book comprises all the Bank’s interest-bearing transactions and is managed on a uniform basis. For calculation purposes, future period gains or losses in the banking book were determined on the basis of the profit/loss contributions of closed and open interest rate positions.

These future cash flows were discounted to present value at the reporting date on the basis of generally recognised, maturity-matched money market and capital market rates. Risk expenses were calculated on the basis of future expected losses and the proportion of administrative expenses allocable to portfolio management was determined on the basis of internal assessments. Based on these calculations, it was determined that no such provisions needed to be recognised at 31 December 2022.

(6) Trust assets/trust liabilities

Trust assets and trust liabilities are presented as separate balance sheet items in accordance with Section 6 RechKredV. Due to the correlation between trust assets and trust liabilities, both are measured at nominal amounts.

(7) Property and equipment and intangible assets

In accordance with German commercial law, items of property and equipment and intangible assets are measured at cost, less any depreciation and amortisation over their estimated useful lives.

Depreciation of property and equipment and amortisation of intangible assets are charged on a straight-line basis over estimated useful lives, ranging from 33 to 50 years for buildings and from three to six years for operational and office equipment. Intangible assets are amortised on a straight-line basis over a period of three to four years.

(8) Prepaid expenses/deferred income

Other prepaid expenses and deferred income are recognised in accordance with Section 250 (1) and (2) HGB. Due to the change of method for calculating interest on cash collateral from EONIA to €STR, settlement payments received and made are distributed over the derivative's remaining term to maturity.

(9) Provisions

Provisions are measured at the necessary settlement amount according to prudent business judgement, with due regard to future price and cost increases. Provisions with a remaining term of more than one year are discounted to present value at the reporting date.

Pension provisions

Pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung, RückAbzinsV). This average interest rate corresponds to the remaining term of the provisions. In accordance with Section 253 (2) sentence 2 HGB, provisions for pension obligations are discounted to present value on a flatrate basis by application of the average market interest rate corresponding to an assumed remaining term of 15 years.

In accordance with Section 253 HGB, as amended in 2016, provisions for pension obligations are discounted to present value by application of the average market interest rate for the last ten financial years (last seven financial years up to and including 2015), which corresponds to the remaining term of the pension obligations. On this basis, a difference of EUR 8.6 million (EUR 12 million) was calculated for 2022.

According to Section 253 (6) sentence 2 HGB, profits may only be distributed if the freely disposable reserves remaining after distribution, plus any profit carried forward and minus any loss carried forward, are at least equal to the difference determined in accordance with Section 253 (6) sentence 1 HGB.

Pension provisions are measured in accordance with actuarial principles using the projected unit credit (PUC) method. Under the PUC method, the provision amount is defined as the actuarial present value of the pension obligations earned by employees in the past periods of service up to the reporting date in accordance with the pension formula. The 2018 G Mortality Tables of Prof. Dr. Klaus Heubeck are applied as the biometric calculation parameters.

The following parameters were applied as the basis for the calculation as of 31 December 2022:

	2022	2021
Actuarial interest rate pursuant to Section 253 (2) sentence 2 HGB	1,78% p.a.	1,87% p.a.
Career trend	1,00% p.a.	1,00% p.a.
Trend of creditable compensation	2,50% p.a.	2,00% p.a.
Pension trends (range of adjustments)	1,00–2,50% p.a.	1,00–2,00% p.a.
Employee turnover	average 5,00% p.a.	average 5,00% p.a.
Increase in the Consumer Price Index (CPI)*	2,50% p.a.	2,00% p.a.
Development of contribution assessment ceilings	2,50% p.a.	2,50% p.a.

* Accumulated inflation was included in the CPI adjustment with subsequent funding of 10.5% in 2022.

Other provisions

Other provisions are discounted to present value by application of the average market interest rates for the past seven financial years, as calculated and published on a monthly basis by the Bundesbank in accordance with the German Regulation on the Discounting of Provisions. This average interest rate corresponds to the remaining terms of the provisions.

Provisions for special promotional loans cover the interest subsidy for the entire term of the loan or until the repricing date.

(10) Valuation units/currency translation

Currency translation and the presentation of the transactions in the balance sheet without currency hedging are done in accordance with Section 340h in conjunction with Section 256a HGB and Section 252 (1) no. 4 HGB. In accordance with Section 277 (5) sentence 2 HGB, gains from currency translation gains are presented in the item of "Other operating income" and currency translation losses in the item of "Other operating expenses".

Rentenbank uses currency swaps and cross-currency interest rate swaps to hedge currency risks. Currency hedges are presented in the balance sheet by way of currency valuation units pursuant to Section 254 HGB. In these valuation units, the cash flows of the hedged item are fully reflected in the hedging instrument, i.e. the derivative (perfect hedge). The Bank utilises the net hedge presentation method to present the offsetting value changes between the hedged item and the hedging instrument.

To measure the effectiveness of hedging relationships, the Bank uses the critical terms match method, by which the terms of the hedged item are continually compared with those of the hedging instrument. Exchange rate fluctuations of the corresponding hedged items and hedging derivatives move in opposite directions and will offset each other in the time until the planned maturity dates of the valuation units with respect to the holding intention for the hedged risk.

Foreign currency-denominated assets, liabilities and pending transactions were translated into euros at the mean spot exchange rate at 31 December 2022.

Rentenbank uses the reference rate of the European Central Bank (ECB) for this purpose.

Notes to the balance sheet

The disclosures in the notes to the financial statements exclude pro rata interest, which may result in differences from the amounts presented on the face of the balance sheet.

(11) Loans and advances from banks

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
Payable on demand	8,491	8,302
Other loans and advances		
– up to three months	2,208	2,227
– more than three months and up to one year	5,889	4,758
– more than one year and up to five years	25,076	25,474
– more than five years	23,759	23,663
Total	65,423	64,424

Loans and advances from companies in which an equity interest is held amounted to EUR 4,610 million (EUR 4,735 million).

(12) Loans and advances from customers

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
– up to three months	297	154
– more than three months and up to one year	245	170
– more than one year and up to five years	2,676	2,459
– more than five years	4,386	4,597
Total	7,604	7,380

As of 31 December 2022, there were no loans and advances from customers with an indefinite term to maturity within the meaning of Section 9 (3) no. 1 RechKredV.

(13) Bonds and other fixed-income securities

The total portfolio of bonds and other fixed-income securities is carried as financial investments. As in the prior year, no securities are held in the liquidity reserve.

Securities with a total carrying amount of EUR 15,760 million (EUR 14,923 million) are assigned to fixed assets. For securities totalling EUR 14,745 million (EUR 1,676 million), the fair value of EUR 13,541 million (EUR 1,659 million) is less than the carrying amount. The undisclosed liabilities resulted from the changed environment of market interest rates. Based on the regular monitoring of issuers, there were no permanent impairments of securities held as fixed assets, as in the prior year. Avoided impairments amounted to EUR 1,204 million, as compared to EUR 17 million in the prior year.

As in the prior year, no securities of affiliated companies or companies in which an equity interest is held were included in bonds and other fixed-income securities.

Separate disclosures on exchange listing and residual maturity:

Exchange listing	31/12/2022 mEUR	31/12/2021 m EUR
– Exchange-listed	15,399	14,568
– Not exchange-listed	361	355
Total	15,760	14,923

Residual maturity up to one year	31/12/2022 mEUR	31/12/2021 m EUR
Public-sector issuers	10	31
Other issuers	1,865	2,132
Total	1,875	2,163

(14) Shares and other non-fixed-income securities

The line item of shares and other non-fixed-income securities with a total carrying amount of EUR 4.0 million included exchange-listed securities with a carrying amount of EUR 0.1 million and non-exchange-tradable securities with a carrying amount of EUR 3.9 million.

(15) Equity interests and shares in affiliated companies

Rentenbank holds equity interests in the amount of EUR 328 million (EUR 328 million) and shares in affiliated companies in the amount of EUR 50 million (EUR 50 million). As in the prior year, no exchange-tradable securities are included in the balance sheet item of Equity interests and shares in affiliated companies.

(16) Trust assets

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Receivables from the German Federal Republic's special-purpose fund held at Rentenbank	166	167
Loans and advances from banks	0	0
Total	166	167

(17) Fixed assets

Statement of Changes in Fixed Assets in Euro Millions	Intangible assets	Property and equipment			Financial investments			
	Software and licenses	Land and buildings	Operational and office equipment	Assets under construction	Bonds and other fixed-income securities	Shares and other non-fixed-income securities	Equity interests	Shares in affiliated companies
Acquisition/production cost 01/01/2022	64	20	17	8	14,923	0	328	50
Acquisitions	10	34	1	4	3,027	4	–	–
Disposals	0	–	0	–	2,191	–	–	–
Transfers	–	–	–	–	–	–	–	–
Acquisition/production cost 31/12/2022	74	54	18	12	15,759	4	328	50
Accumulated depreciation and amortization 01/01/2022	–46	–9	–16	–	Net change per Section 34 (3) sentence 2 RechKredV: EUR 0 million			
Impairments								
Accumulated depreciation and amortization on disposals	0	–	0	–				
Depreciation and amortization 2022	–9	0	–1	–				
Accumulated depreciation and amortization 31/12/2022	–55	–9	–17	–				
Write-ups	–	–	–	–				
Carrying amounts 31/12/2022	19	45	1	12	15,759	4	328	50
Carrying amounts 31/12/2021	18	11	1	8	14,923	0	328	50

(18) Other assets

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Cash collateral provided for derivatives contracts	4,187	4,152
Other	5	3
Total	4,192	4,155

(19) Prepaid expenses

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Premium from lending business	2,012	2,186
Discount from issuing business	417	253
Upfront payments made from derivatives	465	568
Payments made from EONIA-€STR conversion	1	1
Other	3	3
Total	2,898	3,011

(20) Liabilities to banks

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
Payable on demand	2	0
Other liabilities		
– up to three months	30	0
– more than three months and up to one year	405	20
– more than one year and up to five years	829	1,215
– more than five years	0	0
Total	1,266	1,235

(21) Liabilities to customers

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
Payable on demand	148	156
Other liabilities		
– up to three months	9	45
– more than three months and up to one year	208	0
– more than one year and up to five years	568	672
– more than five years	1,126	1,172
Total	2,059	2,045

This item includes liabilities to affiliated companies in the amount of EUR 97 million (EUR 97 million) and liabilities to companies in which an equity interest is held in the amount of EUR 0 million (EUR 1 million).

(22) Securitised liabilities

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
Debt securities issued		
– up to one year	17,067	18,347
– more than one year and up to five years	40,913	37,558
– more than five years	25,394	26,384
Total	83,374	82,289

(23) Trust liabilities

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Liabilities from the German Federal Republic's special-purpose fund held at Rentenbank	166	167
Liabilities to customers	0	0
Total	166	167

(24) Other liabilities

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Cash collateral received for derivatives contracts	1,640	612
Other	6	9
Total	1,646	621

(25) Deferred income

Breakdown	31/12/2022 mEUR	31/12/2021 mEUR
Discount from lending business	14	3
Premium from issuing business	440	562
Upfront payments received from derivatives	2,385	2,395
Payments received from EONIA-€STR conversion	15	18
Total	2,854	2,978

(26) Provisions

This balance sheet item includes provisions for pension obligations to employees who are contractually entitled to pension benefits in the amount of EUR 155 million (EUR 140 million). The Other provisions break down as follows:

Other provisions	31/12/2022 mEUR	31/12/2021 mEUR
Interest subsidy for promotional loans	191	192
Promotion of research for innovation in agribusiness	15	16
Promotion of agriculture (Promotional Fund)	7	6
Other provisions	12	11
Total	225	225

(27) Subordinated liabilities

Breakdown by residual maturity	31/12/2022 mEUR	31/12/2021 mEUR
- up to one year	-	63
- more than one year and up to five years	40	40
- more than five years	-	-
Total	40	103

The subordinated liabilities are issued in the form of promissory notes (carrying amount: EUR 40 million). Interest expenses for subordinated liabilities amounted to EUR 6 million (EUR 6 million).

Disclosures on funds raised in an amount exceeding 10% each of the total amount of subordinated liabilities (before hedging):

1. Promissory note for nominal amount of EUR 5 million; carrying amount: EUR 5 million; maturity: 22/01/2024; interest rate: 5.00%
2. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 22/01/2024; interest rate: 5.00%
3. Promissory note for nominal amount of EUR 5 million; carrying amount: EUR 5 million; maturity: 22/01/2024; interest rate: 5.00%
4. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 09/02/2024; interest rate: 5.00%
5. Promissory note for nominal amount of EUR 10 million; carrying amount: EUR 10 million; maturity: 09/02/2024; interest rate: 5.00%

Conversion into equity or another form of debt has not been agreed or planned.

(28) Foreign currency assets and liabilities

At the reporting date, assets denominated in foreign currency amounted to EUR 4,392 million (EUR 4,830 million) and liabilities denominated in foreign currency amounted to EUR 41,695 million (EUR 44,558 million). Foreign currency holdings are almost completely hedged by derivatives.

(29) Contingent liabilities

The contingent liabilities of EUR 36 million (EUR 38 million) result from deficiency guarantees. Default guarantees were issued for interest-subsidised capital market loans backed by public-sector counter-guarantees. We do not expect these guarantees to be called.

(30) Other commitments

Other commitments consist of irrevocable loan commitments of EUR 1,963 million (EUR 1,198 million), almost all of which in the special promotional loan business.

The irrevocable loan commitments result from transactions for which Rentenbank has made a binding commitment to its customers, thereby exposing the Bank to a future credit risk. Based on experience values from previous years, Rentenbank expects that these irrevocable loan commitments will be drawn down almost entirely in 2023.

(31) Cover calculation

The outstanding liabilities requiring cover consist entirely of registered bonds in the amount of EUR 19 million (EUR 19 million).

Loans and advances from banks in the amount of EUR 53 million (EUR 35 million) have been designated as cover assets to back debt securities issued.

Notes to the income statement

(32) Interest income

Interest income from cash collateral provided and from lending and money market transactions is presented after deduction of negative interest in the total amount of EUR 42.5 million (reducing income). Interest income includes the pro rata utilisation of the corresponding provisions for special promotional amounts in the amount of EUR 55.7 million (EUR 59.9 million).

(33) Interest expenses

Interest expenses are presented after deduction of positive interest from money market liabilities and cash collateral received in the total amount of EUR 4.8 million (reducing expenses).

Interest expenses for the recognition of provisions for the interest subsidy for special promotional loans amount to EUR 55.1 million in 2022 (EUR 25.5 million). Interest expenses also include the effects of compounding of provisions in the amount of EUR 0.5 million (EUR 2.1 million).

(34) Other operating income

Presentation of the most important sub-items according to Section 35 (1) no. 4 RechKredV:

Item 6: Other operating income	2022 mEUR	2021 mEUR
Rental income/cost allocations from residential buildings and properties	2	2
Income from reversal of provisions	2	1
Capitalisation of project work contributed by internal employees	2	1
Cost reimbursements	0	0
Other reimbursements	8	9
Other income	1	1

Other operating income includes currency translation gains of EUR 1.1 thousand (EUR 6.5 thousand). This currency translation item resulted exclusively from the currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

(35) Other operating expenses

Presentation of the most important items according to Section 35 (1) no. 4 RechKredV:

Item 9: Other operating expenses	2022 mEUR	2021 mEUR
Interest expenses from the valuation of pension provisions	5	12
Capital allocation to research for innovation in agribusiness	3	5
Expenses for residential properties	1	1
Other expenses	0	1

The Other operating expenses include currency translation losses of EUR 0.8 thousand (EUR 0.2 thousand). This currency translation item resulted exclusively from the currency valuation of balances in foreign currency accounts with correspondent banks in foreign countries.

Other disclosures

(36) Other financial commitments

In 2022, framework agreements were concluded with the development banks of the German federal states in relation to the granting of promotional loans for the 2023 financial year in the amount of EUR 1,640 million (EUR 1,610 million).

(37) Derivative financial instruments

Derivatives are only used to hedge existing or foreseeable market price risks. The transaction volume is limited by counterparty-specific and product-specific limits and is continuously monitored as part of the risk management function.

Derivative transactions

Pursuant to Section 285 no. 19 HGB, derivative transactions not measured at fair value are presented in the table below (netting and collateral agreements are not included in the table):

Derivatives carried in the investment book to hedge	Notional values		Market values positive	Market values negative
	31/12/2022 mEUR	31/12/2021 mEUR	31/12/2022 mEUR	31/12/2022 mEUR
Interest rate risks				
Interest rate swaps	121,947	115,841	5,231	6,349
– of which €STR swaps	1,090	3,000	0	7
– of which termination and conversion rights embedded in swaps	2,271	1,607	217	256
Swaptions (sales)	49	49	–	2
Total interest rate risks	121,996	115,890	5,231	6,351
Currency risks				
Cross-currency interest rate swaps	39,520	39,434	759	2,105
– of which currency options embedded in swaps	0	15	–	0
Currency swaps	6,116	9,375	56	95
Total currency risks	45,636	48,809	815	2,200
Total interest rate and currency risks	167,632	164,699	6,046	8,551

Derivative transactions are broken down by residual maturity in the table below:

Derivatives in the investment book	Notional values Interest rate risks		Notional values Currency risks	
	31/12/2022 mEUR	31/12/2021 mEUR	31/12/2022 mEUR	31/12/2021 mEUR
- up to three months	4,289	5,263	6,421	6,212
- more than three months and up to one year	11,176	10,409	6,455	7,819
- more than one year and up to five years	62,410	58,491	24,454	24,086
- more than five years	44,121	41,727	8,306	10,692
Total	121,996	115,890	45,636	48,809

Derivative transactions are broken down by counterparty in the table below:

Derivatives in the investment book	Notional values		Market values positive	Market values negative
	31/12/2022 mEUR	31/12/2021 mEUR	31/12/2022 mEUR	31/12/2022 mEUR
Banks in the OECD	159,715	156,442	5,897	7,909
Other counterparties in the OECD	7,917	7,930	149	642
Banks outside of the OECD	0	327	0	0
Total	167,632	164,699	6,046	8,551

(38) Disclosures on valuation units pursuant to Section 285 no. 23 HGB

Hedged items were grouped into valuation units at the reporting date as follows:

Balance sheet item	Risk type	Carrying amount 2022 mEUR	Carrying amount 2021 mEUR	Hedged risk/ notional value 2022 mEUR	Hedged risk/ notional value 2021 mEUR
Other loans to and advances to banks	Currency	27	54	30	58
Bonds and other fixed- income securities	Currency	4,196	4,830	4,080	4,438
Liabilities to customers	Currency	41	41	41	39
Securitised liabilities	Currency	41,037	44,454	41,430	44,133
Subordinated liabilities	Currency	–	63	–	77

Please refer to Section (10) Valuation units/currency translation for a description of the qualitative formation of valuation units.

(39) Compensation of the Management Board and Supervisory Board

Pursuant to Section 285 no. 9a HGB, the total compensation of the members of the Bank's Management Board amounted to EUR 1,555 thousand in the 2022 financial year (PY: EUR 1,795 thousand). The following compensation was paid to the individual Management Board members in the 2022 financial year:

Breakdown	Fixed compensation kEUR	Other compensation kEUR	Total kEUR
Nicola Steinbock	519	11	530
Dietmar Ilg	500	15	515
Dr. Marc Kaninke	492	18	510
Total Management Board	1,511	44	1,555

As of 31 December 2022, the provision for pension commitments to former members of the Management Board and their survivors totalled EUR 25,716 thousand (EUR 18,909 thousand). An amount of EUR 1,638 thousand (EUR 1,388 thousand) was paid for current pension benefits.

Under the established compensation system, the annual base compensation of the Chairperson of the Supervisory Board amounts to EUR 30 thousand, that of the Vice Chairperson EUR 20 thousand, and that of all other Supervisory Board members EUR 10 thousand each. An additional compensation of EUR 2 thousand is paid to members for each committee membership and EUR 4 thousand to the Chairperson of each committee. The compensation of members of the German federal government, who are members of the Supervisory Board pursuant to Section 7 (1) no. 4 of Rentenbank's Governing Law, and the Representative of the German Federal Ministry of Food and Agriculture pursuant to Section 7 (1) no. 5 of Rentenbank's Governing Law, has been set at EUR 0.

The total compensation granted to Supervisory Board members in the past financial year amounted to EUR 235.0 thousand (EUR 295.5 thousand), partly including value-added tax.

The individual compensation amounts (exclusive of value-added tax) are presented in the table below:

Member	Time period		Compensation in kEUR (rounded)	
	2022	2021	2022	2021
Joachim Rukwied	01/01 – 31/12	01/01 – 31/12	46.0	46.0
Julia Klöckner	–	01/01 – 07/12	0.0	0.0
Cem Özdemir	01/01 – 31/12	08/12 – 31/12	0.0	0.0
Dr. Hermann Onko Aeikens	01/01 – 01/02	01/01 – 31/12	1.4	16.0
Jan-Philipp Albrecht	01/01 – 03/06	–	4.3	–
Silvia Bender	08/02 – 31/12	–	0.0	–
Petra Bentkämper	01/01 – 31/12	01/01 – 31/12	10.0	10.0
Wolfram Günther	–	01/01 – 31/12	–	10.0
Ursula Heinen-Esser	–	01/01 – 31/12	–	10.0
Werner Hilse	–	01/01 – 31/08	–	6.7
Franz-Josef Holzenkamp	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Markus Kamrad	26/01 – 31/12	–	9.3	–
Bernhard Krüsken	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Detlef Kurreck	01/01 – 31/12	01/09 – 31/12	10.0	3.3
Dr. Marcus Pleyer	01/01 – 31/12	01/01 – 31/12	18.0	18.0
Michael Reuther	01/01 – 31/12	01/01 – 31/12	16.0	16.0
Dr. Birgit Roos	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Harald Schaum	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Karsten Schmal	01/01 – 31/12	01/01 – 31/12	12.0	12.0
Daniela Schmitt	01/01 – 31/12	–	10.0	–
Rainer Schuler	01/01 – 10/01	01/01 – 31/12	0.3	10.0
Werner Schwarz	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Tim Schwertner	11/01 – 31/12	–	9.7	–
Sebastian Thul	–	01/01 – 31/12	–	10.0
Dr. Caroline Toffel	01/01 – 31/12	01/01 – 31/12	14.0	14.0
Total compensation			235.0	256.0

(40) Average number of employees pursuant to Section 267 (5) HGB

Employees	2022			2021		
	Men	Women	Total	Men	Women	Total
Full-time	188	112	300	179	102	281
Part-time	20	71	91	22	73	95
Total	208	183	391	201	175	376

Rentenbank had an annual average of 183 female employees (175) and 208 male employees (201) – full-time and part-time – under contract in the 2022 financial year.

(41) Shareholdings pursuant to Section 285 no. 11 and Section 340a (4) no. 2 HGB

In accordance with Section 286 (3) sentence 1 no. 1 HGB, we have opted not to provide a list of shareholdings pursuant to Section 285 no. 11 HGB due to their minor significance for an assessment of the Bank's financial position, cash flows, and financial performance.

Pursuant to Section 340a (4) no. 2 HGB, the equity interests held in large corporations exceeding 5% of the voting rights in each case are listed in the following:

- Niedersächsische Landgesellschaft mbH, Hannover
- Landgesellschaft Schleswig-Holstein mbH, Kiel

(42) Other liability agreements

Rentenbank has undertaken in a letter of comfort to endow LR Beteiligungsgesellschaft mbH with its registered head office in Frankfurt am Main with sufficient financial resources to ensure that it is always able to meet its obligations on time insofar and as long as it holds 100% of the equity in LR Beteiligungsgesellschaft mbH.

(43) Auditor's fees pursuant to Section 285 no. 17 HGB

The fees of Rentenbank's auditors are as follows:

Breakdown*	2022 kEUR	2021 kEUR
Auditing services	322.8	363.4
Other assurance services	114.3	110.4
Other services	6.0	33.9
Total	443.1	507.7

* Of the total fees payable to the auditor in 2022, an amount of EUR 3.0 thousand was for auditing services provided in the previous year and EUR 5.5 thousand was for other assurance services provided in the previous year.

(44) Events after the reporting date pursuant to Section 285 no. 33 HGB

No events of particular significance occurred after the close of the financial year that were not included in the income statement or the balance sheet. The Bank's results were not affected by the Russian invasion of Ukraine because the Bank has no exposure to that region.

(45) Proposals for the utilisation of profit pursuant to Section 285 no. 34 HGB

The profit utilisation proposal included in the annual financial statements for the 2022 financial year requires the adoption of approving resolutions by the Supervisory Board.

The proposal for the utilisation of 2022 net income and profit is set out in the following draft resolutions:

- From the net income of EUR 36,000,000 presented in the income statement, an amount of EUR 18,000,000 will be allocated to the principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.

- From the remaining distributable profit of EUR 18,000,000, an amount of EUR 9,000,000 will be allocated to the German federal government's special-purpose fund and an amount of EUR 9,000,000 to the promotional fund.

(46) Disclosure of mandates pursuant to Section 340a (4) no. 1 HGB

Pursuant to Section 340a (4) no. 1 HGB, the mandates held by the legal representatives or other employees of Rentenbank on the legally required supervisory boards of large corporations (Section 267 (3) HGB) are listed below:

Nikola Steinbock	Universitätsklinikum Leipzig, AÖR (member of the Supervisory Board)
Dietmar Ilg	BVVG Bodenverwertungs- und verwaltungs GmbH (member of the Supervisory Board)
	Internationales Bankhaus Bodensee AG (member of the Supervisory Board since 29/03/2022)
	VR Smart Finanz AG, Eschborn (member of the Supervisory Board)

The Management Board's and Supervisory Board's Statement of Compliance with the German federal government's Public Corporate Governance Code is publicly available at Rentenbank's website.

The annual financial statements and the management report are available on Rentenbank's website and in the German Federal Gazette (Bundesanzeiger).

Members of the Management Board and Supervisory Board (01/01/2022 to 07/03/2023)

Management Board

Nikola Steinbock (Chairperson of the Management Board), foreign trade merchant

Dietmar Ilg (Chief Risk Officer), Dipl.-Kaufmann

Dr. Marc Kaninke (Chief Financial and IT Officer), Dipl.-Volkswirt, Dipl.-Kaufmann

Supervisory Board

Chairperson:

Joachim Rukwied	President of Deutscher Bauernverband e. V.
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Vice Chairperson:

Cem Özdemir	German Federal Minister for Food and Agriculture
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Representatives of Deutscher Bauernverband e. V.:

Bernhard Krüsken	Secretary-General of Deutscher Bauernverband e. V.
Detlef Kurreck	President of Bauernverband Mecklenburg-Western Pomerania e. V.
Werner Schwarz	President of Bauernverband Schleswig-Holstein e. V. (Representative of Deutscher Bauernverband e. V. until 29/07/2022)
Karsten Schmal	President of Hessischer Bauernverband e. V.
Petra Bentkämper	President of Deutscher LandFrauenverband e. V.

Representative of Deutscher Raiffeisenverband e. V.:

Franz-Josef Holzenkamp President of Deutscher Raiffeisenverband e. V.

Representatives of the food industry:

Rainer Schuler President of Bundesverband Agrarhandel e. V.
(until 10/01/2022)

Tim Schwertner Treasurer of Bundesvereinigung der
(since 11/01/2022) Deutschen Ernährungsindustrie e. V.

Agriculture Ministers of the German federal states:**Berlin:**

Markus Kamrad State Secretary for Environment, Mobility,
(since 26/01/2022) Consumer Protection and Climate Protection, Berlin

Rhineland-Palatinate:

Daniela Schmitt Minister for Commerce, Transportation, Agriculture,
and Viticulture, Rhineland-Palatinate

Schleswig-Holstein:

Jan Philipp Albrecht Minister for Energy Transition, Agriculture, Environment,
(until 03/06/2022) Nature and Digitalisation, Schleswig-Holstein

Werner Schwarz Minister for Agriculture, Rural Areas, Europe,
(since 29/07/2022) Consumer Protection, Schleswig-Holstein

Representative of the trade unions:

Harald Schaum National Vice Chairman of the Industrial Union for
Construction, Agriculture, Environment (IG Bauen-
Agrar-Umwelt)

Representatives of the German Federal Ministry of Food and Agriculture:

Dr. Hermann Onko Aeikens State Secretary, retired
(until 01/02/2022)

Silvia Bender State Secretary
(since 08/02/2022)

Representative of the German Federal Ministry of Finance:

Dr. Marcus Pleyer Head of Directorate

Representatives of banks or other lending experts:

Michael Reuther	Managing Director Keppler Mediengruppe
Dr. Birgit Roos	Chairwoman of the Management Board of Sparkasse Krefeld, retired
Dr. Caroline Toffel	Member of the Management Board of Berliner Volksbank eG

Frankfurt am Main, 7 March 2023

LANDWIRTSCHAFTLICHE RENTENBANK

The Management Board



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

Responsibility Statement from the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Bank, and the management report includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the principal opportunities and risks associated with the expected development of the Bank.

Frankfurt am Main, 7 March 2023

LANDWIRTSCHAFTLICHE RENTENBANK

The Management Board



Nikola Steinbock



Dietmar Ilg



Dr. Marc Kaninke

Independent Auditor's Report

To Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, which comprise the balance sheet as at 31 December 2022, and the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from 1 January to 31 December 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of identification and measurement of provisions for credit losses, which we have determined to be a key audit matter in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements and the management report),
- b) auditor's response.

Identification and measurement of provisions for credit losses

- a) In its annual financial statements for the financial year ended 31 December 2022, Landwirtschaftliche Rentenbank discloses loans and advances to credit institutions, loans and advances to customers, securities and contingent liabilities as well as irrevocable loan commitments totalling bEUR 91.7 arising from its lending business. In the light of the relative significance of credit transactions in the balance sheet of Rentenbank given a balance sheet total of bEUR 97.4, we considered the provisions for credit losses to be a key audit matter. The provisions for credit losses as at 31 December 2022 are as follows:

Rentenbank has set up general allowances of mEUR 2.7 and general provisions of kEUR 23 to provide for inherent credit risks in the lending business for the above balance sheet items. As in the prior year, no specific allowances and/or provisions for imminent credit losses are recognised in the annual financial statements.

For the purpose of determining general allowances for inherent credit risks, loans and advances to credit institutions, loans and advances to customers, securities, contingent liabilities and irrevocable loan commitments without any identifiable imminent credit losses are allocated to rating levels on the basis of quantitative and qualitative criteria. They are calculated using an expected loss approach as provided for in Accounting Statement of the Banking Committee of the Institute of Public Auditors in Germany IDW RS BFA 7. For this purpose, the Bank uses the simplified valuation method permitted under IDW RS BFA 7 and determines the one year expected credit loss based on annual probabilities of default in accordance with the respective internal rating levels. The probabilities of default are derived from data published by rating agencies using regression analyses. The loss given default is determined individually for each business line.

For determining potential specific allowances and/or provisions for imminent credit losses, the loans and advances, securities, contingent liabilities and irrevocable loan commitments for which a sustainable debt servicing capacity is not expected are identified in a first step. Subsequently, the specific allowances and/or provisions are determined on a case-by-case basis based on estimated future cash flows, taking into account expected cash inflows from the sale of collateral, if applicable.

The loss given default is the key value-determining parameter for determining the general allowances. In addition to this, in the light of the credit volume, we consider the identification of any need for specific allowances to be significant, as, in the scope of credit monitoring, this identification requires appropriate assumptions to be made concerning the solvency of the borrowers and, if applicable, the recoverability of collateral, and as, in this respect, these estimations and/or assumptions are subject to the judgement of the executive directors of Rentenbank.

Concerning an explanation of the system for risk provisioning, we draw attention to section 3 “Provisions for loan losses” of the notes to the financial statements of Landwirtschaftliche Rentenbank as well as section 4.7 “Credit default risks” in the management report.

- b) In the scope of our audit, we relied, based on our risk assessment, on control-based and substantive procedures. We performed the following audit procedures, among others:

First, we obtained an understanding of the development and composition of the credit portfolio, the associated credit risks and the internal control system with regard to the identification, management, monitoring and valuation of provisions for credit losses and assured ourselves of the appropriateness and effectiveness of the relevant accounting-related system of internal controls.

With regard to Rentenbank’s recognition and measurement policies, we assessed whether the method for measuring the general allowances and provisions complies with legally required accounting principles. As part of our audit of the risk management, we assessed and reviewed the methodological appropriateness of the parametrisation of default probabilities and loss given default. Moreover, we audited the correctness of the calculations for determining the general allowances and/or provisions. In addition, we audited the implementation and effectiveness of controls regarding the up-to-dateness and correctness of borrower ratings used by

Rentenbank as well as for identifying defaulted borrowers and/or issuers. By means of a sample, which we determined both by risk-orientated means and on a random basis, we audited whether specific allowances for imminent credit losses were necessary using documentation supplied for proving creditworthiness and, if applicable, collateral.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the declaration of compliance of the executive board and the supervisory board concerning the Public Corporate Governance Code of the German Federal Government referred to in section 1.4 “Public Corporate Governance Code” of the management report,
- the executive directors’ confirmations regarding the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, respectively, and
- all other parts of the annual report, including the integrated sustainability reporting, with the exception of the audited annual financial statements and the audited content of the management report as well as our auditor’s report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the declaration of compliance concerning the Public Corporate Governance Code of the German Federal Government. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 24363fbdce582e296e8e0229eb60905aab58720fo09fd7abfodaaabe01818a26, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this

audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from 1 January to 31 December 2022 contained in the “Report on the Audit of the Annual Financial Statements and of the Management Report” above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the “Auditor’s Responsibilities for the Audit of the ESEF Documents” section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by resolution of the supervisory board on 24 March 2022. We were engaged by the supervisory board on 7 July 2022. We have been the auditor of Landwirtschaftliche Rentenbank, Frankfurt am Main/Germany, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the audited Company or its controlled entities the following services that are not disclosed in the annual financial statements or in the management report:

- project-based audit of the project “DWH-BAIS-Anbindung” (DWH-BAIS connection),
- issuance of comfort letters and other related assurance services,
- audit related to the utilisation of credit claims as eligible collateral in the Eurosystem (MACCs),
- confirmation of the questionnaire for contributions to the deposit guarantee fund of the Association of German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands e.V.),
- training courses for committee members and executive employees, and
- voluntary audit of subsidiaries as well as audit of annual accounts of the Federal Republic's Special Purpose Fund which is administered by Rentenbank.

Other Matter – Use of the Auditor' Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as with the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Stephanie Fischer.

Frankfurt am Main/Germany, 7 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Stephanie Fischer)	(Martin Maurer)
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Management Bodies

(as at 15 March 2023)

Management Board and Supervisory Board

Details relating to the members of the Management Board and Supervisory Board are included on pages 158 to 160 of this annual report.

General Meeting

Appointed by the State of Baden-Württemberg:

Werner Räßle	Honorary President of the Agricultural Main Association of Baden
Juliane Veas	President of the Rural Women's Association of Württemberg-Hohenzollern Rural Women's Institution for Education and Charity

Appointed by the Free State of Bavaria:

Walter Heidl	
Stefan Köhler	District President of Lower Franconia, Bavarian Farmers' Association

Appointed by the State of Berlin:

Dinah Hoffmann	Association for the Promotion of Organic Farming in Berlin-Brandenburg
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Appointed by the State of Brandenburg:

Rüdiger Müller	Member of the Management Board and Deputy Chairman of the Association for the Family-Owned Agricultural and Forestry Businesses of Brandenburg
Henrik Wendorff	President of the Farmers' Association of Brandenburg

Appointed by the Free Hanseatic City of Bremen:

Ralf Hagens	President of the Chamber of Agriculture of Bremen
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Appointed by the Free and Hanseatic City of Hamburg:

Heinz Behrmann	Honorary President of the Farmers' Association of Hamburg
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Appointed by the State of Hesse:

Jürgen Mertz	Vice-President of the Horticultural Association of Baden-Württemberg-Hesse
Stefan Schneider	Vice-President of the Farmers' Association of Hesse

Appointed by the State of Mecklenburg-Western Pomerania:

Dr. Kathrin Marianne Naumann	Managing Director of GGB Agrarbetrieb Groß Grenz GmbH
Harald Nitschke	Managing Director of Raminer Agrar GmbH

Appointed by the State of Lower Saxony:

Elisabeth Brunkhorst	President of the Rural Women's Association of Lower Saxony
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Dr. Holger Hennies	President of the Rural Community of Lower Saxony – The Farmers' Association
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Appointed by the State of North Rhine-Westphalia:

Karl Werring	President of the Chamber of Agriculture of North Rhine-Westphalia
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Bernhard Conzen	President of the Rhineland Farmers' Association
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Appointed by the State of Rhineland-Palatinate:

Eberhard Hartelt	President of the Farmers' and Vintners' Association of Rhineland-Palatinate South
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Michael Prinz zu Salm-Salm

Appointed by the State of Saarland:

Peter Hoffmann	President of the Farmers' Association of Saar
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Appointed by the Free State of Saxony:

Gerhard Förster	Chairman of the Regional Farmers' Association of Elbe/Röder
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Dr. Hartwig Kübler	Chairman of the Association for the Family-Owned Agricultural and Forestry Businesses in Saxony and Thuringia
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Appointed by the State of Saxony-Anhalt:

Jochen Dettmer	Farmer
Olaf Feuerborn	President of the Farmers' Association of Saxony-Anhalt

Appointed by the State of Schleswig-Holstein:

Dietrich Pritschau	Vice-President of the Farmers' Association of Schleswig-Holstein
Kirsten Wosnitza	Farmer

Appointed by the Free State of Thuringia:

Dr. Lars Fliege	Vice-President of the Farmers' Association of Thuringia
Joachim Lissner	Managing Director of the Horticultural Association of Thuringia

Trustees:

Ralf Wolkenhauer	Head of Directorate (Ministerialdirigent) Federal Ministry for Food and Agriculture
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Deputy:

Dr. Carlo Prinz	Head of Department (Regierungsdirektor) Federal Ministry for Food and Agriculture
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Report from the Supervisory Board



from left to right: Bernhard Krüsken, Karsten Schmal, Tim Schwertner, Dr. Caroline Toffel, Markus Kamrad, Cem Özdemir, Silvia Bender, Joachim Rukwied, Michael Reuther, Daniela Schmitt, Detlef Kurreck, Dr. Birgit Roos, Petra Bentkämper, Franz-Josef Holzenkamp, Dr. Marcus Pleyer, Dr. Holger Hennies

The Supervisory Board and its committees performed the duties delegated to them in accordance with Rentenbank's Governing Law, its statutes and corporate governance principles, and advised and supervised the Management Board on its orderly conduct of business throughout the fiscal year.

The annual financial statements as well as the management report were prepared by the Management Board in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) to 31 December 2022 and were audited by the auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, who issued an unqualified audit opinion. The findings of the audit were noted with approval by the Supervisory Board.

The Supervisory Board reviewed the annual financial statements, including the management report and the 2022 annual report on Landwirtschaftliche Rentenbank. The Supervisory Board adopts the Bank's annual financial statements including the management report for the 2022 fiscal year.

Of the net income of EUR 36,000,000 reported in the income statement, EUR 18,000,000 is being allocated to the principal reserve pursuant to Section 2 (2) of Rentenbank's Governing Law.

With respect to the remaining distributable profit of EUR 18,000,000 the Supervisory Board resolved to allocate EUR 9,000,000 to the German Federal Government's Special Purpose Fund and EUR 9,000,000 to the Promotional Fund.

The Supervisory Board is satisfied that the Management and Supervisory Boards have complied with the German Public Corporate Governance Code (PCGK) as amended on 16 September 2020. It will continually monitor compliance with and the implementation of the Code. The Supervisory Board approves the Corporate Governance Report, including the Declaration of Conformity.

Frankfurt am Main, 31 March 2023

THE SUPERVISORY BOARD
OF LANDWIRTSCHAFTLICHE RENTENBANK



Chairman
Joachim Rukwied

This annual report contains certain forward-looking statements that are based on current expectations, estimates, forecasts and projections of the Management Board and information currently available to it. These statements include, in particular, statements about our plans, strategies and prospects. Words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates', and similar expressions are intended to identify such forward-looking statements. These statements are not to be understood as guarantees of future performance, but rather as being dependent upon factors that involve risks and uncertainties and are based on assumptions which may prove to be incorrect. Unless required by law, we shall not be obligated to update forward-looking statements after their publication.

Landwirtschaftliche Rentenbank

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rentenbank