

Landwirtschaftliche Rentenbank

Disclosure Report for
Landwirtschaftliche Rentenbank as of
June 30, 2019



rentenbank

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List of abbreviations

CCF	credit conversion factor
CCR	counterparty credit risk
CRM	credit risk mitigation
CRSA	credit risk standardized approach
CVA	credit valuation adjustment
EBA	European Banking Authority
GVA	general valuation allowance
HGB	German Commercial Code/Handelsgesetzbuch
KWG	German Banking Act/Kreditwesengesetz
RWA	risk-weighted assets
SFT	securities financing transactions

1. Scope of application

Banks bound by CRR are obligated to produce a disclosure report at least once a year in line with the requirements in Part 8 of Capital Requirements Regulation (EU) No. 575/2013. This also applies to Rentenbank with regard to section 1a (1) of the German Banking Act (*Kreditwesengesetz KWG*).

Institutions whose consolidated total assets exceed EUR 30 billion should consider producing a quarterly disclosure with specific information (EBA/GL/2016/11 dated August 4, 2017) in line with Part 8 of the CRR fleshed out by the provisions of the European Banking Authority (EBA). This disclosure report as of 30 June 2019 is being published in keeping with these guidelines and in consideration of the BaFin circular 05/2015 (BA) which implements the guidelines. The information to be published is subject to varying frequency cycles in accordance with these provisions.

Rentenbank produces the disclosure report in an aggregated format at group level in its role as a top level institution. The figures shown in this report are from the group of companies consolidated for regulatory purposes. The deadline for the reporting date is June 30, 2019. There have been no significant changes since the last reporting date. The calculation of the figures is made using accounting methods in keeping with the German Commercial Code (*Handelsgesetzbuch HGB*).

The figures shown in the Disclosure Report were rounded according to standard commercial practice. In the summation, there may therefore be differences which are due to rounding. All tables are extracted from EBA templates except 1, 3 and 16 which provide

additional information. In the EBA tables, lines and columns are identified with numbers and letters respectively. Lines or columns without content were blanked out in order to make the tables more legible. Lines or columns which are not identified by a letter or number include additional information provided by Rentenbank. Where there are cells in the tables with a nil value, this means that a value was rounded to EUR 0 million. Blank cells in the tables mean that this item did not exist at the reporting date.

The Disclosure Report refers to matters which are not relevant to Rentenbank and where no disclosure can therefore be made due to the bank's existing business activities.

2. Own funds (Article 437 CRR)

Rentenbank Group's common equity Tier 1 capital is comprised of subscribed capital, retained earnings and the fund for general banking risks according to Section 340g HGB.

There are no instruments of additional Tier 1 capital available. In this way, the capital requirements (common equity Tier 1 capital and additional Tier 1 capital) are fully met with common equity Tier 1 capital.

Tier 2 capital exclusively consists of subordinated liabilities.

The following table shows the composition of Rentenbank Group's regulatory own funds in accordance with Part 2 CRR, the risk-weighted assets (RWA) as well as the capital ratios.

Table 1: Composition of regulatory own funds

		June 30, 2019 EUR million	Mar 31, 2019 EUR million
Capital instruments and risk-weighted assets			
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	4,410	4,410
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) overall	- 18	- 16
29	Common Equity Tier 1 capital (CET1)	4,392	4,394
44	Additional Tier 1 capital (AT1)	0	0
45	Tier 1 capital (T1=CET1+AT1)	4,392	4,394
51	Tier 2 capital (T2) before regulatory adjustments	176	196
58	Tier 2 capital (T2)	176	196
59	Total capital (TC=T1+T2)	4,569	4,590
60	Total risk-weighted assets	14,482	14,464
Capital ratios			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	30.3	30.4
62	Tier 1 (as a percentage of total risk exposure amount)	30.3	30.4
63	Total capital (as a percentage of total risk exposure amount)	31.6	31.7

3. Capital requirements (Article 438 CRR)

The regulatory capital requirements for credit risks are determined for Rentenbank Group by applying the Credit Risk Standardized Approach (CRSA). The counterparty credit risk is calculated using the mark-to-market method. The calculation of the risk for the

credit valuation adjustment (CVA risk) is carried out using the standardized approach. The basic indicator approach is applied to operational risk.

The following table shows the risk-weighted assets and the capital requirements. The requirements for minimum own funds amount to 8% of the risk-weighted assets in accordance with CRR and are at EUR 1,159 million for Rentenbank Group as of June 30, 2019.

Table 2: EU OV1 – Overview of RWA

		RWA		Capital requirements	
		June 30, 2019 EUR million	Mar 31, 2019 EUR million	June 30, 2019 EUR million	
	1	Credit risk (excluding CCR)	12,637	12,592	1,011
Art. 438 (c)(d)	2	Of which standardised approach	12,637	12,592	1,011
Art. 107, Art. 438 (c)(d)	6	Counterparty credit risk (CCR)	1,274	1,301	102
Art. 438 (c)(d)	7	Of which mark to market	505	531	40
Art. 438 (c)(d)	12	Of which CVA	769	770	62
Art. 438 (e)	19	Market risk	0	0	0
	20	Of which standardised approach	0	0	0
Art. 438 (f)	23	Operational risk	571	571	46
	24	Of which basic indicator approach	571	571	46
	29	Total	14,482	14,464	1,159

The differentiated illustration of the RWA for the credit risk in accordance with the provisions of EBA/GL/2016/11 is expanded upon in complete full-

film of Article 438 CRR regarding the split-up of exposure classes:

Table 3: Risk-weighted assets – breakdown by exposure class

Exposure class	RWA		Capital requirements
	June 30, 2019 EUR million	Mar 31, 2019 EUR million	June 30, 2019 EUR million
Central governments or central banks	0	0	0
Regional governments and local authorities	0	0	0
Public sector entities	0	0	0
Multilateral development banks	0	0	0
International organisations	0	0	0
Institutions	10,998	10,954	880
Corporates	2	2	0
Covered bonds	1,386	1,391	111
Collective investment undertakings	0	0	0
Equity	182	182	14
Other items	69	63	6
Total standardised approach CRSA (excluding CCR)	12,637	12,592	1,011

4. Credit Risk and General Information about Credit Risk Mitigation (Article 442 CRR, Article 453 CRR)

4.1 General quantitative information about credit risks

The following tables illustrate the requirements in Article 442 lit g) and h). Derivatives (counterparty credit risk exposures) are shown in separate tables in chapter 6 of this report.

Table 4: EU CR1-A: Credit quality of exposures by exposure classes and instruments

		a		b	c	d	e	f	g
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	Specific credit risk adjustment EUR million	General credit risk adjustment EUR million	Accumulated write-offs EUR million	Credit risk adjustment charges of the period EUR million	Net values (a+b-c-d) EUR million	
16	Central governments or central banks		5,283	0					5,283
17	Regional governments or local authorities		7,008	0					7,008
18	Public sector entities		15,935	0					15,935
19	Multilateral development banks		2,496	0					2,496
20	International organisations		10	0					10
21	Institutions		41,239	3			0		41,236
22	Corporates		2						2
30	Covered bonds		12,847	0					12,847
32	Collective investments undertakings		0						0
33	Equity exposures		182						182
34	Other exposures		1,320						1,320
35	Total standardised approach		86,322	3					86,319
36	Total		86,322	3					86,319
37	Of which: Loans		61,743	3					61,740
38	Of which: Debt securities		16,892	0					16,892
39	Of which: Off-balance-sheet exposures		960	0			0		960

The following table corresponds with table EU CR1-A in terms of content. The risk exposures are broken

down according to sector. This was expanded upon by adding the 'Finance and Insurance Services' sector because it is of particular importance to Rentenbank.

Table 5: EU CR1-B: Credit quality of exposures by industry or counterparty types

		Gross carrying values of		c	d	e	f	g
		a	b					
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	Specific credit risk adjustment EUR million	General credit risk adjustment EUR million	Accumulated write-offs EUR million	Credit risk adjustment charges EUR million	(a+b-c-d) EUR million
6	Construction		0					0
7	Wholesale and retail trade		8					8
10	Information and communication		0					0
10a	Finance and Insurance Services		77,904	3			0	77,901
11	Real estate activities		6					6
13	Administrative and support service activities		0					0
14	Public administration and defence, compulsory social security		7,084	0				7,084
18	Other services		1,320					1,320
19	Total		86,322	3			0	86,319

Table EU CR1-C corresponds with Table EU CR1-A in terms of content. The structure of the risk exposures is presented according to geography.

Table 6: EU CR1-C: Credit quality of exposures by geography

		Gross carrying values of		c	d	e	f	g
		a	b					
		Defaulted exposures EUR million	Non-defaulted exposures EUR million	Specific credit risk adjustment EUR million	General credit risk adjustment EUR million	Accumulated write-offs EUR million	Credit risk adjustment charges EUR million	(a+b-c-d) EUR million
1	Germany		71,762	2			0	71,760
2	Europe		9,728	1				9,727
3	International organisations		2,506	0				2,506
4	OECD (without EU)		2,326	0				2,326
11	Total		86,322	3			0	86,319

There are no impaired, overdue or deferred exposures. An illustration in line with the provisions

- EU CR1-D - maturities structure for overdue risk exposures

- EU CR1-E - defaulting and deferred risk exposures and
- EU CR2-B - changes in the stock of defaulted and impaired loans and debt securities

was therefore omitted.

In the year under review, the general valuation allowance (GVA) only slightly changed through dissolution of prescribed amounts of estimated loan losses. An illustration of a transition of the opening portfolio totaling EUR 3.3 million to the closing portfolio of EUR 3.2 million according to table EU CR2-A (changes to the portfolio of the general and specific credit risk adjustments) is not being provided.

4.2 General quantitative information about credit risk mitigation

The following table highlights the extent to which credit risk mitigation techniques were used as of June 30, 2019. The statement of the risk exposure is made taking GVA into account.

Table 7: EU CR3: Credit risk mitigation techniques – overview

	a	b	c	d	e
	Exposures unsecured – Carrying amount EUR million	Exposures secured – Carrying amount EUR million	Exposures secured by collateral EUR million	Exposures secured by financial guarantees EUR million	Exposures secured by credit derivatives EUR million
1 Total loans	61,701	39		39	
2 Total debt securities	16,887	5		5	
Off-balance-sheet positions	960				
3 Total exposures	79,548	44		44	
4 Of which defaulted					

5. Credit risk and credit risk mitigating techniques within the standardized approach (Article 444 CRR, Article 453 CRR)

In column e) the risk-weighted assets are disclosed. Column f) contains the RWA density as a ratio of RWA and exposures according to GVA as well as credit conversion factor (CCF) and CRM.

In the table below, the credit risk mitigation effects are illustrated by receivable classification (columns a-d).

Table 8: EU CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

	a		b		c		d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density				
	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	On-balance-sheet amount EUR million	Off-balance-sheet amount EUR million	RWA EUR million	RWA density %	
1 Central governments or central banks	5,283	0	5,288	0					
2 Regional government or local authorities	7,008	0	7,047	0					
3 Public sector entities	15,809	126	15,809	63					
4 Multilateral development banks	2,496		2,496						
5 International organisations	10		10						
6 Institutions	40,402	834	40,358	457			10,998	26.95	
7 Corporates	2	0	2	0			2	100.00	
12 Covered bonds	12,847		12,847				1,386	10.79	
14 Collective investment undertakings	0		0				0	100.00	
15 Equity	182		182				182	100.00	
16 Other items	1,320		1,320				69	5.23	
17 Total	85,359	960	85,359	520			12,637	14.71	

The table below shows both the Rentenbank Group credit risk exposures (by CCF and GVA) as of June 30, 2019 by risk exposure classification and risk weight

in accordance with Art 444 lit e) CRR both before and after credit risk mitigation without counterparty credit risk exposures.

Table 9: EU CR5: Standardised approach before CRM

	Exposure classes	Risk weight						Total EUR million	Of which unrated EUR million
		0% EUR million	10% EUR million	20% EUR million	50% EUR million	100% EUR million	250% EUR million		
1	Central governments or central banks	5,283						5,283	5,283
2	Regional government or local authorities	7,008						7,008	7,008
3	Public sector entities	15,872						15,872	15,872
4	Multilateral development banks	2,496						2,496	2,496
5	International organisations	10						10	10
6	Institutions			31,407	9,452			40,859	21,172
7	Corporates					2		2	2
12	Covered bonds		11,837	1,010				12,847	4,676
14	Collective investment undertakings					0		0	0
15	Equity					182	0	182	182
16	Other items	909	254	141		16		1,320	1,320
17	Total	31,578	12,091	32,558	9,452	200	0	85,879	58,021

Table 10: EU CR5: Standardised approach after CRM

	Exposure classes	Risk weight						Total EUR million	Of which unrated EUR million
		0% EUR million	10% EUR million	20% EUR million	50% EUR million	100% EUR million	250% EUR million		
1	Central governments or central banks	5,288						5,288	5,288
2	Regional government or local authorities	7,047						7,047	7,047
3	Public sector entities	15,872						15,872	15,872
4	Multilateral development banks	2,496						2,496	2,496
5	International organisations	10						10	10
6	Institutions			31,363	9,452			40,815	21,128
7	Corporates					2		2	2
12	Covered bonds		11,837	1,010				12,847	4,676
14	Collective investment undertakings					0		0	0
15	Equity					182	0	182	182
16	Other items	909	254	141		16		1,320	1,320
17	Total	31,622	12,091	32,514	9,452	200	0	85,879	58,021

Substitution effects which emerge due to the use of the simple approach as part of CRM techniques cause the risk exposures, which originally had higher risk weights, to be shown in exposures with 0% risk weight.

In the 'without rating' column, Rentenbank shows all exposures where no external rating is applied when calculating the risk weights.

6. Counterparty credit risk (Article 439 CRR, Article 444 CRR)

6.1 Quantitative information regarding counterparty credit risk

Information regarding counterparty credit risk is disclosed in the following table. At Rentenbank, the value from receivables for the counterparty credit risk according to the mark-to-market method is calculated

in accordance with Article 274 CRR. Transactions referred to in Article 272 No. 2 CRR are taken into account in this calculation.

Table 11: EU CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

		a	b	c	d	e	f	g
		Notional EUR million	Replacement cost/current market value EUR million	Potential future credit exposure EUR million	EEPE EUR million	Multiplier	EAD post CRM EUR million	RWA EUR million
1	Mark-to-market		618	1,547			2,165	505
11	Total							505

For risk exposures from OTC derivatives, additional requirements for own funds are to be taken into account in accordance with Article 381 et seq. CRR in the event of an adjustment to the credit rating (CVA risk). A CVA risk is deemed to be the risk of a change in

value from derivatives transactions due to a downgrading in the rating of counterparties. Rentenbank calculates the CVA risk in line with the standard method in accordance with Article 384 CRR. Transactions referred to in Article 272 No. 2 CRR are not taken into account in this calculation.

Table 12: EU CCR2: Credit valuation adjustment (CVA) capital charge

		a	b
		Exposure value EUR million	RWAs EUR million
4	All portfolios subject to the standardised method	1,546	769
5	Total subject to the CVA capital charge	1,546	769

Rentenbank does not conduct any transactions with a central counterparty. A disclosure of table EU CCR8 is not being provided.

6.2 Information according to the regulatory risk weighting approach

In the table below, risk exposure values are presented (after applying conversion factors and credit risk mitigation techniques) by exposure classification and counterparty risk weighting.

Table 13: EU CCR3: Standardised approach - CCR exposures by regulatory portfolio and risk

	Exposure classes	Risk weight			Total EUR million	Of which unrated EUR million
		0 % EUR million	20 % EUR million	50 % EUR million		
1	Central governments or central banks	618			618	618
6	Institutions		897	650	1,547	1
11	Total	618	897	650	2,165	619

6.3 Additional information about counterparty credit risk

Eligible netting agreements and cash collateral are taken into account in a manner which mitigates risk in accordance with Article 298 CRR. In the following table, information is disclosed from an economic perspective about the impact of the netting and securities

held on the exposure value of derivatives and securities financing transactions (SFT) in accordance with Article 439 lit e) CRR.

After netting and taking securities into account, a net credit risk exposure of EUR 19 million remains which means that acquiring credit reserves (provision for pending losses from derivatives) is not necessary.

Table 14: EU CCR5-A: Impact of netting and collateral held on exposure values

	a	b	c	d	e	
	Gross positive fair value or net carrying amount EUR million	Netting benefits EUR million	Netted current credit exposure EUR million	Collateral held EUR million	Net credit exposure EUR million	
1	Derivatives	3,565	2,937	628	609	19
4	Total	3,565	2,937	628	609	19

In the following table, collateral provided and held in conjunction with the counterparty credit risk are disclosed. Rentenbank only accepts cash deposits in euros as collateral for derivatives transactions. Columns e) and f) are not displayed because SFT are not effected by Rentenbank.

Rentenbank's triple-A ratings are due to the fact that the triple-A rated Federal Republic of Germany guarantees Rentenbank's obligations. The scenario involv-

ing a downgrading of Rentenbank's triple-A ratings combined with additional collateral relating to collateral agreements is regularly validated and is currently rated as being of minor relevance. The collateral agreements with derivative counterparties generally do not obligate Rentenbank to provide additional collateral in the event of a rating downgrade. Accordingly, Rentenbank does not expect to provide any additional collateral in the event of a downgrading of the rating.

Table 15: EU CCR5-B: Composition of collateral for exposures to counterparty credit risk

	a		b		c		d	
	Collateral used in derivative transactions							
	Fair value				Fair value			
	of collateral received				of posted collateral			
	Segregated EUR million	Unsegregated EUR million	Segregated EUR million	Unsegregated EUR million	Segregated EUR million	Unsegregated EUR million	Segregated EUR million	Unsegregated EUR million
Cash collateral	0	4,811	0	609	0	609	0	609
Total	0	4,811	0	609	0	609	0	609

As at the reporting date of June 30, 2019, Rentenbank did not have any credit derivatives. Accordingly, Table EU CCR6 is not being provided.

7. Market risk (Article 445 CRR, Article 448 CRR)

To determine the capital requirements for foreign currency risks, we calculate the total currency exposure on the basis of the standardized approach. This amounts to EUR 0.1 million as of June 30, 2019 in line with the standardized approach. The threshold pursuant to Article 351 CRR was not exceeded so there was no need to use own capital for foreign currency risks. Table EU MR1 'Market risk in accordance with the standardized approach' is therefore not being provided.

There are no exposures to commodity, trading book and settlement risks or other market risks. Rentenbank does not apply its own risk models.

8. Leverage ratio (Article 451 CRR)

The calculation of the leverage ratio for Rentenbank Group is based on delegated regulation (EU) 2015/62.

Rentenbank Group's Tier 1 capital, overall risk exposure measure and leverage ratio as of June 30, 2019 are presented below.

Table 16: Leverage ratio

		June 30, 2019 EUR million	Mar 31, 2019 EUR million
	Capital and size of overall risk exposure		
20	Tier 1 capital	4,392	4,394
21	Leverage ratio total exposure measure	87,422	89,260
22	Leverage ratio	5.02	4.92

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