Annual Report 2023
Financial Statements and Management Report

DEG – Deutsche Investitions-
und Entwicklungsgesellschaft mbH

KFW DEG

Contents

DEG at a glance 3

Report by the Supervisory Board 4

Corporate Governance Report 7

Management Report 2023 19

Business model
Economic report
Status report
Earnings situation
Financial position
Net assets
Opportunity and risk report
Outlook

Annual Financial Statements 2023 35

HGB – Balance sheet
HGB – Profit and loss account
Notes
Auditor’s report

Imprint 72

DEG at a glance

	2023	2022
Business performance (EUR million)		
Total financial commitments in financial year	**1,869**	1,644
Portfolio (volume of commitments) at year end	**10,323**	9,866
Development impact (of DEG portfolio)		
Local income generated by co-financed enterprises (p.a.)	**EUR 235bn**	EUR 209bn
Number of employees in co-financed enterprises	**3.3m**	3m
Renewable energies/annual production	**31 TWh**	35 TWh
CO_2 savings/million tonnes per year	**22**	24
Annual financial statements (EUR million)		
Balance sheet total	**8,225**	7,702
Investments in partner countries	**7,351**	6,938
Equity	**2,579**	2,517
Operating result before effects from risk provision, currency translation and taxes [1)]	**213**	248
Risk provision/valuation effects from currency	**-119**	-226
Taxes	**-32**	-12
Net income	**62**	10

[1)] Differences due to rounding may occur.

Report by the Supervisory Board

Advice to, and supervision of, the Management Board

The Supervisory Board held constructive talks with the Management Board of DEG during the year under review. Following Philipp Kreutz's retirement and departure from the Management Board as of 30 April 2023, the Supervisory Board welcomed Joachim Schumacher as a new member of the Management Board with effect from 1 May 2023. The Management Board was a competent, functional unit and reported promptly and comprehensively to the Supervisory Board on all important developments at DEG, assuring it of the proper conduct of the Management Board's activities. In particular, the Management Board responded to the Supervisory Board's need for information regarding the impact of Russia's war of aggression on Ukraine and DEG's customers in Ukraine. The Management Board's prudent management helped ensure that DEG's risk situation remained stable, despite new macroeconomic challenges.

The Supervisory Board regularly monitored and consulted with the Management Board regarding its leadership of the business. The Supervisory Board was involved whenever decisions were of crucial importance to DEG. Where necessary and following extensive consultation and scrutiny of specific cases, the Supervisory Board gave its consent to the relevant business transactions.

DEG's rules and regulations are based on the German Federal Public Corporate Governance Code (Public Corporate Governance Kodex des Bundes, PCGC) and meet the applicable governance standards.

Meetings of the Supervisory Board

The Supervisory Board held four meetings in 2023. In carrying out its work, the Supervisory Board received effective assistance from its committees, membership of which is drawn from the board. These held 20 meetings in total. The Executive and Nomination Committee and the Audit Committee each met on four occasions. The Remuneration Control Committee met three times. The Risk and Credit Committee, which takes final decisions on measures and transactions of particular importance to DEG's financing business, held nine meetings and also took two decisions on submissions via two circulation procedures.

The members of the Supervisory Board underwent further training on key aspects of regulation, the duties of the Supervisory Board and issues relating to sustainable finance and ESG risks.

Key issues

During the period under review, the Supervisory Board addressed a range of key issues of particular importance to DEG and discussed these with the Management Board. It paid close and regular attention to implementation of the Climate.Impact.Returns strategy. The members of the Supervisory Board and the Management Board also met twice at impact/climate workshops. The June workshop focused on impact management and, in particular, on refining the DERa (Development Effectiveness Rating) tool, and the September workshop on the path to a net-zero portfolio by 2040 and the status of recording the carbon emissions of the DEG portfolio. Supervisory Board members strongly welcomed the opportunity to hold in-depth discussions on specific topics in the form of workshops.

One focal point of strategy realisation is increasing the efficiency of the organisation through measures including digitalisation and innovation. In this context, the Supervisory Board received presentations on the work and priorities of the new continuous delivery pipeline and the further development of the internal control system, and was informed about the planned outsourcing of the specialist accounting and financial controlling functions to KfW from the end of the year. The Supervisory Board also received regular reports on the two subsidiaries, DEG Impact and DEG Impulse.

The Supervisory Board believes that DEG is well positioned for the future, based on its strategic direction. It approved this strategic direction during its meeting on 27 November 2023 as part of the overall strategy, including the 2024 risk strategy, the 2024 IT strategy and the 2024 financial planning. The HR strategy was also presented for the first time at the meeting, and the interweaving of individual operational strategies with the business strategy was explained. In agreeing targets for the DEG Management Board for 2024, the members' salaries were benchmarked against other banks for the first time.

The Supervisory Board received regular reports on measures taken to boost equality and participation, and discussed the objectives and the current status of DEG's equality plan.

The Supervisory Board engaged in dialogue about the development of the complaints mechanism with two members of the Independent Expert Panel ((IEP)/independent complaints mechanism), Inbal Djalovski and Michael Windfuhr, when the panel's annual report was presented in March 2023.

The Management Board reported to the Risk and Credit Committee in September 2023 on dealings with projects that have run into financial difficulties, and in particular on insights gained into practical financing work.

DEG's new approaches to dealing with "critical jurisdictions", as agreed in an in-depth discussion in November 2023 with representatives of federal ministries, the KfW Executive Board, KfW IPEX-Bank and the DEG Management Board, were very well received by the Supervisory Board.

The Supervisory Board notes with approval that strategy realisation was consistently pursued, the planned volume of new business was achieved and the forecast profit for the year was slightly exceeded despite the effects of Russia's war of aggression against Ukraine, the challenging global economic situation and the associated slowdown in global economic activity. The Supervisory Board specifically welcomes the high impact of DEG financing.

Since 2014, the Supervisory Board has carried out an annual self-evaluation, as well as an evaluation of the Management Board. Both evaluations for the 2023 financial year confirmed that the assessment of the work and efficiency of the Supervisory Board and its committees in previous years as “good” was maintained in the period under review.

Annual financial statements and management report

The annual financial statements, as drawn up in accordance with statutory regulations, have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, along with the Management Report. The annual financial statements were awarded an unqualified audit opinion.

Based on the auditor’s report, the Audit Committee appointed by the Supervisory Board reviewed and discussed the annual financial statements along with the management report, and recommended that they be approved by the members of the Supervisory Board. During a final detailed review by the Supervisory Board, the board members agreed with the Audit Committee’s recommendations and approved the findings of the auditor’s report and the annual financial statements, including the management report.

The Supervisory Board recommended that the shareholder’s meeting adopt the annual financial statements for 2023 and grant the Management Board discharge from liability.

Changes in membership of the Supervisory Board

Dr Günter Sautter (Federal Foreign Office) stepped down as a member of the Supervisory Board with effect from 1 May 2023. Deike Potzel (Director General at the Federal Foreign Office), as a representative of the Federal Government, was appointed as a member of the Supervisory Board by resolution of the shareholder’s meeting on 2 May 2023.

No member of the Supervisory Board attended fewer than half of the meetings of the board in 2023.

Thanks and appreciation

Special thanks are due to Philipp Kreutz for his outstanding work on DEG’s Management Board since 2008. The Supervisory Board would also like to thank Dr Günter Sautter for his valued contribution.

Special thanks and appreciation are also due to DEG’s staff, whose exceptional commitment, high levels of competence and adaptability helped to significantly reduce the impact of the global crises on DEG’s customers, support them in their transformations, and secure important development impact in developing and emerging market countries on a lasting basis.

Cologne, 18 March 2024

Niels Annen
Chair of the Supervisory Board

Corporate Governance Report

As a member of KfW Group, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) has made a commitment to act responsibly and transparently, and to open up its actions to scrutiny. DEG's Management Board and Supervisory Board accept the principles of the German Federal Government's Public Corporate Governance Code (Public Corporate Governance Kodex des Bundes, PCGC) on behalf of DEG. A first Declaration of Conformity, detailing compliance with the PCGC's recommendations, was made on 30 March 2011. Since then, any departures from the code have been declared and elucidated annually.

DEG has operated as a non-profit limited company and a legally independent, wholly owned subsidiary of KfW since 19 June 2001. Its rules and regulations (Articles of Association, rules of procedure for the Supervisory Board and its committees, and rules of procedure for the Management Board) specify the basic features of the system via which it is managed and controlled by its corporate bodies.

Declaration of Conformity

The Management Board and Supervisory Board of DEG make the following declaration: "Since the last Declaration of Conformity issued on 20 March 2023, the recommendations of the PCGC, as amended (most recently on 13 December 2023), have been and are being fulfilled, with the exception of the following departures."

Delivery of documents to the Supervisory Board

In a departure from paragraph 4.1.3 PCGC, the documents required in order to make a decision were not delivered in full to members of the Supervisory Board 14 days in advance of two meetings, due to extensive coordination efforts. These did not include the documents explicitly mentioned in paragraph 4.1.3 PCGC (annual financial statements, management report or auditor's report).

Deductible for D&O insurance

KfW has arranged D&O insurance policies that, as group insurance, also extend protection to the members of DEG's Supervisory Board. In a departure from paragraph 4.3.2 PCGC, these merely include the option to introduce a deductible during the period under review. Since many members of the Supervisory Board waive their right to compensation, the contracts do not provide for any deductible. For members of the Management Board, the D&O insurance policies include a deductible that meets the requirements of paragraph 4.3.2 PCGC.

Transfer of former members of the Management Board to the Supervisory Board

Christiane Laibach was a member of DEG's Management Board until 31 May 2021. Based on the shareholder's decision of 24 May 2022, she has been a member of the Supervisory Board since 13 June 2022. This means that, in a departure from paragraph 6.2.4 PCGC, she was appointed as a member of DEG's Supervisory Board less than five years after leaving the Management Board. The Supervisory Board has elected her as a member of its committees – including the Audit Committee, in a departure from paragraph 6.1.6 PCGC – and as chair of the Risk and Credit Committee. Ms Laibach was appointed to the Executive Board of KfW with effect from 1 June 2021 and since then has been responsible for KfW's activities in foreign countries. In order for her to fulfil the duties associated with this position after her transfer within the group, it is necessary for her to have a seat on the Supervisory Board of DEG and on its committees with special responsibility for credit and risk issues. To ensure that the requirements arising from the seat on the Executive Board are appropriately balanced with the requirements of the PCGC, a transition period of one year was agreed with the legal supervisory authority during which she is excluded from the assessment of a financial year that fell within her responsibility as a member of the Management Board.

Approval of mandates in supervisory bodies

Roland Siller's mandate on the Board of Directors of EDFI Association B.S.L. was approved by the body responsible for appointing Management Board members, the shareholder's meeting, on 19 December 2023. The approval of the Supervisory Board additionally recommended pursuant to paragraph 5.4.4 will be issued as scheduled along with information on secondary employment and mandates of Management Board members at the Supervisory Board meeting in March 2024.

Committees

The Supervisory Board is relieved of a portion of its workload by its committees, which benefit from more familiarity with the issues and greater flexibility of scheduling. The Risk and Credit Committee not only prepares decisions for the Supervisory Board in some cases, but also – in a departure from paragraph 6.1.7 PCGC – decides definitively, in connection with DEG's financing business, on measures and transactions of special significance, which, in accordance with section 10(5) nos. 4 and 5 of DEG's Articles of Association, require the approval of the Supervisory Board. Having the Risk and Credit Committee make the final decision on such matters is necessary for reasons of practicality and efficiency. In addition, the Executive and Nomination Committee has the authority to make the final decision in some areas with respect to the suitability assessment of Management Board and Supervisory Board members in accordance with the suitability guidelines required by the supervisory authority.

In a departure from paragraph 6.1.8 PCGC, the proportion of employee representatives on two committees did not reflect the power relations between shareholder representatives and employee representatives on the Supervisory Board as a whole. For the Executive and Nomination Committee and the Remuneration Control Committee, however, the legitimate interests of shareholders in ensuring that the committees operate efficiently, in accordance with paragraph 6.1.8 PCGC, take precedence; moreover, the issues discussed by these committees are regularly addressed again in detail at plenary meetings of the Supervisory Board. Representation of these interests is ensured by retaining a lower number of committee members, who also reflect the perspectives of the various interest groups represented on the Supervisory Board.

Cooperation between the Management Board and Supervisory Board

The Management Board and the Supervisory Board work together closely for DEG's benefit. The Management Board, in particular the CEO, is in regular contact with the Chair of the Supervisory Board. The same applies to the chairs of the committees in their relevant areas of responsibility. The Management Board informs the Chair of the Supervisory Board of all events of material significance to the assessment of DEG's situation and development. The Chair of the Supervisory Board informs the Supervisory Board of any issues of major significance and convenes an extraordinary meeting if necessary.
In the year under review, the Management Board reported to the Supervisory Board as per the provisions of section 90 of the German Stock Corporation Act (Aktiengesetz, AktG) and provided comprehensive information on all relevant corporate issues related to strategy, planning, business development, profitability, the risk situation, risk management, compliance, the remuneration strategy and the financial situation, sustainable governance and implementation and results thereof, transactions of special importance to the profitability or liquidity of the company and any changes in the economic environment of significance to the company.

Management Board

The Management Board conducts DEG's business with the care of a fit and proper business person in accordance with the law, the Articles of Association, the rules of procedure for the Management Board and the decisions of the shareholder's meeting and the Supervisory Board. The allocation of responsibilities among members of the Management Board is regulated by a schedule of responsibilities.

Responsibilities were allocated to the individual members of the Management Board as follows:[1)]

Roland Siller

CEO
- Corporate Management division
- Sustainability, Politics and Communication division
- Legal division
- Customer Solutions division
- Internal Audit

Philipp Kreutz – Managing Director until 30.04.2023
Joachim Schumacher – Managing Director since 01.05.2023

- Credit Management and Analysis division
- Compliance and Risk Controlling division
- Digitalisation division

Monika Beck

- Industries & Services, Private Equity and Venture Capital division
- Infrastructure & Energy division
- Banking & German Business division

The members of the Management Board are committed to DEG's corporate interest, may not pursue personal interests in their decision-making, and are subject to a comprehensive non-compete clause during their employment with DEG. Members of the Management Board must immediately inform the shareholder and the Supervisory Board of any conflicts of interest that arise. No such instance occurred in the year under review.

Supervisory Board

The Supervisory Board monitors and advises the Management Board on its leadership of DEG. Under DEG's Articles of Association, the Supervisory Board consists of 15 members. Five of these are employee representatives elected under the provisions of Germany's One-Third Participation Act (Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat, DrittelbG), while the other members are appointed by the shareholder's meeting. The members of the Supervisory Board who are not elected in accordance with the One-Third Participation Act are selected in consultation with the Federal Ministry for Economic Cooperation and Development (BMZ). The German Federal Government has the right to propose four members, who are intended to represent the BMZ, the Federal Ministry of Finance (BMF), the Federal Foreign Office (AA) and the Federal Ministry for Economic Affairs and Climate Action (BMWK), respectively.

In the year under review, Niels Annen, Parliamentary State Secretary under the Federal Minister for Economic Cooperation and Development, served as Chair of the Supervisory Board. Dr Günter Sautter (Director General at the Federal Foreign Office) stepped down as a member of the Supervisory Board with effect from 1 May 2023. Deike Potzel (Director General at the Federal Foreign Office) was appointed as a member of the Supervisory Board by resolution of the shareholder's meeting on 2 May 2023.

The members of the Supervisory Board possess, individually and collectively, the knowledge, skills and professional experience required in order to perform their duties correctly. The Supervisory Board comprises nine women and six men. The target of 33% female membership by 1 June 2022, set by the Supervisory Board in 2017, was thus exceeded. The legal quota of a minimum of 30% for both male and female members, set in 2021, and the internal target adopted voluntarily by the Supervisory Board in 2022 of a minimum of 40% for both male and female membership for the period up to 30 June 2027 were met in the year under review.

[1)] The Sustainability, Politics and Communication division was reorganised during the year and has a new name. The role of Chief Financial Officer (CFO) passed from Philipp Kreutz to Roland Siller with effect from 1 March 2023.

Section 2(3) of the rules of procedure of the Supervisory Board states that anyone who would exceed the statutory or regulatory limits on the number of Management or Supervisory Board mandates by taking up or continuing a Supervisory Board mandate at DEG, and anyone who cannot guarantee that they can dedicate the time required for the role for other reasons, may not be a member of the Supervisory Board. DEG also follows section 25d(3a) of the German Banking Act (Kreditwesengesetz, KWG) in this regard. The recommendations of the PCGC also apply to members of the Supervisory Board appointed at the instigation of the German Federal Government.

Every member of the Supervisory Board shall disclose conflicts of interest to the Supervisory Board. Where a conflict of interest is assumed to exist, the board member in question shall not participate in discussions or decisions on that item on the agenda. Any conflicts of interest in the person of a member of the Supervisory Board that are likely to prevent that member from meaningfully exercising his or her mandate over a sustained and prolonged period of time shall result in the termination of the mandate.

Committees of the Supervisory Board

To ensure the efficient performance of its duties, the Supervisory Board has set up the following four committees from among its own members. The remits are based on section 25d KWG:

The **Executive and Nomination Committee** deals with HR issues and the principles of corporate governance. When necessary, it carries out preparations for meetings of the Supervisory Board. The responsibilities of the Executive and Nomination Committee include the discussion of issues connected with appointing and relieving members of the Management Board. Since 1 October 2021, they also include advising the shareholder on job descriptions during the procedure for selecting members of the Management Board, and assessing the suitability of members of the Supervisory Board and Management Board in compliance with regulatory requirements. The Executive and Nomination Committee discusses the structure, size, composition and performance of the Management Board and the Supervisory Board, and reports to the Supervisory Board thereon, on a regular basis and at least once per year.

The **Remuneration Control Committee** handles remuneration issues. It specifically deals with drawing up appropriate remuneration systems for members of the Management Board and for DEG staff.

The **Risk and Credit Committee** advises the Supervisory Board on issues related to risk such as, in particular, DEG's overall risk tolerance and risk strategy. It also acts on behalf of the Supervisory Board in connection with elements of DEG's financing business requiring approval by taking final decisions on measures and transactions of special significance, as well as on whether to initiate legal disputes, to waive debts beyond the scope of settlements, and to agree settlements where such legal disputes, waivers or settlements are of special significance. It is standard practice at banks for a committee to take the final decision on such matters. This serves to relieve the Supervisory Board of a portion of its workload and to pool expertise within the committee, and enables decisions on DEG financing to be taken on a continuous basis thanks to the larger number of meetings each year.

The **Audit Committee** deals specifically with monitoring the financial reporting process; with the effectiveness of the risk management system, especially the Internal Control System (ICS) and Internal Audit; with the audit of the annual financial statements and with evaluating whether the auditor demonstrates the required independence. It also sets priorities for the audits, assesses the quality of the auditor and oversees the prompt elimination of any deficiencies uncovered by the auditor.

The chairs of the committees report to the Supervisory Board on a regular basis. The Supervisory Board may disband the committees, regulate their duties and reclaim their powers at any time.

In its report, the Supervisory Board provides information about its own work and the work of its committees during the year under review. A summary listing the members of the Supervisory Board and its committees is provided on DEG's website.

Shareholder

DEG's sole shareholder is KfW. The shareholder's meeting is responsible for all matters not assigned, by law or by the Articles of Association, to another body as its exclusive responsibility, and in particular for: approving the annual financial statements and the appropriation of the annual result or net income; establishing the sum available within the company for variable remuneration components; appointing and relieving members of the Supervisory Board; granting members of the Supervisory and Management Boards discharge from liability; and appointing the auditor of the annual financial statements. The members of the Management Board require the prior agreement of the shareholder's meeting to conduct any management activities that exceed the scope of the company's ordinary operations.

Supervision

DEG is a credit institution within the meaning of section 1(1) KWG. The German Federal Financial Supervisory Authority (BaFin) has issued revocable exemptions to DEG in accordance with section 2(4) KWG, which partially exempt it from the provisions of the Act. DEG nevertheless voluntarily applies provisions at individual institution level that represent "best practices" in the banking industry (e.g. the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk)), as well as regulatory requirements that DEG must fulfil as a subsidiary of KfW in connection with consolidation at group level for regulatory purposes.

Public benefit

DEG exclusively and directly serves the public benefit within the meaning of the section “Tax-deductible purposes” of the German Fiscal Code (Abgabenordnung, AO). The company's purpose is to promote development cooperation. DEG is non-profit-making.

Transparency

As part of the fulfilment of its mandate, DEG provides transparent information about its methods of operation and financing. To that end, it has continuously refined its transparency and disclosure policy and practice over the last few years. DEG provides information on its work and the projects it finances in various publications and interview formats, including its own website and social media channels, DEG's annual report and the annual Development Report. Annual Corporate Governance Reports including the Declaration of Conformity with the PCGC are always available on DEG's website. DEG also maintains regular contact with various operators involved in development cooperation.

Since 2015, DEG has made investment-related information available in a database on its website about projects financed with its own funds. This information shows the status at the time of approval of DEG financing and includes details of the relevant customer, the purpose of the project, the volume of financing and the environmental and social category. The customer must give consent before this information is published. Since January 2020, customers have been required to publish a summary of the contractually agreed environmental and social action plan on their website following approval of financing for land-related projects (large investments in the agricultural sector with primary land use > 5,000 ha as well as large renewable energy and mining projects). Since 2022, this information has been available for the entire period of the customer relationship. The customer must give consent before this information is published.

Investment-related information about newly committed fund investments was expanded in 2022 to include additional information about the fund's portfolio companies. This information will be provided on the respective customer's website, to which DEG provides a link.

The online database can be filtered by region, country, sector and year of commitment, and since mid-2023, also by customer name. The database will also indicate whether a customer has more than one DEG financing arrangement and will provide links to the individual projects.

Risk management

Risk management and risk controlling are key management tasks at DEG. The Management Board draws up the risk strategy, establishing the framework for business activities in relation to risk tolerance and risk-bearing capacity. This ensures that DEG is able to fulfil its specific tasks sustainably and over the long term, while maintaining an acceptable risk profile. Monthly risk reports to the Management Board present a comprehensive analysis of DEG's overall risk situation. The Supervisory Board receives a detailed update on the risk situation regularly and at least once per quarter.

Compliance

DEG's success depends to a significant degree on the trust that the shareholder, customers, business partners, staff members and the public place in its effectiveness and above all in its integrity. This trust is substantially rooted in its implementation of, and compliance with, the relevant legal and regulatory requirements and in-house rules, as well as other applicable laws and regulations. DEG's compliance organisation includes, in particular, provisions to ensure that the regulatory requirements of the MaRisk compliance function are met, and that data protection rules are followed. It further includes provisions to guarantee securities compliance, to comply with the terms of financial sanctions, to prevent money laundering, to avoid financing terrorism and other criminal activities, and to ensure an adequate level of information security, appropriate business continuity management, monitoring of outsourced functions, identification of operational risks and the mapping of an internal control system.

Accordingly, it has binding regulations and procedures that influence implemented values and corporate culture and are continuously updated to reflect the statutory framework and market requirements. Regular training in all aspects of compliance is available to DEG employees in the form of both e-learning programmes and classroom sessions.

Accounting and annual audit

On 1 November 2022, the shareholder appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) as the auditor for the 2023 financial year after consulting with the Supervisory Board. The Supervisory Board subsequently issued the audit mandate to Deloitte on 28 November 2022 and established priorities for the audit with the auditor. It was agreed with the auditor that the chair of the Audit Committee would be informed immediately of any findings and circumstances of material significance to the duties of the Supervisory Board arising during the audit. It was further agreed that the auditor should inform the Audit Committee chair or include a note in the audit if, while carrying out the audit, it ascertained facts that negated the accuracy of the Declaration of Conformity with the PCGC. The audit contract awarded to the auditor also includes an inspection of whether the Declaration of Conformity with the PCGC for the year prior to the audit has been submitted and whether the Corporate Governance Reports from the past five financial years have been published on DEG's website (paragraph 8.2.5 PCGC).

Efficiency review

The Supervisory Board regularly reviews the efficiency of its activities. To that end, it carries out an annual evaluation of the Supervisory Board and the Management Board. Both efficiency reviews were carried out digitally in the year under review and, as in previous years, were based on structured questionnaires.

Sustainability/non-financial report/fair taxation

As part of KfW Group, DEG pursues a sustainable corporate governance approach in line with Germany's National Sustainable Development Strategy, and in so doing, contributes to the UN's Sustainable Development Goals (SDGs) and to achievement of the Paris Climate Agreement targets. The strategic efforts of KfW Group in the area of sustainable financing are primarily focused on the "tranSForm" project, which also involves DEG.[1]

The specific impact and climate goals of DEG and ESG risk management for the coming years are as follows:

- To focus even more strongly on its customers' positive development impact on society and the environment
- To gradually reduce carbon intensity from 2025 onwards and neutralise emissions attributable to DEG so as to achieve a net-zero portfolio by 2040
- At the same time, to actively help customers with their own transformation in order to strengthen their resilience and significantly increase their development impact
- To systematically strengthen the analysis of ESG risks within risk management processes in line with requirements developed and applied for the entire KfW Group

In addition to DEG's Development Report, DEG provides excerpts from its non-financial report, input for the TCFD report and input on reporting requirements relating to human rights as part of KfW Group's annual sustainability report. The declaration of compliance with the German Sustainability Code submitted by KfW Group every two years also applies to DEG. In consultation with KfW Group, DEG continues to prepare for application of the new EU directive on sustainability reporting, which KfW will be implementing for the 2024 reporting year.

DEG is recognised as a public-benefit corporation within the meaning of section 51 AO. In both the KfW tax model and Code of Conduct, which DEG applies without restriction, and its own tax rules, DEG commits to pay taxes on time and to present all of its tax items in a transparent and accountable manner. It therefore acts as a responsible taxpayer that makes a fair contribution to society in accordance with national and international tax laws. DEG does not develop or support tax models designed exclusively to achieve tax advantages or savings. In particular, DEG does not design, use or support any artificial tax avoidance practices within the meaning of the recitals of Directive 2016/1164/EU. DEG cultivates an open, transparent and cooperative relationship with German and foreign tax authorities. The principles of DEG's tax policy are anchored in the tax model of KfW's tax guidelines, which apply to the entire KfW Group in the form of an operating procedure, and in DEG's tax rules, which also describe the tax compliance management system (TCMS) of KfW Group and DEG. The adequacy and effectiveness of the TCMS were subject to an external assessment in 2023, and were confirmed without reservation.

DEG complies with the requirements of the EU Directive on Administrative Cooperation and meets its disclosure obligations under the law to introduce an obligation to submit information on reportable cross-border arrangements.

Diversity and equal opportunities / inclusion

For DEG, diversity and equal opportunities are a matter of course. Nobody may be discriminated against because of their origin, ethnicity, gender, religion, world view, disability, age or sexual identity. This is set out in KfW's Code of Conduct and other places.

Equal treatment

The equal treatment of men and women – including in terms of remuneration – is an important component of DEG's personnel policy. To anchor the equality objectives within DEG, the company adopted an equality plan for the first time in 2022. This contains four key areas where action is required in order to ensure equal opportunities for women and men at DEG, with measurable objectives to be achieved by 2027 and appropriate measures for each area of action. Activities undertaken to promote diversity and equal opportunities are presented to the Supervisory Board each year and also made clear internally.

As of 31 December 2023, women made up 33% of the Management Board. Women accounted for 30% of employees at the first management level below the Management Board (previous year: 20%) and for 35% of employees at the second management level below the Management Board (previous year: 38%).

Inclusion

Mindful of its social responsibility, DEG is also committed to the inclusion of people with disabilities, and is guided by the UN Convention on the Rights of Persons with Disabilities. In seeking to recruit employees with disabilities, DEG relies on a solid network of institutions and universities, as well as job vacancies on specialised job portals. Positive examples of successful inclusion at work create awareness among employees of how to cultivate an open-minded approach to people with disabilities. To make sure that their interests are represented, employees with disabilities elect a representative body.

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[1] See "KfW – the transformative promotional bank".

Work and family life/remote working

A work/life balance is essential for the health and employability of employees. This approach forms the basis of DEG's strategic, family-focused personnel policy. DEG offers its employees a range of working/lifestyle models, allowing them to combine work and private life in a way that works for them. It supports families with a range of services for childcare and care of family members. Health initiatives and company fitness activities contribute to a healthy lifestyle and provide social interaction.

Remote working provides great flexibility for all employees and boosts job satisfaction. The use of agile methods and workflows and digital innovations enable productive cooperation.

DEG has been certified as a family-friendly employer since 2012, and since then has undergone regular audits and had its family-friendly measures inspected by a neutral body. Having held this certification for many years, DEG was permanently certified as a family-friendly employer this year to mark its continued commitment in this area.

Remuneration

DEG employees are subject to the provisions concerning working hours, holiday entitlement and remuneration set out in the collective bargaining agreement for the public and private banking sector. DEG is expressly committed to fair, transparent and non-discriminatory remuneration policies and appraisal processes. The remuneration systems are based on the equal opportunities principles set out above. Activities under the collective agreement are allocated to the pay scale groups set out in the collective bargaining agreement for the public and private banking sector. Details regarding the remuneration of employees not subject to the collective agreement are laid down in corresponding company agreements. Different pay scale bands are specified for the individual levels not covered by the collective agreement; these form the basis for remuneration. Furthermore, the variable component (bonus) is determined based on DEG's business performance and paid out as a collective share in DEG's profit.

In a departure from this, the regulatory requirements of the Remuneration Ordinance for Institutions (Institutsvergütungsverordnung, IVV) apply to the group risk carriers at DEG identified in KfW's group-wide risk analysis.

The overall content and material design of the DEG remuneration system is based on its business model as a development bank. It is designed as a performance-based remuneration system with a focus on fixed remuneration and including a variable remuneration component that is low compared with traditional commercial banks.

Since 2018, all DEG employees have been able to exercise their individual right to information pursuant to section 10 of the German Transparency in Wage Structures Act (Entgelttransparenzgesetz, EntgTranspG).

In awarding contracts for services, DEG also ensures that applicable collective bargaining and statutory provisions on the remuneration of service providers are observed.

REMUNERATION REPORT

The remuneration report describes the basic structure of the remuneration system for the Management Board and the Supervisory Board and discloses the individual remuneration for members of both boards. The remuneration report is part of the Notes to the annual financial statements. A summary of the total remuneration of the Management Board and members of the Supervisory Board is provided in Table 1 (page 15).

Remuneration of the Management Board

The remuneration system for DEG's Management Board is designed to provide appropriate compensation for board members in accordance with their remit and areas of responsibility, taking into account their performance and the company's success.

Management Board contracts are drawn up based on the 1992 version of the principles for the appointment of board members at German federal credit institutions (Grundsätze für die Anstellung der Vorstandsmitglieder bei den Kreditinstituten des Bundes). The contracts take PCGC requirements and further relevant legal provisions into account.

Remuneration components

On 20 March 2023, DEG's Supervisory Board voted to retain the variable remuneration system for DEG's Management Board, based on the system that was first adopted on 18 March 2010 and has been agreed each year, essentially without changes. This system includes a balanced mix of short and medium-term incentives. For instance, only half of the performance-related management bonuses, as measured by the fulfilment of objectives, is immediately disbursed to the Management Board. The other half constitutes a provisional claim only, and is paid from a "bonus account" in equal instalments over the following three years, provided there is no significant decline in business performance. If the agreed profitability objective is not met over the following years, payments from the bonus account shall be subject to a penalty. In the year under review, penalties were imposed on all outstanding payments from the bonus accounts of Management Board members.

The summary in Tables 2 and 2a (page 17) shows total remuneration for individual members of the Management Board, broken down by fixed and variable components and other remuneration. It also shows transfers to pension provision for the individual board members and the balance of their bonus accounts.

Responsibility

The shareholder consults on the remuneration system for the Management Board, including its contractual elements, and reviews it regularly. The shareholder's meeting agrees the remuneration system after consultation with the Supervisory Board.

Contractual fringe benefits

Other remuneration primarily includes contractual fringe benefits. Members of the Management Board are entitled to a company car for both business and personal use. Costs incurred as a result of personal use of a company car are borne by members of the Management Board in accordance with current tax legislation.

Members of the Management Board are insured under a group accident insurance policy. Health insurance and long-term care insurance are subsidised. In respect of the risks associated with their management activities on the governing body, members of the Management Board are insured under a policy that covers liability for financial loss (D&O insurance) and a supplementary policy covering them for financial loss and legal expenses. These insurance policies are arranged as group insurance. Since 2017, the D&O insurance policies for members of the Management Board have included a deductible to meet the requirements of paragraph 4.3.2 PCGC.

Members of DEG's Management Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

Like all senior executives, members of the Management Board are entitled to participate in the Deferred Compensation scheme, a supplementary company pension plan via deferred compensation payments deducted from salary. Under DEG's general rules, they are also entitled to long service awards.

Where contractual fringe benefits cannot be granted on a tax-free basis, they are subject to taxation as non-cash benefits. Any tax due is payable by members of the Management Board.

In the past financial year, no member of the Management Board received benefits, or a pledge to that effect, from a third party in respect of their activities as a member of DEG's Management Board.

Entitlement to a pension and other benefits in case of early retirement

In accordance with section 1(1) sentence 1 of the rules of procedure for the Management Board in conjunction with section 5(1) of DEG's Articles of Association, the appointment of a member of the Management Board shall not extend beyond the attainment of statutory retirement age. After they reach the age of 65 or statutory retirement age, and following the expiry of their contract of employment as members of the Management Board, board members are entitled to pension payments. This also applies if their service ends due to invalidity.

Pension commitments for members of the Management Board and their surviving dependants are based on the principles for the appointment of board members at German federal credit institutions (1992 version). PCGC provisions are taken into account when drawing up contracts of employment for members of the Management Board.

These contracts also include a severance payment cap in accordance with the recommendations of the PCGC. This cap limits payments to a member of the Management Board following premature termination of employment without good cause pursuant to section 626 of the German Civil Code (Bürgerliches Gesetzbuch, BGB) to two years' annual salary or the remuneration including fringe benefits for the remainder of the contract, whichever is lower.

In principle, the full retirement pension entitlement for members of the Management Board equals 49% of the fixed annual remuneration components. The pension entitlement routinely amounts to 70% of the full entitlement for first-time appointments, i.e. 34.3% of the fixed annual remuneration components. It then increases over an individually agreed period by a fixed percentage with every year of service completed until the full pension entitlement is attained.

If the employment contract of a member of the Management Board is terminated or not renewed due to a significant reason pursuant to section 626 BGB, any pension entitlements are void, in keeping with the principles established by employment contract case law.

Pensions for former members of the Management Board and their surviving dependants amounted to EUR 917.6 k in 2022 and EUR 993.0 k in 2023 (see summary of retirement pensions for former members of the Management Board and surviving dependants in Table 3).

Additions to pension provision for former members of the Management Board and their surviving dependants amounted to EUR 218.3 k at the end of the 2023 financial year (previous year: reversal of EUR 1,326.7 k).

Compensation of the Supervisory Board

Members of the Supervisory Board receive compensation at a level set by the shareholder's meeting pursuant to section 13(1) of DEG's Articles of Association and in keeping with the company's character as an institution serving the public benefit.

Compensation for ordinary members was restructured in the year under review with retroactive effect from 1 January 2023, and amounted to EUR 10,000 as agreed at DEG's extraordinary shareholder's meeting on 13 June 2023. Chairmanship of the Supervisory Board attracts compensation of EUR 18,000. Committee members each receive annual compensation of EUR 1,000, while the committee chairs receive compensation in the amount of EUR 2,000 per annum.

Compensation is paid on a pro rata basis for members who commence or finish board duties during the year.

An attendance fee of EUR 1,000 per meeting is paid, with EUR 500 paid for circulation procedures. New criteria for payment of the daily allowance have been introduced in line with the German Travel Expenses Act (Bundesreisekostengesetz, BRKG); it is calculated based on the meeting-related duration of absence, taking into account any reductions for meals. Any travel expenses incurred and any value-added tax payable are reimbursed.

Tables 4 and 5 provide details of the Supervisory Board's compensation for the 2022 and 2023 financial years. The sums shown are EUR net and have all been paid. Travel costs and other miscellaneous expenses were reimbursed upon presentation of receipts and are not included in the tables.

There are no pension obligations towards members of the Supervisory Board.

In the year under review, members of the Supervisory Board received no remuneration for services provided in a personal capacity.

In respect of the risks associated with their activities as corporate officers on the Supervisory Board, board members are insured under a policy that covers their liability for financial losses (D&O insurance). A supplementary policy covers them for financial losses and legal expenses. These insurance policies are arranged as group insurance. A deductible has not been agreed at present. Members of DEG's Supervisory Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

No service or consultancy contracts were concluded with members of the Supervisory Board during the year under review.

Cologne, 18 March 2024

The Management Board The Supervisory Board

Table 1: Summary of total remuneration for the Management Board and members of the Supervisory Board

EUR k	2023	2022	Change
Management Board	1,229	1,131	+98
Former members of the Management Board and surviving dependants	993	918	+75
Members of the Supervisory Board	180	92	+88
Total	**2,402**	**2,141**	**+261**

Table 2: Annual remuneration of the Management Board and additions to pension provision for 2022 and 2023 in EUR k[1)]

EUR k[1)]		Fixed salary	Variable remuneration[2)]	Other remuneration[3),6)]	Total	Bonus account	Pension provision
Joachim Schumacher	2023	230.0	-	28.6	**258.6**	-	1,976.3
	2022	-	-	-	**-**	-	-
Christiane Laibach[5)]	2023	-	-	-	**-**	19.3	41.0
	2022	-	11.1	-	**11.1**	41.3	95.2
Monika Beck	2023	344.9	32.9	17.7	**395.5**	62.4	252.2
	2022	344.9	21.3	17.3	**383.5**	53.2	109.5
Philipp Kreutz	2023	115.0	32.2	26.1	**173.3**	26.5	681.8
	2022	344.9	13.6	6.6	**365.1**	17.5	197.0
Roland Siller (CEO)	2023	344.9	41.4	15.6	**402.0**	49.6	163.8[4)]
	2022	344.9	12.2	14.0	**371.1**	12.2	221.3[4)]
Total	**2023**	**1,034.8**	**106.5**	**88.00**	**1,229.3**	**157.8**	**3,115.1**
	2022	1,034.7	58.2	37.9	1,130.8	124.2	623.0

1) For computational reasons, the table may contain discrepancies due to rounding.

2) In a departure from the figures in the Notes to the annual financial statements, this table includes the variable remuneration actually paid as part of a phased system.

3) In a departure from the figures in the Notes to the annual financial statements, this table excludes the employer's contribution under pensions and unemployment insurance. The total for 2023 was EUR 29.1 k (previous year: EUR 26.6 k).

4) Includes entitlements from earlier periods of employment with the Group.

5) Christiane Laibach left DEG's Management Board as of 1 June 2021.

6) In contrast to the information reported in Table 2a, other remuneration also includes employer contributions towards the use of public transport.

Table 2a: Breakdown of other remuneration for the Management Board in 2023 and 2022 in EUR k[1)]

	Company cars		Group accident insurance		Health insurance		Long-term care insurance		Dual household	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Joachim Schumacher	5.1	-	0.9	-	3.2	-	0.1	-	-	-
Monika Beck	10.9	10.9	0.8	0.8	4.8	4.6	0.6	0.4	-	-
Philipp Kreutz	-	-	-	0.8	2.3	4.6	0.3	0.4	-	-
Roland Siller	7.9	7.2	0.8	0.8	4.8	4.6	0.9	0.4	-	-
Total	**23.9**	**18.1**	**2.5**	**2.4**	**15.1**	**13.8**	**1.9**	**1.2**	**-**	**-**

1) For computational reasons, the table may contain discrepancies due to rounding.

Table 3: Retirement pensions for former members of the Management Board or surviving dependants

	Number 2023	EUR k 2023	Number 2022	EUR k 2022
Former members of the Management Board	5	648.6	4	581.6
Surviving dependants	3	344.4	3	336.0
Total	**8**	**993.0**	**7**	**917.6**

Tables 4 and 5: Compensation of members of the Supervisory Board for the 2023 and 2022 financial years in EUR

No.	Name	Period of membership 2023	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total
1.	Niels Annen[1]	01.01.–31.12.	-	-	-	**-**
2.	Anja Hadjuk[1]	01.01.–31.12.	-	-	-	**-**
3.	Prof. Dr Luise Hölscher[1]	01.01.–31.12.	-	-	-	**-**
4.	Dr Günter Sautter[1]	01.01.–01.05.	-	-	-	**-**
5.	Deike Potzel[1]	02.05.–31.12.	-	-	-	**-**
6.	Jürgen Gerke[1]	01.01.–31.12.	-	-	512	**512**
7.	Prof. Dr Maja Göpel	01.01.–31.12.	10,000	-	4,000	**14,000**
8.	Christiane Laibach[1]	01.01.–31.12.	-	-	-	**-**
9.	Bernd Loewen[1]	01.01.–31.12.	-	-	-	**-**
10.	Prof. Dr Christiane Weiland	01.01.–31.12.	10,000	5,000	25,012	**40,012**
11.	Carl Martin Welcker	01.01.–31.12.	10,000	-	3,604	**13,604**
12.	Bertram Dreyer	01.01.–31.12.	10,000	1,000	14,136	**25,136**
13.	Esther Kabey-Wuntke	01.01.–31.12.	10,000	1,000	8,120	**19,120**
14.	Caroline Kremer	01.01.–31.12.	10,000	2,000	11,048	**23,048**
15.	Ulrich Müller-Gaude	01.01.–31.12.	10,000	1,000	14,126	**25,126**
16.	Isabel Thywissen	01.01.–31.12.	10,000	1,000	8,112	**19,112**
Total (net)			**80,000**	**11,000**	**88,670**	**179,670**

[1] Compensation not claimed.

No.	Name	Period of membership 2022	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total
1.	Niels Annen[1]	24.05.–31.12.	-	-	-	**-**
2.	Norbert Barthle[1]	01.01.–28.02.	-	-	-	**-**
3.	Susanne Baumann[1]	01.01.–04.03.	-	-	-	**-**
4.	Anja Hajduk[1]	31.05.–31.12.	-	-	-	**-**
5.	Prof. Dr Luise Hölscher[1]	31.05.–31.12.	-	-	-	**-**
6.	Dr Günter Sautter[1]	02.06.–31.12.	-	-	-	**-**
7.	Elisabeth Winkelmeier-Becker[1]	01.01.–21.03.	-	-	-	**-**
8.	Michael Junginger	01.01.–21.03.	1,096	-	512	**1,608**
9.	Jürgen Gerke[1]	01.01.–31.12.	-	-	512	**512**
10.	Prof. Dr Maja Göpel	24.05.–31.12.	3,041	-	1,024	**4,065**
11.	Christiane Laibach[1]	13.06.–31.12.	-	-	-	**-**
12.	Bernd Loewen[1]	01.01.–31.12.	-	-	-	**-**
13.	Prof. Dr Christiane Weiland	01.01.–31.12.	8,000	1,884	11,500	**21,384**
14.	Carl Martin Welcker	24.05.–31.12.	3,041	-	1,524	**4,565**
15.	Dr Amichia Biley	01.01.–21.03.	1,096	219	1,500	**2,815**
16.	Marina Dietz	01.01.–21.03.	1,096	-	512	**1,608**
17.	Sarah Madew	01.01.–21.03.	1,095	110	1,012	**2,217**
18.	Bertram Dreyer	01.01.–31.12.	5,000	377	7,108	**12,485**
19.	Esther Kabey-Wuntke	21.03.–31.12.	3,918	267	4,560	**8,745**
20.	Caroline Kremer	01.01.–31.12.	5,000	753	5,536	**11,289**
21.	Ulrich Müller-Gaude	21.03.–31.12.	3,918	267	6,036	**10,221**
22.	Isabel Thywissen	21.03.–31.12.	3,918	267	6,096	**10,281**
Total (net)			**40,219**	**4,144**	**47,432**	**91,795**

[1] Compensation not claimed.

Management Report 2023

CORPORATE ESSENTIALS

Business model

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, is charged with a development policy mandate to promote the expansion of the private sector in developing and emerging market countries. As an institution with public-benefit status, its sole purpose is to promote private sector business in developing and emerging market countries.

DEG finances economically and developmentally sustainable, socially and environmentally sound projects by private sector enterprises. Its financing services encompass loans, loans with equity features and participating interests, together with targeted advisory services. These services are aimed primarily at medium-sized businesses. DEG's objective is to contribute to its customers' lasting success by providing reliable long-term finance and advice, as only consistently successful enterprises will create permanent jobs and generate sustainable development impact.

As part of KfW Group and on the basis of its development policy mandate, DEG operates on the subsidiarity principle. It provides finance where the market fails to offer financing to enterprises at an adequate level, or indeed at all. DEG reaches enterprises in developing and emerging market countries both directly and indirectly. It finances businesses directly, as well as making capital available to local banks and other financiers to offer bespoke financing and advice, particularly to small and medium-sized enterprises (SMEs) in developing countries.

Within the scope of its activities, DEG thinks and acts like an entrepreneur. That includes generating risk-appropriate earnings. Any surpluses DEG generates are used to expand its equity base and strengthen its risk-bearing capacity. This forms the necessary foundation for DEG to pursue and expand its activities by drawing on its own resources.

In the context of its Impact.Climate.Returns strategy, DEG focuses on climate-friendly financing with a strong impact. It specifically champions the financing of projects that make a significant contribution to the Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda. There is a particular focus on reducing poverty (SDG 1), decent work and economic growth (SDG 8), affordable and clean energy (SDG 7), industry, innovation and infrastructure (SDG 9) and selected climate action measures (SDG 13). DEG has set itself the objective of pursuing an investment policy in keeping with the 1.5 degree Celsius target of the 2015 Paris Agreement, with the aim of achieving climate neutrality by 2040.

Enterprises financed by DEG are contractually required to maintain international environmental and social standards as well as following national regulations. These include environmental, social and human rights standards such as the International Finance Corporation (IFC) performance standards in their current version and the core labour standards set by the International Labour Organization (ILO). DEG assists companies in meeting these standards if required.

To meet the specific needs of its customers, DEG offers various support services as well as financing. The subsidiary DEG Impulse gGmbH, founded in 2022 for this purpose, provides advice to businesses to enable them to realise a social and environmental transformation. Business Support Services (BSS) helps these companies to overcome challenges and achieve lasting growth. In addition to improving business performance (e.g. through advice on working capital management), BSS's key focal areas include environmental and governance measures, advice on resource efficiency and climate action, and health and educational measures. Its advice on potential ways to save energy, for example, enables companies to make more efficient use of resources by taking appropriate measures. In addition, DEG Impulse subsidises effective development measures by private sector enterprises, such as feasibility studies and pilot projects, via promotional programmes and funds from the German Federal Government.

As a specialist for the development of the private sector in developing and emerging market countries, DEG is one of the mainstays of KfW Group's non-domestic activities. Together with KfW Development Bank and KfW IPEX-Bank GmbH, it shapes KfW's range of international financing. Comprehensive knowledge of the economic and political conditions in its partner countries, close links to customers and a permanent presence on the ground are essential. DEG is currently represented in 18 locations in Africa, Asia, Latin America and Eastern Europe. At the same time, DEG shares the use of KfW Group's approximately 60 international offices. Furthermore, cooperation in joint financing projects with other European Development Finance Institutions (EDFI) and with multilateral development banks, such as the IFC and the Asian Development Bank (ADB), plays an important role in DEG's work.

Since 2014, DEG has operated a public complaints mechanism in cooperation with the Dutch development bank FMO and the French development finance institution PROPARCO. This mechanism ensures that complainants who feel they have been impacted by a project financed by DEG have the right to a hearing, to allow disputes to be settled and help DEG to gain knowledge for ongoing and future projects. Individuals and institutions that believe they have been adversely affected by projects co-financed by DEG can use this procedure. A team of independent international experts looks at the complaints received and carries out further investigations.

Transparency and information about the projects being financed are important to DEG. For each new project that is approved, DEG publishes information about the customer, the purpose of the project, the volume of financing and the environmental and social category on its website. For larger-scale land-related projects, a summary of the contractually agreed environmental and social action plan is published on the customer's website after the project has been approved. Since 2022, a brief summary of investment-related information has been made available online for the entire period of the contractual relationship for new projects that are approved.

DEG evaluates the effectiveness of its investments by applying its own Development Effectiveness Rating (DERa). The DERa is applied to DEG's portfolio as a whole and to all new commitments. Taking the SDGs as a benchmark, each DEG customer's contributions to development are assessed across five impact categories. These are: decent jobs, local income, market and sector development, environmental stewardship and community benefits. The results of the portfolio evaluations are presented in an annual Development Report. DEG is continuously refining its impact measurement tool. DEG is a signatory to the international Impact Principles and has been independently verified as the Principles require. Both generation of sustainable income and development impact – measured on the basis of the DERa – are key performance indicators for DEG's business.

Declaration on corporate governance pursuant to section 289f(4) of the German Commercial Code (Handelsgesetzbuch, HGB)[1)]

The German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst) of 24 April 2015 obliged enterprises listed on the stock exchange, or with worker co-determination, to establish targets for female representation among their managing directors, at the two executive levels below the management board, and on the supervisory board.

In order to fulfil these statutory obligations, the targets to be achieved by 2027 for female representation in leadership positions at the two management levels of DEG, as per section 36 of the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung, GmbHG), were set at 40% for both of the first two management levels (heads of divisions and departments). The two targets were consciously set at an ambitious level, and are incorporated into the equality plan adopted in 2022 for the period from 2023 to 2027. They underscore DEG's commitment to equal opportunities for women and men. The proportion of women at the first management level (heads of division) was 30% at the end of 2023 (2022: 20%). At the second management level (heads of department), it was 35% (2022: 36%).

Targets and fulfilment deadlines for the Supervisory Board and the Management Board were set at the 223rd meeting of DEG's Supervisory Board on 19 June 2017 based on the legal situation at the time. The target was set at 33% with a deadline of 1 June 2022 for both boards. Both boards' targets have been met since 2017. Female representation as of the end of 2023 was 33% on the Management Board (2022: 33%) and 60% on the Supervisory Board (2022: 53%). DEG also fully complies with the statutory requirements that came into effect on 12 August 2021 regarding the composition of the Supervisory Board and the Management Board.

ECONOMIC REPORT

Business environment

The global economy was once again impacted by many uncertainties in 2023, with Russia's war of aggression against Ukraine, which has been ongoing since 2022, persistently high energy prices, stubborn inflation and central banks' continued restrictive monetary policy curbing global growth. The global economy's recovery from the COVID-19 pandemic remained slow and patchy. Economic activity still lagged behind pre-pandemic levels, particularly in developing and emerging market countries, and regional disparities increased. The growing fragmentation of the global economy, coupled with extreme weather events, also hampered recovery. Global growth slowed further overall in 2023, causing the International Monetary Fund (IMF) to project real growth of 3.0% for 2023 (2022: 3.5%).[2)]

At the same time, the slowly abating inflationary pressure still weighed on the global economy. However, the monetary policy measures introduced by the major central banks in 2022 had an effect. According to the IMF, global inflation fell from 8.7% in 2022 to 6.9% in 2023. However, sharp rises in interest rates resulted in tighter financing conditions and changes in exchange rates between major currencies. In particular, the US Federal Reserve's raising of key interest rates had a negative impact on the financing position of developing and emerging market countries. Riskier investments came under pressure.[3)]

The tense economic situation in major economic areas, especially the USA, the EU and China, also affected economic activity in developing and emerging market countries. US economic growth had already slowed considerably in 2022, and remained at a low level. According to the IMF, growth in US gross domestic product (GDP) remained constant at 2.1% in 2023 (2022: 2.1%). Year-on-year growth in the eurozone was down significantly in 2023, at 0.7% (2022: 3.3%).[4)]

The IMF has calculated moderate growth of 4.0% for developing and emerging market countries in 2023 (2022: 4.1%), although there were significant regional and sectoral disparities between the top-ranked countries.

- The GDP growth rate rose sharply in Asia's developing and emerging market countries, from 4.5% in 2022 to 5.2% in 2023, according to the IMF. In China, the debt crisis in the property market and continued weak domestic consumption weighed on the economy, but real growth of 5.0% (2022: 3.0%) made a key contribution to overall growth in Asia due to the high base value. Waning demand from trading partners had an adverse effect in India, although increased domestic private demand had a positive impact.[5)]

[1)] The declaration on corporate governance is an unaudited component of the Management Report.

[2), 3), 4)] IMF World Economic Outlook (October 2023).

[5)] IMF World/Regional Economic Outlook (October 2023).

The IMF forecast growth of 6.3% (2022: 7.2%). The ASEAN-5 region (Indonesia, Malaysia, the Philippines, Singapore and Thailand) weakened somewhat, with growth of 4.2% (2022: 5.5%).[1)]

- Russia's war of aggression against Ukraine continued to weigh on the economies of developing and emerging market countries in Europe, although the region recorded much better growth than in the previous year, of 2.4% (2022: 0.8%). The Ukrainian economy grew by 2.0%, after plummeting by 29.1% in 2022. The IMF determined a slight decline in growth for Türkiye in 2023, at 4.0% (2022: 5.5%).[2)]
- Economic growth declined sharply in the Middle East and North Africa (MENA) region in 2023, having profited from high oil prices in 2022. GDP rose by 2.0% in 2023 (2022: 5.6%). Growth in Morocco was 2.4% (2022: 1.3%). Egypt experienced lower growth of 4.2% in 2023 (2022: 6.7%), due to the conflict between Israel and Hamas, high levels of debt and the depreciation of the local currency.[3)]
- Economic growth in sub-Saharan Africa fell to 3.3% in 2023 (2022: 4.0%), thus remaining well below the historical average of 4.8%. The decline reflects the increase in weather extremes, the slowdown in the global economy and domestic supply problems, particularly in the electricity sector. Nigeria recorded lower growth of 2.9% in 2023 (2022: 3.3%). High inflation impacted consumption and oil and gas production targets were not achieved, in some cases due to maintenance work. Growth in South Africa was 0.9% (2022: 1.9%). Although the power cuts became less severe, the country continued to suffer energy shortages.[4)]
- Latin America and the Caribbean experienced a considerable decline in growth in 2023 to 2.3% (2022: 4.1%), as tight monetary policy, a difficult environment and lower raw material prices weighed on the economy – although inflation was brought down. Brazil recorded growth of 3.1% in 2023 (2022: 2.9%), driven by strong agriculture, a resilient service sector and high consumption. Growth in Mexico was also higher than expected at 3.2% (2022: 3.9%), boosted by the recovery in the construction sector and services, as well as positive effects from stable US demand.[5)]

In line with its mandate as a development finance institution for the private sector, DEG once again provided complementary services in 2023 wherever long-term financing for private sector enterprises was not available on the market or was inadequate.

Business development

The 2023 financial year was another challenging year due to ongoing geopolitical and economic uncertainties. Despite difficult overall conditions, DEG slightly exceeded its development policy goals for 2023.

DEG once again committed more funds for private sector enterprise investments in developing and emerging market countries in 2023 than in the previous year.

New commitments came to EUR 1,868.7 million (own funds) in 2023, significantly exceeding the previous year's figure (2022: EUR 1,643.5 million).

As lead investor, DEG also mobilised EUR 613 million from development banks and institutional investors from the private sector (2022: EUR 487 million).

The development impact of new business, measured using the DERa score, reached a baseline (commitment before current DEG investments) of 65 points in the year under review, which is expected to rise to a very good score of 91 points (five years after investment).

As at the reporting date of 31 December 2023, the portfolio had an average DERa score of 82 points, which means that the portfolio exceeded the target DERa score of 75 points that was agreed as a key financial performance indicator for 2023. Despite many uncertainties and volatility in the markets, the figures reflecting the portfolio's development impact remain very good and stable.

The committed volumes ranged from the single-digit millions to high-volume commitments of up to EUR 50 million, or even considerably more in isolated cases. The volume of commitments (total of commitments disbursed and new commitments on own account approved but not yet disbursed) increased to EUR 10.3 billion at the end of 2023 (2022: EUR 9.9 billion).

DEG committed financing for 83 projects in the year under review (2022: 80). The largest proportion of new commitments (39%) was allocated to the "Financial institutions" customer cluster (EUR 736.7 million). Commitments for "Funds" amounted to EUR 467.6 million and commitments for "Corporates" to EUR 427.7 million. The "Project financing" customer cluster received commitments of EUR 236.7 million in 2023 for infrastructure and energy projects.

Financing German companies that operate in developing and emerging market countries is an important part of DEG's activities. As well as loans and participating interests for German direct investments, this also includes providing financing for local enterprises, either directly or via local banks, for example for the purchase of German plants or components. Commitments from funds on own account for German companies, especially those in the manufacturing sector, reached EUR 516.2 million in 2023 (2022: EUR 391.6 million); a further EUR 9.2 million from borrowed funds was committed for two transactions. In addition, DEG provided funding to European companies for investments in Africa via the "AfricaConnect" programme, which is financed by the Federal Ministry for Economic Cooperation and Development (BMZ). Around EUR 45.3 million was committed for 13 projects in the 2023 financial year (2022: EUR 41.2 million).

[1), 2), 3), 4)] IMF World / Regional Economic Outlook (October 2023).

[5)] DERa scale: <= 49 poor, 50–69 satisfactory, 70–84 good, 85–99 very good, >= 100 outstanding.

EUR 691.3 million of newly committed financing went to small and medium-sized enterprises (SMEs) in 2023 (2022: EUR 789.1 million). A total of EUR 591.3 million (2022: EUR 471.3 million) was committed for risk capital financing (participating interests and loans with equity features) in 2023.

EUR 680.2 million of new commitments in 2023 were for projects that promote the protection of the climate and the environment (2022: EUR 609.0 million). Investments in climate protection accounted for EUR 301.1 million of that sum (2022: EUR 315.7 million). This enabled a slight year-on-year increase in the volume of climate and environment financing in line with the business strategy.

By continent, commitments for investments in Latin America accounted for the lion's share of new business at EUR 838.5 million, followed by Asia at EUR 420.8 million and the Africa / North Africa/Middle East region at EUR 387.6 million. New commitments for Europe stood at EUR 93.7 million, and supraregional commitments totalled EUR 128.2 million.

Lendings accounted for EUR 1,393.1 million of DEG's new commitments (2022: EUR 1,256.2 million), of which EUR 115.7 million was arranged as loans with equity features (2022: EUR 84.0 million). At EUR 475.6 million, equity participations were higher than in the previous year (2022: EUR 387.4 million).

85% of DEG financing was committed in USD in 2023. In total, lendings and participating interests in USD were equivalent to EUR 1,595.2 million (2022: EUR 1,112.9 million). Newly committed financing in local currencies totalled EUR 59.6 million (2022: EUR 151.0 million).

Disbursements on own account amounted to EUR 1,707.0 million in 2023, up on the previous year's figure of EUR 1,475.8 million.

The commitment volume was distributed across 691 commitments in 71 partner countries as at the end of 2023 (2022: 689 and 74).

New commitments by customer cluster in EUR millions

Year	Corporates	Financial institutions	Funds	Project financing	Total
2023	427.7	736.7	467.6	236.7	**1,868.7**
2022	575.5	608.9	297.2	161.9	**1,643.5**

New commitments by region in EUR millions

Year	Asia	Latin America	Africa / MENA[1]	Europe / Caucasus	Supraregional investments	Total
2023	420.8	838.5	387.6	93.7	128.2	**1,868.7**
2022	574.5	407.4	425.0	154.3	82.3	**1,643.5**

[1] Middle East and North Africa = MENA.

STATUS REPORT

Earnings situation

DEG generated a pre-tax profit for the 2023 financial year of EUR 94.3 million in a very challenging global environment.

Net interest income was below expectations and lower than in the previous year, primarily due to the weaker than expected US dollar. The transition from collecting interest income from loans for which specific loan loss provisions had been made to a procedure applied throughout KfW Group also caused a year-on-year decline in interest income. However, this also means a lower need for risk provisions.

The result from participating interests was also lower than expected. Income from disposals increased to EUR 119.7 million in 2023 (2022: EUR 112.2 million) despite a slightly smaller number of disposals of participating interests compared to the previous year, although higher income from disposals was expected.

Dividend income was average in relation to previous years. Three large individual dividends had resulted in above-average dividend income in 2022.

The increase in staff costs was attributable to annual salary increases.

Non-staff costs increased largely because of additional costs for legal and other advisory services (EUR 3.4 million) and travel expenses (EUR 1.4 million) due to the increase in travel to our customers.

There was a net addition of EUR 86.8 million to risk provisions in the year under review, which was significantly lower than expected. A net addition of EUR 200.5 million was necessary in the previous year, although this was above average due to the war in Ukraine. Of this sum, additions of EUR 106.4 million relate to participating interests (2022: EUR 138.4 million) and reversals of EUR 24.2 million to the loan portfolio (2022: additions of EUR 63.9 million). Provisions of EUR 4.6 million were added for irrevocable credit commitments (2022: reversals of EUR 1.8 million).

HGB P&L – economic presentation

EUR million	**31.12.2023**	**31.12.2022**
Income from long-term lendings	382.9	260.1
Other interest and similar income	7.0	2.0
Interest and similar expenses	-211.9	-74.8
Net interest income	**178.1**	**187.3**
Income from disposals [1]	119.7	112.2
Dividend income [2]	46.4	74.0
Result from participating interests	**166.1**	**186.2**
Other operating income [3]	**24.0**	**23.9**
Staff costs	-85.7	-83.9
Non-staff costs [4]	-69.4	-65.1
Administrative costs	**-155.1**	**-149.0**
Operating result (before provision for risk and valuation effects from currency)	**213.1**	**248.4**
Net risk provision (reversals [+]/additions [-])	-86.8	-200.5
Valuation effects from currency [5]	-31.9	-25.5
Profit for financial year before tax	**94.3**	**22.4**
Taxes [6]	-32.2	-12.2
Net profit	**62.1**	**10.2**

[1] Recognised in P&L as “Other operating income”.

[2] Recognised in P&L as “Income from participating interests”.

[3] Recognised in P&L as “Sales revenue” and “Other operating income or charges”.

[4] Recognised in P&L as “Costs of services purchased”, “Depreciation, amortisation and write-downs of tangible and intangible assets” and “Other operating charges”.

[5] Recognised in P&L as “Other operating income or charges”.

[6] Recognised in P&L as “Tax on income and profit” and “Other taxes”.

Reduced income expectations, delays in business performance and the subdued market environment for participating interests in emerging markets due to elevated interest rates resulted in specific loan loss provisions for participating interests. This was particularly evident at younger fintech companies, for instance, and in Asia and Africa. Almost one third of the additions to risk provisions related to foreign currencies, due to negative exchange rate effects.

There were further slight additions to specific loan loss provisions compared to the long-term average, due primarily to direct and indirect market risks, particularly in the energy sector. At the same time, significant increases in cash flows from defaulted exposures and favourable developments in impaired exposures resulted in large reversals of risk provisions.

See below a comparison of the profit for the financial year before taxes pursuant to HGB and IFRS:

Profit before taxes under IFRS is a key financial performance indicator. It came to EUR 92.8 million in 2023 (2022: EUR 7.0 million), which was slightly above the target of EUR 89.4 million.

Net interest income and income from participating interests pursuant to both IFRS and HGB were weaker than forecast. However, this was more than offset by effects from the improved risk situation with regard to non-performing commitments, resulting in the target being slightly exceeded overall.

Financial position

In the past financial year, investments were made in partner countries and in long-term securities in the equivalent amount of EUR 1,786.0 million. These disbursements were funded through cash inflows from loan repayments (EUR 875.8 million), disposals of participating interests (EUR 287.6 million), the raising of new debt capital and the cash operating result.

Debt capital for refinancing was raised solely from KfW in the form of promissory notes and overnight loans. In 2023, a total of EUR 2,643.8 million in funds was raised and EUR 2,117.1 million was repaid.

Debt capital is raised based on a refinancing agreement with KfW. Under this agreement, KfW provides DEG with refinancing funds in USD and EUR on the dates specified by DEG and at KfW's refinancing rate, plus an internal transfer price set by KfW.

DEG was solvent at all times in 2023.

Net assets

Disbursements that exceeded repayments, together with a stronger USD compared with the effective date, essentially led to an increase of EUR 413.5 million in financial fixed assets.

Business volume (balance sheet total without trust business) therefore increased by EUR 493.7 million year on year to EUR 7,820.1 million.

Equity increased to EUR 2,579.0 million due to the profit for the financial year of EUR 62.1 million. This result will strengthen DEG's equity basis and enable it to meet its promotional objectives by drawing on its own resources.

The equity ratio (ratio of equity to business volume) declined from 34.4% to 33.0%.

In another year that was shaped by very challenging global developments, overall business performance was positive.

OPPORTUNITY AND RISK REPORT

Opportunity management

In the context of the 2030 Agenda for Sustainable Development adopted by the United Nations, the private sector has become increasingly significant in national and international development cooperation. Continued keen interest from existing and potential customers in a stronger focus on the SDGs and the Paris Agreement represents a vital opportunity for DEG to support companies in their transition to greater sustainability. Private sector enterprises protect and create jobs, generate local income and ensure innovation and investment in sectors that are important for sustainable development. Private sector companies also play a key role in developing and emerging market countries when it comes to dealing with

Comparison of profit for the financial year before taxes pursuant to HGB and IFRS

EUR million	IFRS	HGB
2023 (actual)	93	94
2023 (forecast)	89	96

global challenges. DEG maintains particularly close contact with its customers in Ukraine, for example, and continues to support them through Business Support Services (BSS), ensuring that it remains a reliable partner even in difficult times.

As a development finance institution for the private sector, DEG regularly analyses market developments, megatrends, macroeconomic developments and potential business opportunities in developing and emerging market countries. These points are processed and incorporated into the annual strategy review process, the results of which give rise to DEG's business strategy, which is revised each year. The business strategy is operationalised in financial planning and reviewed in the context of capital planning for the next four years, to establish whether it allows risk-bearing capacity to be maintained. In this way, the company can ensure the long-term fulfilment of the development mandate from the capital side, based on the target figures. Strong megatrends such as climate change, sustainability requirements and digitalisation are transforming markets and creating market potential in numerous regions around the world. Companies and financial institutions are therefore adapting their business models in preparation for the future and in order to realise their transformative potential.

In this context, DEG has positioned itself as an impact and climate finance partner for forward-looking, sustainable companies operating in developing and emerging market countries. DEG is organised in three customer clusters: (i) Infrastructure & Energy, (ii) Industries & Services, (iii) Financial Institutions. Cross-cutting issues that span all customer clusters are mobilising additional capital, financing for customers in Africa and support for German companies in developing and emerging market countries. The modernisation of DEG's business model and the constant refinement of the product portfolio in line with the business strategy ensures that DEG remains effective and fit for the future. Agile and digital transformation, together with consistent professionalisation, will also support our further organisational development.

The opportunities identified by DEG include the fact that, in addition to financing for their investments, private sector enterprises are increasingly requesting solutions to the environmental, social and governance aspects of their operations. This gives DEG the opportunity to exploit its climate and sustainability expertise further and to closely support the transformation of enterprises in developing and emerging market countries. With its Business Support Services and other promotional programmes on behalf of the BMZ ("Partners in Transformation"), it is able to offer companies needs-based advisory solutions, resources and know-how for effective development measures aimed at facilitating sustainable transformation. Increasing demand for these additional services, which extend beyond merely providing liquidity, creates additional opportunities for DEG to secure attractive, economically efficient customers in order to reach its strategic goals and at the same time to improve the risk profile of its portfolio. With this in mind, DEG established its second subsidiary, DEG Impulse, in 2022, which focuses on these advisory and promotional services and enables the targeted expansion of these important offerings for company transformations.

DEG also sees additional potential in supporting German business abroad. The in-demand promotional programme "AfricaConnect" for German and other European medium-sized businesses facilitates more entrepreneurial investment in Africa by offering attractive lending conditions. This successful programme has now been further developed and will be available globally from 2024 as "ImpactConnect", with a focus on the developmental and transformative effects of the co-financed projects.

With its subsidiary DEG Impact, DEG has worked to mobilise additional private capital by providing expert investment advice since 2020. DEG Impact offers services such as investment advice and brokerage, fund audits and consultancy services. The supplementary offerings of the subsidiaries enable DEG to consolidate its market position while simultaneously opening up new customer segments through fast, innovative product development. With its diversified range of financing and advisory services, DEG is able to offer needs-based solutions to meet its customers' requirements. Repeat business with existing customers offers further potential to reinforce customer relationships and expand business volume.

Risk management

DEG's risk situation remained stable in 2023 despite the global polycrisis (including the Ukraine war, the Middle East conflict, government debt and inflation). The portfolio quality of our commitments deteriorated somewhat overall, although we achieved a high volume of new commitments, which had a positive effect on our risk situation due to the better risk profile of the new commitments compared with the existing ones.

The impact of the polycrisis is continuously monitored through risk controlling and credit management processes. Despite these challenges, some markets have recovered since the COVID-19 pandemic, and the resumption and normalisation of travel has enabled focused processing of non-performing loans. Moreover, no effects have been triggered on transactions indirectly impacted by the Russia-Ukraine war. DEG's equity basis improved as a result, which, in conjunction with the broadly diversified portfolio, meant DEG was in a position to appropriately manage and absorb risks.

DEG is exempt from key requirements of the German Banking Act (Kreditwesengesetz, KWG). Despite these exemptions, DEG voluntarily complies with important KWG regulations on risk management. These primarily include the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk), which flesh out section 25a KWG, and section 18 KWG (credit documentation). DEG also applies the rules of the Capital Requirements Regulation (CRR) to calculate equity capital requirements under the standard CRR approaches.

The Management Board bears overall responsibility for risk management, deciding, among other things, on DEG's risk strategy on an annual basis in accordance with section 3(4)c) of its Rules of Procedure. The risk strategy is first presented to the Supervisory Board. On the Supervisory Board's recommendation, the risk strategy is subsequently agreed by the shareholder's meeting in accordance with Article 8 no. 4 of the Articles of Association before being jointly adopted by the Management Board.

The Supervisory Board also continually advises and monitors the Management Board in the management of the company with the support of its committees: the Risk and Credit Committee (on risk issues and approval of loan applications), the Executive and Nomination Committee (HR issues and general questions), the Remuneration Control Committee (remuneration matters), and the Audit Committee (monitoring the accounting process, the effectiveness of the risk management system, performance of audits and resolution of deficiencies identified by the auditor). In particular, the Management Board regularly informs the Risk and Credit Committee about the risk situation, risk management and risk controlling in line with its duties (section 11(2) of the Rules of Procedure of the Supervisory Board) and the Audit Committee about the effectiveness of the risk management system, primarily the internal control system and Internal Audit, pursuant to section 12(2) no. 2 of the Rules of Procedure of the Supervisory Board.

In setting up its organisational structure within the meaning of MaRisk, DEG ensured that front office and trading, up to and including the Management Board level, are separate from the back office divisions and functions. Credit management and risk controlling are also organisationally separate at divisional level. Risk-relevant decisions are made in line with the allocation of responsibilities, with the Management Board responsible for all material risk policy decisions. The Management Board's duties are governed in the Management Board's schedule of responsibilities.

DEG set up its organisational and operational structure based on the three lines of defence model to ensure effective risk management at process level. This serves as a framework for an effective and holistic governance, risk and compliance management system.

The specialist divisions form the first line of defence. They take risks and are directly and permanently responsible for operational management of these risks.

The risk controlling and compliance functions form the second line of defence. Risk controlling is generally responsible for monitoring and communicating the risks identified in the risk inventory. The compliance function monitors compliance with statutory and regulatory requirements and in-house guidelines and provides advice to those responsible and to other relevant members of staff. It sets out policies and defines processes in order to ensure compliance. The two functions can intervene to ensure changes to the internal control and risk management systems within the first line of defence, if necessary.

Internal Audit is the third line of defence. The independence of Internal Audit is particularly important both in the three lines of defence model and in MaRisk. Internal Audit supports the Management Board in protecting the value of DEG through risk-oriented, independent and objective audits and advice, as well as in improving business processes and creating added value. It supports the organisation in achieving its objectives by systematically and selectively evaluating the effectiveness of the risk management system, the controls and the management and monitoring processes and helping to improve these.

The risk strategy is determined as part of DEG's strategy process, based on and in keeping with the business strategy. It comprises the objectives for risk management as they relate to the main business activities, along with measures to achieve the risk targets. It includes basic statements on risk tolerance, risk-bearing capacity (with due consideration for concentrations of risks and earnings) and capital planning, and creates the framework for operational risk management. The risk strategy illustrates the planned (long-term) process for achieving the defined risk targets. It is the result of strategic planning and has a medium-term planning horizon.

Ensuring risk-bearing capacity from an economic and Pillar 1 perspective while maintaining sufficient liquidity are key objectives of risk strategy at DEG. The risk-bearing capacity system is defined through DEG's internal capital adequacy assessment process (ICAAP), which is based on two equally-weighted perspectives of risk-bearing capacity:

- The economic perspective serves to protect creditors from economic loss. The objective is therefore to maintain economic risk-bearing capacity at a defined confidence level, i.e. to cover the overall risk (economic capital requirement for unexpected losses at the relevant confidence level) at all times through the available financial resources.
- The Pillar 1 perspective focuses on the continuity of business operations. It is intended to ensure compliance with regulatory capital requirements (Pillar 1) and the internal measures derived from them over a multi-year horizon.

The two perspectives therefore have fundamentally different objectives and consequently also views of risk-bearing capacity, but are interconnected.

DEG determines and monitors its economic risk-bearing capacity and regulatory risk-bearing capacity (Pillar 1 ratio) each month. Minimum capital ratios are defined in the risk strategy for both views. To calculate economic risk-bearing capacity, the economic capital requirement is established for all significant types of risk and compared with the economic risk coverage. Risk-bearing capacity is determined each month in a view that is closely related to present values. The overall economic capital requirement is determined by aggregating the different risk types. At the reporting date of 31 December 2023, DEG's economic coverage ratio was 168.7% (31 December 2022: 190.6%).

The regulatory minimum requirement for DEG's Pillar 1 ratio in 2023 was 10.6% (31 December 2022: 10.5%). This is made up of a total capital ratio of 8% and a capital conservation buffer of 2.5%. The anti-cyclical capital buffer that DEG must also factor in was 0.1% as of 31 December 2023. In its planning assumptions and when setting its risk strategy goals, DEG applies a conservative buffer of 0.5% for potential fluctuations in anti-cyclical capital buffer requirements. At the reporting date of 31 December 2023, DEG reported a Pillar 1 ratio of 17.8% (31 December 2022: 17.8%).

In accordance with MaRisk, every institution – in addition to a risk-bearing capacity approach – must have a process in place to plan future capital needs (AT 4.1 item 11). The planning horizon must cover a suitably long period of several years. The primary aim of capital planning is to secure DEG's risk-bearing capacity for the longer term and on an ongoing basis. Scenario-based, multi-year projections of risk-bearing capacity in the economic and Pillar 1 perspectives enable any shortages of capital to be identified at an early stage, in order to derive recommendations for action to increase capital or reduce risks/exposure, if necessary. Capital planning uses a base scenario and a stress scenario to ensure that the long-term risk-bearing capacity targets are met even under stressful conditions. The results of the stress tests at DEG provide indications about risk-bearing capacity from the economic and Pillar 1 perspectives in the event of adverse economic developments. The stress tests meet regulatory, DEG-specific and KfW requirements.

The economic capital requirement has risen, primarily due to the high volume of new commitments and disbursements in the loan portfolio, as well as to the VaR model in the market price risk, which was adjusted at the end of the year. The available financial resources increased to a lesser extent, meaning that the economic coverage ratio fell from 190.6% in the previous year to 169.4%. The Pillar 1 ratio remained constant at 17.8%.

Economic and regulatory risk-bearing capacity was ensured at all reported dates in 2023.

Types of risk

DEG performs regular and ad hoc risk inventories to ensure that all material risks and the associated risk factors are taken into account, and to form a current overall risk profile of DEG (as a basis for risk management and monitoring). The material risks identified for 2023 at DEG were credit risk (counterparty default risk including migration risk), participation risk, market price risk (interest rate and foreign currency risk), liquidity risk (insolvency risk), operational risk (compliance, information security and legal risk), concentration risk, regulatory risk and reputation risk. DEG differentiates between financial risks that are typical for banks (primarily credit, participation, market price and liquidity risk) and non-financial risks (operational risk and its subtypes, and reputation risk).

Credit and participation risks dominate DEG's risk profile. DEG runs its participating interests business as a credit substitute business and thus applies the credit processes of the lending business in the same way. In line with DEG's business model, financing is largely provided in foreign currencies, so foreign currency risk is highly significant in the risk profile. Environmental, social and governance (ESG) risks are also very significant for DEG due to its strategic focus. In line with the regulatory view, DEG does not treat ESG risks as a separate risk type, but rather as a risk driver for risk types.

Credit and participation risk

Credit risk describes the risk of a negative impact on the company's net assets, earnings situation and liquidity if business partners or debtors do not meet their payment obligations or do not meet them on time or in full (default), or if their creditworthiness deteriorates (migration).

Participation risk describes the risk of a negative impact on the company's net assets, earnings situation and liquidity and other damage arising from the direct and/or indirect provision of equity or products with equity features to third parties and

Risk-bearing capacity

EUR million	31.12.2023	31.12.2022
Economic capital requirement	**1,730.3**	**1,503.8**
Credit risks	716.7	514.8
Participation risks	576.7	610.2
Market price risks	318.1	258.4
of which interest rate risks	108.3	48.7
of which foreign currency risks	307.5	221.3
Operational risks	44.9	42.3
Buffers	**74.0**	**78.0**
Economic risk coverage	**2,919.3**	**2,865.6**
Unrestricted equity	**1,189.0**	**1,361.8**

from participating interests in funds (e.g. losses (in value) due to changes in the value of the participation, non-distribution of a dividend, additional contribution obligations or disposal losses). DEG does not acquire participating interests with the aim of achieving a short-term profit.

The allocation of commitment volume for credit and participation risks is diversified by region and sector. Overall, the regional distribution does not display any unusual characteristics (four regions with shares ranging from 16.5% to 31.7%).

Based on industry segments, there were concentrations mainly in financing for the financial sector (share of banks and insurance companies as of 31 December 2023: 29.7%; share of funds: 29.2%) and corporates in the energy sector (share as of 31 December 2023: 11.7%). To curb such concentrations, DEG has defined country-level limits for these industries.

The limit system reduces potential losses for individual parties (including counterparties), countries, sectors and groups of connected clients, and covers both loans and participating interests. Transactions may not be executed if the limits in both DEG's and KfW's limit system are insufficient. Risks in specific countries and sectors are also limited based on risk guidelines, which may apply group-wide or be decided individually for DEG. These use a traffic light system to monitor and manage transactions in the markets affected.

Breaches of the limits are analysed according to the rules laid down in the Risk Manual, reported to the Management Board and listed in the risk report. When limits are breached, possible actions are devised and measures implemented.

For most of its business, DEG applies KfW's standardised corporate rating methods for banks, corporates and project financing. A group-wide scoring process based on expected returns and qualitative criteria is used for the assessment of investment funds. The rating or scoring method is regularly validated. In addition, the country and transfer ratings valid across KfW Group as a whole are used to evaluate and limit risks. DEG also applies its own rating methods, which are validated according to its own model risk management policy. A ratings review is carried out for all loan commitments and equity investments at least once a quarter to establish whether early warning indicators are present. From a rating of M16 or a score of 1 to 3 onwards, intensive attention applies. This includes closer supervision of the commitment, as well as measures designed to safeguard the assets. In the loan portfolio, interest and redemption payments are continuously monitored in order to extrapolate possible early warning indicators. Where serious disruptions have occurred, the commitment moves on to the relevant specialist department to be managed as a non-performing asset. Such disruptions include, for example, persistent payment arrears (more than 90 days), a well-founded suspicion of criminal conduct on the part of borrowers, or other circumstances leading to the expectation that fulfilment of the contract by the partners is at risk. As required by the regulator, management of a non-performing asset is carried out by specialist staff and is designed to stabilise or wind up the commitment, although not necessarily the enterprise. The department responsible reports at least once every quarter to the relevant member of the Management Board on the development of non-performing commitments and any insights gained.

Non-performing commitments declined both in absolute terms and as a percentage in 2023. As of 31 December 2023, the non-performing commitments amounted to EUR 771.4 million (7.5% of the portfolio), which represented a reduction of EUR 84.5 million compared with 31 December 2022 (EUR 855.9 million or 8.7% of the portfolio).

The risk provision required in individual cases is determined by the departments responsible for the risks. Coordination and plausibility checks are performed by credit management, which also ensures uniform application of principles and criteria at DEG. The principle of prudence is particularly important when assessing commitments in developing countries. Valuation is based on the measurement principles under commercial law applicable to corporations and on the International Financial Reporting Standards (IFRS). Case-by-case risk provisions are determined on a quarterly basis and on an ad hoc basis per business partner for acute economic and political risks, and are assessed with due consideration for the customer's profitability and liquidity situation, as well as their economic and political environment (e.g. raw materials, market, and the political and macroeconomic situation in the investment country). Provision is also made in the form of a portfolio value adjustment based on the expected loss. Additional remarks describing the method of making risk provision can be found in the Notes under Accounting policies. Quarterly valuation exercises are carried out to test for impairment of participating interests, in which the values of participating interests are remeasured.

DEG uses the Gordy model with a granularity adjustment based on Vasicek's method to quantify credit and participation risk for the economic risk-bearing capacity system. The model produces a credit value-at-risk as a risk indicator in line with KfW's requirements. The model assumes rating-dependent correlations and a granularity adjustment is made to account for diversification effects. In addition, the risk of rating migrations is modelled using a migration matrix based on rating changes that have historically been observed. As well as correlations and the granularity adjustment, the level of economic capital required depends on the expected credit volume at the default date, on individual borrower ratings and on loss ratios for specific product and customer segments.

The economic capital requirement for credit and participation risk at DEG amounts to EUR 1,293.4 million in total as of 31 December 2023 (31 December 2022: EUR 1,125.0 million).

Market price risk

Market price risk refers to the risk of a negative impact on the company's net assets, earnings situation and liquidity due to an adverse change in market prices. The main subtypes of market price risk are interest rate risk and foreign currency risk. The diversification between interest rate and foreign currency risk is taken into account when determining overall market price risk. DEG is not a trading book institution within the meaning of the CRR, i.e. it does not enter into transactions with the aim of generating revenue in the short term. Market price risk is therefore confined to the asset book.

DEG measures interest rate and foreign currency risks based on the economic capital concept applied throughout the group. The amount of economic capital required is quantified uniformly across all material market price risk types using a VaR approach. The value-at-risk model includes the entire DEG portfolio in a historical simulation based on a full curve approach. The previous VaR model was expanded at the end of 2023 to include a 5-year stress history view.

The economic capital requirement for market price risk at DEG totals EUR 318.1 million as of 31 December 2023 (31 December 2022: EUR 258.4 million).

The central reporting tool for market price risk is market price risk reporting (on a daily basis) and the risk report (monthly/quarterly). DEG ensures continual provision of information to the responsible divisions, the Management Board and KfW on the basis of daily reports (daily risk reporting on market price risk and liquidity risk) and the risk report.

a) Interest rate risk

Interest rate risk refers to the risk of a negative impact on the company's net assets, earnings situation and liquidity due to an unfavourable change in the interest rate structure (parallel or non-parallel interest rate risk) or a difference between interest rate structures resulting from the choice of different reference rates, including different maturities (e.g. 3-month Euribor vs. 6-month Euribor) or currencies (basis spread risk).

DEG takes interest rate risks to a limited extent to generate income from maturity transformations resulting from the mismatch of fixed-interest periods between the asset and liability side of the balance sheet in the main currencies, EUR and USD. Maturity transformation serves to stabilise interest income and thus also the profit and loss account. Open positions in other currencies are closed where possible.

Interest rate risk is managed primarily using a present value approach, with the aim of preventing unrealised present value losses caused by interest rate fluctuations from exceeding the ECAP budget. The Risk Management Committee and the Management Board also set upper and lower limits (i.e. a range) for interest rate sensitivity in terms of the DPVBP to limit the change in present value of the portfolio exposed to interest rate risk and to facilitate operational management, and present this in the risk report. To examine the effects on the current portfolio of extraordinary market fluctuations affecting interest rates, present values are subjected to regular stress tests. In addition, a scenario calculation is carried out that factors in a daily interest rate shift of +/-200 basis points (supervisory standard shock) and presents changes in present value from the IRRBB scenarios from a Pillar 1 perspective once a quarter. The early warning indicator pursuant to the BaFin circular is used for these quotients.

b) Foreign currency risk

Foreign currency risk refers to the risk of a negative impact on the company's net assets, earnings situation and liquidity due to an adverse change in exchange rates. In principle, this also includes all risks resulting from changes in volatility. DEG takes foreign currency risks indirectly only in its lending and participating interests business. It incurs foreign currency risks in fulfilling its development mandate. It does not enter into foreign currency risk positions for the purpose of directly generating income from exchange rate fluctuations. Foreign currency risk in the lending and participating interests business is managed primarily using a present value approach (economic perspective), with the aim of preventing unrealised present value losses caused by exchange rate fluctuations from exceeding the ECAP budget.

In hedging, DEG differentiates between loans and participating interests, and between USD and local currency risks. In the lending business, balance sheet foreign currency risks from nominal amounts and interest payments are generally hedged. Economic foreign currency risks are also almost fully hedged.

USD risks are hedged via macro-hedging. Similarly to the KfW procedure, cumulative margins are sold forward as part of the stop loss and take profit strategy. Local currency risks including margins are hedged via micro-hedging. Loans are granted solely in currencies permitted in accordance with the current product catalogue.

Foreign currency risks for participating interests are primarily hedged based on the economic perspective after look-through. Foreign currency risks are hedged provided that hedging instruments are available and other perspectives do not prevent it (particularly in regulatory and accounting terms). Therefore, until further notice, USD risks will be hedged in the amount of the USD position to which the look-through approach has been applied. Currencies with sufficiently high and stable correlation to USD could also be hedged (after look-through) to stabilise the foreign exchange result. The remaining local currency risks are not generally hedged at present, due to the criteria explained above. The level of any remaining foreign currency risks is limited by specifying an economic capital budget.

Liquidity risk

Liquidity risk in the narrow sense (insolvency risk) refers to the risk of a lack of liquidity on the part of an institution or market with the consequence that payment obligations cannot be met, or cannot be met on time or in full. DEG's insolvency risk is significantly limited through the indefinite refinancing commitment already provided by KfW, which has a federal guarantee. This assures DEG's access to liquidity via KfW. DEG's risk of insolvency is therefore directly linked with that of the group, and DEG does not have its own liquidity portfolio. KfW measures and manages the group's ability to meet its payment obligations at all times. However, DEG takes direct responsibility for the measurement and management of its own liquidity.

Liquidity risk is managed in the short term via the daily liquidity buffer. The limit of the daily buffer is based on the difference, in terms of the outflow of funds, between the expected scenario and an unexpected stress scenario. In addition to the short-term liquidity buffer, a liquidity risk indicator is calculated with time horizons of 3 and 12 months. This compares the necessary liquidity with the existing liquidity in order to determine the liquidity situation. The funds available via the refinancing agreement are included in existing liquidity for this purpose.

Operational risk

Operational risk refers to the risk of a negative impact on the company's net assets, earnings situation and liquidity that may occur due to the unsuitability or failure of internal processes, personnel or systems, or because of external events. At DEG, the risk subtypes compliance risk, information security risk and legal risk are classified as significant subtypes of operational risk in the risk inventory. These risk types are taken into account at all times in DEG's risk analysis, evaluation and management.

One of the main OpRisk instruments is the continuous identification of loss events that have occurred. Provided they are above a minimum level of EUR 5,000, these are recorded in a group-wide OpRisk events database. In addition, annual OpRisk assessments are carried out based on internal and external loss data, the evaluation of additional datasets and expert appraisals. The purpose is to identify, rate and manage potential operational risks with a view to reducing them over the long term. DEG's management receives regular reports on OpRisk events, the results of analyses and any risk mitigation measures derived from them.

In order to comprehensively counter operational risks, DEG has identified process-inherent risks and has defined controls to mitigate these as part of its process-integrated monitoring. Depending on the risk categories assigned to the processes, a review of the correct application of the processes is carried out at least once a year (ICS testing). The results are reported to management. This is supplemented by the refinement of DEG's IT landscape and business processes.

To address the risk of business interruptions, DEG has put in place a business continuity management (BCM) plan so that time-critical business processes can continue in an emergency. BCM includes both preventative and reactive components (contingency planning and emergency and crisis management, respectively). DEG has established a crisis team for situations extending beyond an emergency. Its members receive crisis preparation training through regular crisis exercises.

Reputation risk

Reputation risk is defined as the risk of a long-term deterioration in the public perception of the company from the perspective of relevant internal and external stakeholders with a negative impact on the company. This negative impact could impair the company's net assets, earnings situation and liquidity (e.g. through a decline in new business) or could be of a non-monetary nature (e.g. difficulty in recruiting new staff). Reputation risk may arise as a consequence of other types of risk, or may occur in addition to these.

Reputation risks are identified, analysed, managed, monitored and reported in the annual RepRisk assessment and as part of incident management, based on a stakeholder approach. The qualitative evaluation of reputation risk in the RepRisk assessment is based on estimates by internal experts from different specialist divisions, who determine the reactions of specific stakeholders to potential risk events. In addition, events that have occurred and have had a noticeable impact on reputation are identified on a decentralised basis within the specialist divisions at DEG and an initial assessment is carried out. All incidents are reported to management at regular intervals.

Reputation risks and the underlying events are assessed and classified based on qualitative criteria in the form of a three-point scale (low, medium, high).

To limit reputation risk, risk mitigation measures are identified and implemented based on risk assessments and incidents that have occurred.

Concentration risk

Concentration risk refers to the risk of negative effects on the company's net assets, earnings situation and liquidity arising from particularly large individual risk exposures or increased correlations of risk exposures. A distinction must be made between intra-risk concentrations (affecting one type of risk) and inter-risk concentrations (affecting different types of risk). Additionally, DEG's business model involves concentrations of earnings.

The main intra-risk concentrations for DEG are in credit and participation risk. DEG's risk strategy defines sectoral and regional portfolio requirements where necessary, to prevent concentrations within a sector (e.g. financial sector), within a country and between countries in a region, as well as size concentrations. Concentrations are managed primarily through the limit management system.

Due to DEG's business model, inter-risk concentrations may occur with respect to financing in foreign currency. Commitments not financed in the business partner's local currency but instead in USD, for instance, bear both foreign currency risk and credit and participation risk for DEG if the borrower generates income in the local currency only. To limit foreign currency risk for borrowers, DEG takes the measures specified in the lending processes pursuant to MaRisk (e.g. in the context of performing credit checks).

DEG's income is largely generated from net interest income and income from the participating interests business (sales and dividends). There are no concentrations in the lending business in terms of margins on individual commitments, sectors or regions. Moreover, adequate diversification is ensured by limiting countries, individual counterparties and groups of connected clients. The result from participating interests is shaped by development of the fair values of the participating interests. The achievement of the projected figure may depend heavily on macroeconomic developments in developing and emerging market countries. Potential earnings concentrations are also addressed through investments in diversified fund structures. DEG regularly monitors and reports on earnings components.

Regulatory risk

Regulatory risk refers to negative impacts on the company's net assets, earnings situation and liquidity and adverse effects on its business model and business strategy due to new planned regulations that have not yet come into effect. Processes to actively track changes in the regulatory environment have been implemented both at DEG and across KfW Group. These enable new requirements to be identified and any necessary action to be determined. If the company becomes aware of relevant regulatory reforms and these are expected to have a significant effect on capital ratios, a regulatory scenario is calculated as part of capital planning to manage regulatory risks and as an early warning tool.

ESG risks

DEG distinguishes between ESG risks and the indirect effect of financing on environmental, social and governance matters. A distinction must be made between these two directions of effect:

1st direction of effect: The risk perspective – also known as the outside-in perspective.
In the risk (outside-in) perspective, ESG risks are a risk driver for risk types and thus potentially also for KfW Group's net assets, financial and earnings position. The focus is on financial materiality.

2nd direction of effect: The impact perspective – also known as the inside-out perspective.
In the impact (inside-out) perspective, financing has an impact on environmental, climate and social matters. The focus is on environmental and social materiality. The institutions have mission statements and policies on how to deal with these impacts, which are integral components of the business model/business focus.

ESG risks cover the following aspects:

- Environmental risks: Environmental events and conditions break down into five risk categories: physical climate and environmental risks, transitory climate risks, environmental pollution and ecosystems.
- Social risks: Social events and conditions relate to the rights, well-being and interests of individuals and communities, with the five most relevant risk categories as follows: social change, health and safety, human capital, customer relations, and production, processes and supply chains.
- Governance risks: Governance events and conditions relate to the principles of corporate governance, in other words, to frameworks and processes used to make decisions (action framework) and take appropriate measures (action).

From the inside-out perspective, ESG risks primarily impact DEG's reputation risk, whereas from the outside-in perspective, they mainly affect DEG's credit and participation risk.

In the inside-out perspective, DEG's commitments are categorised using the Environmental and Social Risk Indicator (EaSI) in order to measure ESG risks. In the outside-in perspective, an ESG risk profile is created as part of the rating process. Both EaSI and the ESG risk profiles will be developed further in the coming year to address the increased internal and external requirements.

OUTLOOK

The stress factors that shaped the global economy in 2022 and 2023 are still relevant in 2024. These include the effects of Russia's war on Ukraine, persistent high inflation and the global cycle of interest rate tightening. In addition, the stimulating effects of the COVID-19 recovery are tapering off. Given that global inflation has passed its peak, monetary tightening cycles are also likely to come to an end in some countries and could be replaced by easing cycles in some cases. Losses in real income and stricter financing conditions are curbing both consumption and investment. It can therefore be expected that international trade will also grow more slowly. [1]

The IMF forecasts muted growth in global economic output of 2.9% for 2024 (2023: 3.0%), which is therefore still below the average for 2010 to 2019 of 3.8%. Industrialised countries are the most affected by the economic downturn. Although China has failed to meet its economic expectations, absolute growth of developing and emerging market countries overall has provided a boost. The combination of high debt, subdued growth prospects and increased financing costs is creating a difficult environment for debt servicing in a number of developing and emerging market countries, particularly low-income countries. [2]

The IMF predicts lower growth of only 1.5% in the USA in 2024 (2023: 2.1%). Slightly higher growth of 1.2% is forecast for the eurozone (2023: 0.7%). In contrast, the IMF expects growth in developing and emerging market countries to remain stable at 4.0% (2023: 4.0%). [3]

The economic forecasts are as follows for DEG's partner regions:

- Compared with other regions, the highest growth is expected in Asian developing and emerging market countries in 2024, at 4.8% (2023: 5.2%). China's growth is expected to slow to 4.2% (2023: 5.0%), hampered by the poor investment outlook, which is linked to worsening problems in the real estate sector and local government budgets. Economic growth in India is forecast to remain at 6.3% in 2024 (2023: 6.3%). The main growth drivers are services and industry. Consumption could decline and investment could weaken due to higher borrowing costs. Moderate economic

[1, 2, 3] IMF World Economic Outlook (October 2023).

growth of 4.5% is predicted for the ASEAN-5 countries (Indonesia, Malaysia, Philippines, Thailand, Singapore) (2023: 4.2%). Growth in countries that export electronics could be particularly strong.[1)]

- Economic growth of 2.2% is forecast for Europe's developing and emerging market countries in 2024 (2023: 2.4%). The IMF currently predicts growth of 3.2% in Ukraine in 2024 (2023: 2.0%). Economic activity in Türkiye will continue to be curbed by high inflation, more restrictive monetary policy and slower global growth in 2024, with growth of 3.0% expected (2023: 4.0%). The main risks include a change of political direction and geopolitical shocks.[2)]
- Economies in the Middle East and North Africa (MENA) are expected to grow by 3.4% in 2024 (2023: 2.0%), despite the current conflict in the Middle East. Slower economic growth of 3.6% is predicted for Egypt (2023: 4.2%). High inflation and disruptions to imports due to a foreign currency shortage will have a dampening effect in the medium term. However, economic reforms, including flotation of the Egyptian pound and a resumption of external financing, could help to accelerate growth in the long term.[3)]
- Higher economic growth of 4.0% has been forecast for sub-Saharan Africa in 2024 (2023: 3.3%). South Africa is expected to record growth of 1.8% in 2024 (2023: 0.9%). Persistent power shortages continue to hamper industrial production and raw materials exports will fall further due to declining global demand and lower prices. Higher growth of 3.1% is predicted for Nigeria in 2024 (2023: 2.9%), although inflationary pressure and monetary policy tightening could cause a decline in domestic demand. Investment in the recently deregulated energy sector could further stimulate growth in the medium term.[4)]
- Economic growth in Latin America and the Caribbean is expected to remain stable at 2.3% in 2024 (2023: 2.3%). Mexico is expected to record lower growth of 2.1% (2023: 3.2%). Weaker foreign demand, particularly from the USA, could be a problem. Although Mexico will continue to profit from nearshoring initiatives, the absence of reforms to boost productivity will slow growth. Brazil is expected to record growth of just 1.5% in 2024 (2023: 3.1%). Slow progress with growth-inducing reforms and low labour productivity are hampering the economy. Interest rate cuts could bolster consumption and investment again in the second half of the year.[5)]

These forecasts are all subject to a large number of uncertainties. Factors such as (a) current geopolitical developments and conflicts, (b) changes in inflation dynamics, (c) the impact of restrictive monetary policy on financial markets and financing conditions, particularly in countries with high levels of debt, and (d) the impact of the global climate emergency will all have a significant influence on worldwide economic development.

Overall, it should be noted that developing and emerging market countries are a very diverse group with different opportunity and risk profiles. DEG's distinctive role in supporting private sector enterprises with financing and advice becomes particularly important in economically challenging times.

Corporate outlook

With its Impact.Climate.Returns. strategy, DEG continues to position itself as an impact and climate financier for forward-looking companies seeking support with their environmental, social and financial transformation. DEG's medium-term financial planning has been developed with this strategy in mind.

Its strategic objectives include actively contributing to the achievement of the UN SDGs, measured using DERa, and achieving a sustainable annual profit before taxes under IFRS. This result will strengthen DEG's equity basis through retention of earnings and enable it to meet its promotional objectives by drawing on its own resources.

Impact and sustainable income are equally important objectives of DEG. To maximise these contributions to objectives, bearing in mind the scarcity of resources (equity and carbon budget), DEG will continue to refine its management and is developing a Strategic Portfolio Performance Management plan.

The DERa score for the DEG portfolio is determined on the basis of the relevant prior-year company data in each case. The potential consequences of the continuing global crises (climate change, inflation, energy and food crisis, growing regional conflicts in the Middle East, geopolitical tensions, particularly in Asia, and Russia's ongoing war of aggression against Ukraine) for companies' business activities will therefore have a delayed effect on the assessment. Against this background, the average DERa score for 2024 is expected to be 75 points.[6)]

DEG's financial position continues to be planned and managed based on the IFRS accounting standards.

After 2023 proved to be an economically good but challenging year, DEG plans to achieve a profit before taxes under IFRS of EUR 102 million for 2024.

A commitment volume of EUR 10.6 billion is expected for 2024. As new commitments will exceed repayments, the portfolio is expected to grow. The cash exposure will be EUR 8 billion at the end of 2024. With regard to new business, DEG is aiming for a slightly higher commitment volume in 2024 than in the year under review.

[1), 2), 3), 4), 5)] IMF World Economic Outlook (October 2023) / Economist Intelligence Unit (December 2023).

[6)] DERa scale: <= 49 poor, 50–69 satisfactory, 70–84 good, 85–99 very good, >= 100 outstanding; the current target of 75 points for 2024 is based on the version DERa 1.0; after the transition to the new DERa 2.0, the 2024 target will be transferred to the DERa 2.0 scale following external validation and will be equivalent to the current DERa 1.0 score of 75 points.

Based on this business performance, DEG expects to achieve net interest income pursuant to IFRS of EUR 217 million for 2024. There will be only a moderate increase in staff and non-staff costs. Loan loss provisions are expected to normalise at the level of standard risk costs following large net reversals in 2023. A significant increase is expected in valuations of participating interests in 2024 following a subdued 2023.

DEG expects the following annual profit before taxes pursuant to HGB and IFRS for 2024 compared with 2023:

EUR million	IFRS	HGB
2024 (forecast)	102	113
2023	93	94

Annual Financial Statements 2023

HGB – Balance sheet

HGB – Profit and loss account

Notes

Auditor’s report

HGB – Balance sheet as at 31 December 2023

with previous year's figures for comparison

ASSETS	Notes	31.12.2023	31.12.2022
A. Fixed assets		**EUR**	**EUR k**
I. Intangible assets	(15, 16)		
1. Purchased industrial property rights and similar rights and assets, including licences to such rights and assets		1,444,299	2,808
2. Payments in advance		408,648	388
		1,852,947	3,196
II. Tangible assets	(15, 17)		
1. Land and buildings		69,370,746	70,849
2. Office equipment		4,828,951	5,089
3. Payments in advance		416,914	1,403
		74,616,611	77,341
III. Long-term financial assets			
1. Investments in partner countries	(15, 18)		
a) Participating interests		2,108,022,144	2,088,313
b) Lendings to enterprises in which DEG has a participating interest		38,926,045	42,703
c) Other lendings		4,957,978,484	4,580,822
		7,104,926,673	6,711,838
2. Other long-term financial assets	(15, 19)		
a) Long-term securities		240,038,172	220,352
b) Other lendings		6,193,254	5,497
		246,231,426	225,849
		7,351,158,099	6,937,687
Total A (I + II + III)		**7,427,627,657**	**7,018,224**
B. Current assets			
I. Receivables and other assets			
1. Receivables from investment activities	(20)	74,079,681	69,926
of which from enterprises in which DEG has a participating interest		2,033,735	861
2. Receivables from disposal of investments	(21)	3,993,339	3,783
3. Receivables from consultancy and other services	(22)	2,870,590	2,320
4. Other assets	(23)	87,547,373	55,034
		168,490,983	131,063
II. Other securities	(24)	2,549,317	2,516
III. Cash in hand and balances with credit institutions	(25)	219,019,812	171,301
Total B (I + II + III)		**390,060,111**	**304,880**
C. Prepaid expenses	(26)	2,385,864	3,270
D. Assets held under trust	(27)	404,890,397	375,515
Total assets		**8,224,964,030**	**7,701,889**

LIABILITIES	Notes	31.12.2023	31.12.2022
A. Shareholder's equity		**EUR**	**EUR k**
I. Subscribed capital	(29)		
1. Subscribed capital		750,000,000	750,000
II. Revenue reserves			
1. Other revenue reserves			
as of 1 January		1,756,622,196	1,541,037
Transfer from profit for financial year		10,249,807	215,585
as of 31 December		1,766,872,003	1,756,622
III. Profit for financial year		62,141,099	10,250
Total A (I + II + III)		**2,579,013,102**	**2,516,872**
B. Provisions	(30)		
1. Provisions for pensions and similar obligations		171,722,634	166,920
2. Provisions for taxes		18,449,912	9,221
3. Other provisions		81,900,965	69,291
Total B (1 + 2 + 3)		**272,073,511**	**245,432**
C. Liabilities			
1. Liabilities for financing investment activities	(31)	4,912,779,298	4,482,621
2. Trade payables		321,197	485
3. Other liabilities	(32)	55,886,525	80,964
of which tax payable		1,121,307	1,081
of which social security		0	0
Total C (1 + 2 + 3)		**4,968,987,020**	**4,564,070**
D. Liabilities for assets held under trust	(33)	404,890,397	375,515
Total liabilities		**8,224,964,030**	**7,701,889**

HGB – Profit and loss account for the period from 1 January to 31 December 2023

with previous year's figures for comparison

INCOME	Notes	2023	2022
		EUR	EUR K
1. Sales revenue	(35)		
a) from consultancy contracts		2,636,121	2,443
b) from trust transactions		604,215	433
c) from services		16,494,457	13,079
		19,734,793	15,955
of which from affiliated enterprises		1,538,543	626
2. Income from participating interests	(36)	46,425,495	73,952
3. Income from long-term lendings	(36)	382,942,712	260,142
of which from affiliated enterprises		4,345,559	-19,140
of which from negative interest rates		0	362
4. Other interest and similar income	(37)	7,009,802	2,032
of which from affiliated enterprises		5,092,858	646
of which from negative interest rates		0	108
5. Income from reversals of write-downs and reversals of provisions for lending business and participating interests	(15, 38)		
a) Reversals of write-downs of long-term financial assets		164,744,166	85,398
b) Reversals of write-downs of receivables from investment activities and from disposal of investments		1,368,217	327
c) Reversals of provisions for lending business and participating interests		4,433,968	5,946
d) Reversals of write-downs of securities		353,841	423
		170,900,192	92,094
6. Other operating income	(39, 46)	188,579,981	225,186
Total income		**815,592,975**	**669,361**

CHARGES	Notes	2023	2022
		EUR	EUR K
7. Costs of services purchased	(40)	4,458,320	1,822
8. Depreciation, amortisation and write-downs, and additions to provisions for lending	(15, 41)		
a) Depreciation, amortisation and write-downs of long-term financial assets		247,242,529	287,124
b) Depreciation, amortisation and impairments of receivables from investment activities and disposal of investments		7	0
c) Additions to provisions for lending business and participating interests		9,064,613	4,102
d) Depreciation, amortisation and write-downs of securities		1,391,108	1,389
		257,698,257	292,615
9. Interest and similar expenses	(42)	211,923,961	74,832
of which to affiliated enterprises		206,837,496	68,791
of which from negative interest rates		380,716	550
10. Staff costs	(43)		
a) Wages and salaries		67,407,063	65,278
b) Social security, pensions and other employee benefits		18,259,120	18,575
of which pensions		7,996,878	9,245
11. Depreciation, amortisation and write-downs of tangible and intangible assets	(15, 44)	5,558,208	5,211
12. Other operating charges	(45)	155,956,545	188,562
Total (7 + 8 + 9 + 10 + 11 + 12)		**721,261,474**	**646,896**
13. Tax on income and profit	(48)	31,242,781	11,803
14. Net earnings		63,088,721	10,663
15. Other taxes		947,622	413
16. Profit for financial year		**62,141,099**	**10,250**

NOTES FOR THE 2023 FINANCIAL YEAR

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Registered office: Cologne, Commercial Register No. HRB 1005 at Cologne District Court

General notes on the annual financial statements

1. Form of annual financial statements

DEG operates its credit business in accordance with section 1 of the German Banking Act (Kreditwesengesetz, KWG) in the form of own business and trust business.

Under section 340 of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with section 1 of the Accounting Requirements for Financial Institutions and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute), DEG is not required to apply the provisions relating to financial statement forms for credit institutions.

The balance sheet and the profit and loss account have been laid out in accordance with the provisions for large corporations in sections 266 and 275 HGB.

In view of the business conducted, the items in the balance sheet and the profit and loss account have been supplemented or renamed in accordance with section 265 HGB.

Differences due to rounding may occur between the values shown and the mathematically precise values for currency units and percentages.

Accounting policies

2. Intangible assets

Intangible assets are capitalised at cost and amortised on a straight-line basis over their average useful life, which is five years.

The company did not exercise the option to capitalise internally produced intangible assets under fixed assets in accordance with the provisions of section 248(2) HGB.

3. Tangible assets

Tangible assets are capitalised at cost and depreciated on a straight-line basis over their average useful life, which is 50 years for buildings and, since 1 January 2023, between four and 10 years for office equipment (previous year: between five and 15 years).

The useful life for office equipment was harmonised across KfW Group with effect from 1 January 2023, and as of this date, DEG depreciated the residual book values over a remaining useful life based on the KfW useful lives. All assets acquired in 2023 were depreciated based on their useful lives at KfW. The adjustment to useful lives resulted in additional expenses of EUR 966 k in 2023.

The option under section 67(4) sentence 1 of the Introductory Act to the Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), which states that lower valuations of assets based on depreciation under section 254 HGB (version in force until 28 May 2009) may continue to be carried, has been exercised for the building in respect of the one-off tax depreciation from the transfer of silent reserves in accordance with section 6b of the German Income Tax Act (Einkommensteuergesetz, EStG).

Since 1 January 2023, low-value assets worth less than EUR 800 have been depreciated over five years in line with the procedure at KfW Group. These assets were previously recognised immediately under Other operating charges. This resulted in lower expenses of EUR 57 k in 2023.

4. Participating interests

Participating interests are measured at the lower of cost or market value, regardless of whether the impairment is likely to be permanent.

The market value of participating interests is generally determined using the discounted cash flow method (direct participating interests) or the net asset value method (funds). When establishing the value of a participating interest, embedded put and call options are taken into account, the value of which is determined using a suitable option price model. Incidental acquisition costs are capitalised as of the decision to purchase. Where market prices are available, e.g. stock market quotations, DEG will verify whether, based on a critical review, these represent an appropriate valuation. If a firm offer to purchase the participating interest has been received or a binding purchase agreement has been concluded, the proposed purchase price is generally taken as the market value. If the participating interest was acquired less than a year earlier, or if the enterprise is still in the set-up phase, DEG will generally fall back on the purchase price. However, if, after acquiring the participating interest, DEG becomes aware of important factors affecting the value that were not taken into account when determining the purchase price, the discounted cash flow method will normally be used to determine the market value of the participating interest, even during the first year after purchase or during the set-up phase, taking the new findings into account. Country risks are taken into account for direct participating interests by applying an upward adjustment of the discount factors when the discounted cash flow method is applied.

5. Lendings and long-term securities

Lendings are recognised at the lower of cost or market value, regardless of whether the impairment is likely to be permanent.

"Long-term securities" refers to financing committed by DEG that has been securitised. This is also recognised at the lower of cost or market if the impairment is likely to be permanent.

To take account of counterparty default risk, DEG makes risk provision for both identifiable and latent default risks relating to lendings and long-term securities. The loan loss provisions are deducted in the respective asset items.

For lendings as well as long-term securities, the counterparty default risk of a commitment is identified by using trigger events to assess whether a specific loan loss provision is required on those grounds. If such a trigger event has occurred, a specific loan loss provision rate is estimated based on the present values of expected future repayments in relation to the cash exposure, on which basis the level of the specific loan loss provision is determined.

DEG also makes a general loan loss provision for latent default risks in respect of lendings and long-term securities where no specific loan loss provision has been made. The general loan loss provision is determined based on the rating using the standard risk cost approach with a one-year expected loss, and takes into account both counterparty default risks and country risks in determining the default probabilities and default loss rates.

Using the method outlined above, DEG also makes provision for latent default risks in respect of the guarantees it issues in the course of its financing business and for obligations in respect of lendings not yet disbursed as of the balance sheet date.

6. Receivables and other assets

Receivables and other assets are recognised at their par value. Actual default risks are taken into account through loan loss provisions.

In accordance with section 246(2) sentence 2 HGB, assets that are exempt from all creditor access and that serve only to settle debts from pension obligations under the deferred compensation scheme were offset against debts with a settlement value of EUR 1,590 k as of the balance sheet date. The cost and fair value of the assets each amounted to EUR 1,512 k as of 31 December 2023. The difference of EUR 78 k is recognised under "Provisions". Expenses (EUR 157 k) and income (EUR 234 k) under these items were offset, resulting in a net figure of EUR 77 k.

7. Securities classified as current assets

Other securities classified as current assets are recognised at cost, applying the strict lower of cost or market principle and observing the requirement to reverse write-downs.

8. Prepaid expenses

Prepaid expenses are recognised on the assets side of the balance sheet in accordance with section 250(1) HGB and comprise expenditure prior to 31 December 2023 where this represents costs relating to a specific period after that date.

9. Provisions

Provisions for pensions and similar obligations are calculated in accordance with the projected unit credit method, using the Mortality Tables 2018 G (Richttafeln 2018 G) published by Dr Klaus Heubeck. An exception is made for pensions calculated according to the entry age normal method.

The actuarial interest rate refers to the interest rate calculated by Deutsche Bundesbank as a ten-year average rate, assuming a remaining term of 15 years. This rate was 1.82% as of 31 December 2023. As in the previous year, calculation of the provisions assumed an annual salary increase of 2.2% and a pension rise of 2.0% or 1.0%, depending on the pension scheme. The fluctuation rate is 3.0%, in line with the average value from the past five years.

Other provisions were made at the level of the anticipated settlement value, based on prudent business judgement, and take all actual risks and uncertain liabilities into account. Any provisions with a residual term of more than one year were discounted in accordance with their residual terms at the average market rate across the past seven years as published by Deutsche Bundesbank.

10. Liabilities

Liabilities are recognised on the liabilities side of the balance sheet at their repayment amount.

11. Deferred taxes

Deferred tax liabilities are offset against deferred tax assets. Deferred tax assets in excess of the netted amount are not capitalised, in accordance with the option available pursuant to section 274(1) sentence 2 HGB.

12. Currency conversion

At the time of acquisition, all assets and debts currently or originally denominated in foreign currency are converted into EUR at the rate of exchange current at the time of purchase.

13. Valuation units

In accordance with DEG's risk strategy, an overall approach is taken to the USD currency risk from lendings, long-term securities, overnight and time deposits, and the countervailing changes in value from refinancing. The resulting net position is hedged with cross-currency interest rate swaps and forward exchange transactions. This valuation unit includes:

- Assets (book values): EUR 3,822,547 k
- Debts (book values): EUR 3,375,566 k
- Pending transactions (nominal values): EUR 441,770 k

The remaining term of pending transactions is between one month and three years. Short-term transactions are re-concluded on a rolling basis if necessary.

The USD currency risk from the participating interests portfolio in the amount of USD 763,941 k (book values) was hedged by means of forward exchange transactions in the amount of USD 838,000 k (nominal values). As well as the direct USD currency risk, participating interests in the amount of USD 750,598 k (book values) that were invested in assets with currencies that have a strong correlation with USD (CNY, DZD, HKD, INR, KES, PHP, PYG, SGD, VND, AED and TWD) were also hedged with forward exchange transactions in the amount of USD 767,000 k (nominal values). This means that around 51% of the participating interests portfolio was hedged in total.

The remaining terms of forward exchange transactions were a maximum of one month at the effective date. These are re-concluded at the due date on a rolling basis if necessary.

USD currency risk, including currencies with a strong correlation, is accounted for in each case via a macro valuation unit in accordance with section 254 HGB. The prospective effectiveness of the macro valuation units essentially results from matching currency hedging. DEG uses the dollar offset method to demonstrate retrospective effectiveness.

Other foreign currency risks from local currencies used for lendings were hedged with cross-currency interest rate swaps. These are accounted for together with the underlying transactions in micro valuation units. These valuation units include assets (book values) and pending transactions (nominal values) in the following amounts:

- EUR 22,290 k in CNY
- EUR 7,723 k in COP
- EUR 12,102 k in IDR
- EUR 78,459 k in MXN
- EUR 18,336 k in RUB
- EUR 60,274 k in ZAR

For the micro valuation units, both prospective and retrospective effectiveness is ensured as a result of incoming and outgoing cash flows being identical for underlying and hedging transactions. The remaining term is based on the due date of the underlying transactions and is between three months and 15 years.

Changes in value that balance out in respect of effectiveness are recognised in profit and loss (gross hedge presentation method). Adjustment items were recognised in the balance sheet to take account of this. Where no effective hedge is present, underlying and hedging transactions are valued according to the imparity principle. The same applies to derivative transactions that are neither included in a valuation unit nor serve to control interest rate risks.

14. Loss-free valuation in the interest book

A statement by the Institute of Public Auditors in Germany (IDW) on financial reporting, specifically “Individual issues relating to the loss-free valuation of interest-related transactions in the banking book (interest book)” (Einzelfragen der verlustfreien Bewertung von zinsbezogenen Geschäften des Bankbuchs (Zinsbuchs)) (IDW RS BFA 3 as amended), proposes that where excess liability results from transactions involving interest-based financial instruments of the banking book, provision for contingent losses must be made. The income statement method of valuation is applied.

To calculate any excess liability, DEG determines the excess from present-value positive and negative interest payment flows from the banking book at the reporting date, and deducts the present-value risk, administrative and closure costs of the updated value at the reporting date.

The calculation as of 31 December 2023 showed no excess liability, so no provision for contingent losses needed to be made.

NOTES ON ASSETS

15. Fixed assets

Please see the table “Statement of changes in fixed assets” for details.

16. Intangible fixed assets

Intangible fixed assets include purchased licences in the amount of EUR 1,444 k, as well as payments in advance of EUR 409 k for one purchased licence that still needs to be rendered operational.

Statement of changes in fixed assets

EUR k	Original costs					Depreciation							Book values
	01.01.2023	Accruals	Book transfers	Disposals	31.12.2023	01.01.2023	Accruals	Book transfers	Currency	Consumption[1]	Disposals	31.12.2023	31.12.2023
I. Intangible assets													
1. Purchased industrial property rights and similar rights and assets, including licences in such rights and assets	15,020	21	112	217	14,935	12,212	1,496	0	0	0	217	13,491	1,444
2. Payments in advance	1,964	133	-112	0	1,985	1,577	0	0	0	0	0	1,577	409
	16,984	154	0	217	16,921	13,788	1,496	0	0	0	217	15,068	1,853
II. Tangible assets													
1. Land and buildings	91,053	109	0	0	91,162	20,204	1,587	0	0	0	0	21,791	69,371
2. Office equipment	15,074	2,217	0	2,231	15,060	9,985	2,475	0	0	0	2,230	10,231	4,829
3. Payments in advance	1,403	644	0	1,630	417	0	0	0	0	0	0	0	417
	107,530	2,970	0	3,861	106,638	30,190	4,062	0	0	0	2,230	32,022	74,617
Total (I + II)	**124,514**	**3,123**	**0**	**4,078**	**123,559**	**43,978**	**5,558**	**0**	**0**	**0**	**2,447**	**47,089**	**76,470**
III. Long-term financial assets													
1. Investments in partner countries													
a) Participating interests	2,560,013	346,477	0	235,275	2,671,215	471,700	154,907	0	63,066	53,812	72,668	563,193	2,108,022
b) Lendings to enterprises in which DEG has a participating interest	48,839	2,447	-5	6,099	45,182	6,131	929	0	-167	0	636	6,256	38,926
c) Other lendings	5,005,236	1,310,835	5	1,017,745	5,298,331	424,419	62,719	0	-12,332	39,203	95,251	340,352	4,957,978
Total 1 (a + b + c)	7,614,089	1,659,758	0	1,259,119	8,014,728	902,250	218,555	0	50,566	93,015	168,555	909,801	7,104,927[2]
2. Other long-term financial assets													
a) Long-term securities	220,557	27,764	0	8,215	240,106	2,976	1,391	0	-9	0	354	4,005	236,101[3]
b) Other lendings	5,497	1,127	0	431	6,193	0	0	0	0	0	0	0	6,193
	226,055	28,890	0	8,646	246,299	2,976	1,391	0	-9	0	354	4,005	242,294
Total III	**7,840,143**	**1,688,649**	**0**	**1,267,765**	**8,261,027**	**905,226**	**219,947**	**0**	**50,558**	**93,015**	**168,909**	**913,806**	**7,347,221**
Total (I + II + III)	**7,964,657**	**1,691,772**	**0**	**1,271,843**	**8,384,586**	**949,204**	**225,505**	**0**	**50,558**	**93,015**	**171,356**	**960,896**	**7,423,690**

[1] For long-term financial assets, this is equivalent to utilisation of the risk provision.

[2] Of which EUR 147,019,592.71 is hedged with third-party counter-guarantees (unfunded risk participation).

[3] Excluding accrued interest.

17. Tangible fixed assets

Land and buildings in the amount of EUR 69,371 k are reported under tangible fixed assets. This item also includes office equipment in the amount of EUR 4,829 k, as well as payments in advance of EUR 417 k.

18. Investments in partner countries

This item shows investments from funds on own account of EUR 7,104,927 k, which are made up of participating interests and lendings.

Investments from funds on own account were made in 558 enterprises in 75 countries. In 23 enterprises, third parties entered into risk sub-participations in the form of counter-guarantees.

19. Other long-term financial assets

The item long-term securities shows financing committed by DEG that has been securitised. It comprises eight bonds. Accrued interest at the balance sheet date was EUR 3,938 k. The general loan loss provision was EUR 4,005 k.

Long-term securities had a book value of EUR 236,101 k and a fair value of EUR 220,104 k. The underlying market prices are set rates, as these are illiquid securities. As DEG subscribes to these securities as part of its financing business in accordance with its Articles of Association in order to provide its customers with long-term debt capital, it does not intend to sell the securities before the end of the term, which means that no write-downs are carried out. To take account of counterparty default risk, DEG makes risk provision for both identifiable and latent default risks.

Other lendings comprise loans to staff members in the amount of EUR 6,193 k.

Long-term financial assets with a residual term of up to one year

	EUR k
1. Investments in partner countries	
b) Lendings to enterprises in which DEG has a participating interest	5,071
c) Other lendings	844,607
2. Other long-term financial assets	
a) Long-term securities	3,938
b) Other lendings	3
Total	**853,619**

20. Receivables from investment activities

Receivables in the amount of EUR 74,080 k comprise mainly dividends and interest receivables (including accrued interest and commitment fees pro rata temporis, as well as other receivables not yet due) and reimbursement claims. This item also includes accrued interest from swap agreements (EUR 9,514 k).

21. Receivables from disposal of investments

This item shows the purchase price receivables from the sale of participating interests and lendings, as well as receivables with respect to these (e.g. interest payable on purchase price receivables) of EUR 3,993 k in total.

22. Receivables from consultancy and other services

These are essentially reimbursements from trust funds (EUR 2,864 k) charged to the Federal Ministry for Economic Cooperation and Development (BMZ) and associated with the measures “Global Impact Investment Facility” and “AfricaConnect”, promoted by the BMZ as part of “Financial Cooperation with Regions”.

23. Other assets

Other assets largely consist of receivables from consortium partners (EUR 34,887 k), tax assets (EUR 2,339 k) and adjustment items for foreign currency transactions in respect of the foreign currency valuation units for loans in CNY, COP, IDR, MXN, RUB and ZAR (EUR 48,275 k).

Residual maturity profile of receivables and other assets

EUR k					Residual maturity
	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
Receivables from					
1. investment activities	74,080	0	0	0	74,080[1)]
2. disposal of investments	1,143	0	2,851	0	3,993
3. consultancy and other services	2,871	0	0	0	2,871
Other assets	87,547	0	0	0	87,547
Total	**165,641**	**0**	**2,851**	**0**	**168,491**

[1)] Of which EUR 8,979 k from the shareholder (2022: EUR 6,144 k).

24. Other securities

This item contains a purchased security in the amount of EUR 2,549 k used to hedge semi-retirement agreements for older staff members.

25. Cash in hand and balances with credit institutions

Balances with credit institutions cover investments in the money market, including accrued interest, of EUR 105,940 k invested with the shareholder KfW, as well as current account balances of EUR 113,079 k.

26. Prepaid expenses

This item largely comprises expenditure on licences and maintenance of hardware and software, representing charges for financial years after 31 December 2023.

27. Assets held in trust

This item breaks down as follows:

	EUR k
Investments in partner countries from trust funds in the form of participating interests	399,314
of which BMZ promotional programme “AfricaConnect”	208,484
of which BMZ promotional programme “Global Impact Investment Facility”	190,000
Investments in partner countries from trust funds in the form of lendings	5,576
Total	**404,890**

Of the lendings, EUR 5,536 k relates to the “Federal Republic of Germany’s Lending Programme for Business Start-ups to Promote Start-ups of Small and Medium-sized Enterprises by Natural Persons in Developing Countries”, based on special joint lending funds with partner countries or partner institutions.

28. Deferred tax assets

Taxable temporary differences arise from buildings, resulting in deferred tax liabilities of EUR 657 k. These are offset by deductible temporary differences, especially from provisions, which have led to deferred tax assets in the amount of EUR 15,379 k. The option not to take the deferred tax asset surplus into consideration was exercised. Deferred taxes were calculated based on an overall tax rate of 32.45%.

NOTES ON LIABILITIES

29. Subscribed capital

Subscribed capital amounts to EUR 750,000 k.

As a subsidiary of Kreditanstalt für Wiederaufbau (KfW), based in Frankfurt am Main, DEG is included in its consolidated financial statements. KfW prepares consolidated financial statements, which are published in Germany in the companies register.

As a general rule under DEG's Articles of Association, profits are not distributed, so the restriction on distribution under section 253(6) HGB and section 268(8) HGB does not apply.

30. Provisions

Tax provisions are provisions for income taxes not yet paid.

The following significant other provisions were recognised in the 2023 financial year:

Provisions for	EUR k
Valuation units (contingent losses)	44,894
Default risks from obligations deemed irrevocable in respect of lendings not yet disbursed	11,870
Variable remuneration	6,793
Semi-retirement programmes for older staff members	3,224
Leave and compensation for overtime	1,560
Legal risks	732

The difference in pension provisions between discounting at the 10-year average market interest rate and the seven-year average market interest rate (1.74%) was EUR 2,585 k as of 31 December 2023.

31. Liabilities for financing investment activities

These liabilities mainly include promissory notes in the amount of EUR 2,877,999 k and time deposits of EUR 2,024,551 k (including accrued interest in each case). These transactions were carried out solely with the shareholder KfW.

32. Other liabilities

Other liabilities mainly include EUR 36,987 k owed to consortium partners and borrowers, as well as EUR 13,845 k for the foreign currency adjustment item in the macro valuation units for loans in USD, participating interests with USD currency risk and participating interests with currency risks that correlate strongly with USD.

Residual maturity profile of liabilities

EUR k	Residual maturity				
	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
1. Liabilities for financing investment activities	2,173,300	471,493	2,017,240	250,747	4,912,779[1]
2. Trade payables	321	0	0	0	321
3. Other liabilities	55,886	0	0	1	55,887
Total	**2,229,507**	**471,493**	**2,017,240**	**250,748**	**4,968,987**

[1] Of which EUR 4,911,200 k to the shareholder (2022: EUR 4,481,302 k).

33. Liabilities for assets held under trust
EUR 404,890 k was made available to DEG on a trust basis by BMZ.

34. Deferred tax liabilities
Since deferred tax liabilities were offset against deferred tax assets, they are not shown.

NOTES ON INCOME

35. Sales revenue
Sales revenue comprises earnings from the provision of services in connection with the financing business.

By region, sales revenue breaks down as follows:

EUR k	2023	2022
Africa	4,815	5,361
America	6,316	4,686
Asia	4,228	4,237
Europe	2,984	1,077
Worldwide	1,391	594
Total	**19,734**	**15,955**

36. Income from participating interests and long-term lendings
Income from participating interests and from lendings is largely made up of dividends, interest on lendings, securities and related hedging transactions, and commitment fees and commissions on loans. The breakdown by region (excluding the results from hedging transactions of EUR 3,919 k) is as follows:

EUR k	2023	2022
Africa	111,153	102,160
America	151,541	133,270
Asia	134,870	99,936
Europe	18,822	11,223
Worldwide	9,063	7,077
Total	**425,449**	**353,665**

In order to align with the IFRS accounting used within KfW Group, interest has not been collected on loans and bonds at acute risk of default since 1 January 2023. The effects on net assets and the earnings situation from this change in method are as follows:

	EUR k
Interest income without change in method	27,698
Interest income with change in method	20,495
Effect on interest income from change in method (net)	**-7,203**

In contrast, risk provisions were reduced by the change in method by EUR 13,914 k.

37. Other interest and similar income

The main items under Other interest and similar income are shown below.

	EUR k
Interest income from money market business	4,891
Interest on other receivables	1,110
Interest income from bank deposits	566
Income from late subscriber interest with funds	371

38. Income from reversals of write-downs and reversals of provisions for lending business and participating interests

Income relates to the following products / transactions.

	EUR k
Loans	99,402
Participating interests	65,342
Long-term securities	354
Receivables from investment activities and disposal of investments	1,368
Lendings not yet disbursed	4,434
Total	**170,900**

39. Other operating income

This item mainly includes income from the disposal of participating interests of EUR 119,674 k (2022: EUR 112,222 k) and currency effects totalling EUR 61,706 k (2022: EUR 103,758 k).

NOTES ON CHARGES

40. Costs of services purchased

The cost of services purchased amounts to EUR 4,458 k.

41. Depreciation, amortisation and write-downs, and additions to provisions for lending business and participating interests

Charges relate to the following products/transactions.

	EUR k
Loans	68,465
Participating interests	171,748
Long-term securities	1,391
Receivables from investment activities and disposal of investments	0
Lendings not yet disbursed	9,065
Credit insurance premiums	7,030
Total	**257,698**

42. Interest and similar expenses

These expenses were incurred largely on promissory notes (EUR 102,859 k), overnight and time deposits (EUR 89,931 k) and the net result from derivative hedging transactions (EUR 14,988 k). For the 2023 financial year, the item also includes interest expenses from the compounding of interest on pension and other long-term staff-related provisions in the amount of EUR 2,937 k (2022: EUR 2,968 k).

43. Staff costs

The item Social security, pensions and other benefits, totalling EUR 18,259 k, includes additions to provisions for pensions of EUR 6,664 k. This item also comprises contributions to the Pension Association of Publicly Sponsored Companies (Versorgungsverband bundes- und landesgeförderter Unternehmen e.V., VBLU) (EUR 941 k).

44. Depreciation, amortisation and write-downs of tangible and intangible assets

This item breaks down as follows:

	EUR k
Depreciation on software	1,496
Depreciation on buildings	1,587
Depreciation on office equipment	2,475
Total	**5,558**

Depreciation on DEG's building on Kämmergasse for the 2009 financial year included one-off tax depreciation under section 254 HGB (old version) of EUR 1,000 k from the transfer of silent reserves from the proceeds of the sale of the land and buildings on Belvederestraße in accordance with section 6b EStG.

45. Other operating charges

The breakdown of other operating charges is as follows:[1)]

EUR k	2023	2022
Expenses from currency conversion	**93,665**	**129,306**
Administration costs	**59,403**	**58,041**
Legal and consultancy costs	20,081	19,210
IT costs	8,690	8,750
Settlement costs, bank and service fees	7,697	7,080
DEG programmes: Upscaling and Business Support Services	5,853	7,842
Travel costs	4,403	2,988
Other administrative costs	12,678	12,171
Other operating charges	**2,889**	**1,216**
Total	**155,957**	**188,562**

[1)] Some prior-year figures adjusted due to further breakdowns.

46. Income and charges attributable to a different financial year, where these are not of minor importance

Other operating income includes EUR 4,295 k in income that is attributable to a different financial year, most of which results from reversals of other provisions and tax reimbursements. There were no significant charges relating to other periods.

47. Statement of auditing fees as provided for by section 285 sentence 1 no. 17

In the 2023 financial year, the following auditing fees were taken into consideration:

	EUR k
Auditing fee	824
Other assurance services	51
Tax consultancy services	0
Other services	0
Total	**875**

The statement of auditing fees includes costs relating to the 2022 annual report of EUR 62 k.

The statement of fees for other assurance services includes costs relating to the 2022 annual report of EUR 3 k.

48. Tax on income and profit

Taxes on income and profit break down as follows:

	EUR k
Domestic taxes in the reporting period	30,140
Domestic taxes in previous years	325
Foreign income taxes (mainly withholding taxes)	778
Total	**31,243**

In applying the German Minimum Tax Act (Mindeststeuergesetz, MinStG), section 5(1) no. 3 MinStG for non-profit-making organisations is applicable. No additional tax expense is expected based on this standard.

PROFIT FOR THE FINANCIAL YEAR

The profit recognised for the financial year amounts to EUR 62,141 k. In accordance with the Articles of Association, the profit for the financial year will not be distributed to the shareholder.

SUBSEQUENT EVENTS

No events of material significance to the net assets, financial or earnings situation occurred after the end of the financial year.

NOTES ON DERIVATIVES TRANSACTIONS

In the context of risk management, DEG regularly engages in futures trading and makes use of derivatives products. There is no trading on own account in the sense of a trading book. These instruments are deployed primarily to hedge interest rate and currency risks in the asset book.

The market values of derivatives held in the portfolio represent current replacement costs. The positive and negative market values shown are calculated based on standardised group models. The main determinants of these in-house models are interest rate ratios and related rates of exchange.

Derivatives transactions

Volumes

EUR million	Nominal values[1]		Positive market values	Negative market values
	31.12.2022	31.12.2023	31.12.2023	31.12.2023
Contracts with interest rate risks				
Interest rate swaps	555,6	439.5	19.3	0.0
Total interest rate risks	**555,6**	**439.5**	**19.3**	**0.0**
Contracts with currency risks				
Forward foreign exchange transactions, forward currency swaps	1,452.0	1,516.0	19.1	-0.1
Currency and cross-currency interest rate swaps	944.5	1,036.5	409.1	-438.4
Total currency risks	**2,396.5**	**2,552.5**	**428.2**	**-438.5**
Total	**2,952.1**	**2,992.0**	**447.4**	**-438.5**

Maturities

	Interest rate risks		Currency risks	
Nominal values[1] in EUR million	**31.12.2022**	**31.12.2023**	**31.12.2022**	**31.12.2023**
Residual maturities				
up to 3 months	38.5	10.9	1,452.7	1,599.6
more than 3 months up to 1 year	62.7	72.4	148.3	269.8
more than 1 year up to 5 years	339.1	332.7	746.8	630.2
more than 5 years	115.3	23.5	48.8	52.9
Total	**555.6**	**439.5**	**2,396.5**	**2,552.5**

Counterparties

EUR million	Nominal values[1]		Positive market values	Negative market values
	31.12.2022	31.12.2023	31.12.2023	31.12.2023
OECD banks	2,952.1	2,992.0	447.4	-438.5
Total	**2,952.1**	**2,992.0**	**447.4**	**-438.5**

[1] Nominal values are calculated as the sum of whichever nominal amount (input or output side) is higher on the effective date of the conversion.

MISCELLANEOUS

49. Contingent liability
At the balance sheet date, DEG's shares in four participating interests with a book value of EUR 32,707 k were pledged as collateral in respect of liabilities of the enterprises in question. They were pledged to KfW Group.

Given the enterprises' credit rating, any contingent liabilities incurred are not expected to exceed the risk provision made for this purpose as of the balance sheet date.

50. Other financial liabilities
Under tenancy agreements, DEG is required to pay a total of EUR 1,061 k annually; the agreement with the longest term runs until 2029.

A total of EUR 124 k will be payable in fees on leasing contracts with a remaining term until 2024.

Obligations in respect of participating interests and lendings not yet disbursed amount to EUR 2,067,104 k.

In some cases, employees of DEG, or third parties instructed by DEG, undertake executive functions in associated companies. The resulting risks are generally covered by directors' and officers' liability insurance (D&O insurance) taken out either by DEG or by the customer in question.

51. Average numbers of staff over the year

Staff not covered by regular pay scales and senior executives	512
Staff covered by regular pay scales	228
Total	**740**
Number of female staff	376
Number of male staff	364
Total	**740**

These figures include local staff in foreign countries (58), part-time staff (164) and temporary staff (42), but exclude members of the Management Board, staff on parental leave, apprentices and interns.

52. Remuneration of corporate bodies
Total charges for the Supervisory Board in the year under review came to EUR 291 k, of which EUR 115 k was annual remuneration for membership of the Supervisory Board and its committees, EUR 107 k was attendance fees, daily allowances and travel and entertainment expenses, EUR 18 k was training for Supervisory Board members and EUR 50 k was other expenses. No advances or loans were granted to members of the Supervisory Board.

Total Management Board remuneration for the 2023 financial year came to EUR 1,319 k. Regular annual salary components are set at a uniform rate for all members of the Management Board and amount to EUR 1,035 k in total. Overall remuneration also includes a sum of EUR 71 k for benefits in kind and other remuneration. The performance-related management bonus for 2023 came to EUR 213 k, of which EUR 107 k will be paid in stages over several years. In 2023, no phased payments were made from the deferred management bonuses for the years 2019 to 2021 owing to the penalty.

No advances were approved for members of the Management Board or their surviving dependants.

Total payments made to former members of the Management Board and their surviving dependants amounted to EUR 993 k. Provisions of EUR 17,728 k were made for pension obligations towards these persons.

53. List of investment holdings

Information on DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency[1)]	Rate EUR 1.00 = CU[2)]	DEG holding in %	Equity[3)] in kCU[5)]	Result[4)] in kCU[5)]
1	Banque Gabonaise de Développement (BGD), Libreville, Gabon			1.97	4)	4)
2	Banque Nationale de Développement Agricole S.A., Bamako, Mali	XOF	655.9570	21.43	81,224,000	11,795,000
3	Industrial Promotion Services (West Africa) S.A., Abidjan, Côte d'Ivoire	XOF	655.9570	9.00	99,128,536	20,573,146
4	Fransabank S.A.L., Beirut, Lebanon	LBP	16,617.1750	5.00	1,990,730,848	-633,626,993
5	TOO Knauf Gips Kaptschagaj. Enterprise with share of DEG LLP, Kapchagay, Kazakhstan			40.00	4)	4)
6	LHF – Latin Healthcare Fund, L.P., Acton, USA			10.09	4)	4)
7	Safety Centre International Ltd., Port Harcourt, Nigeria			8.00	4)	4)
8	SEAF Central and Eastern Europe Growth Fund LLC, Wilmington, USA			23.90	4)	4)
9	Benetex Industries Ltd., Dhaka, Bangladesh			28.30	4)	4)
10	P.T. Arpeni Pratama Ocean Line Tbk., Jakarta, Indonesia			3.00	4)	4)
11	Egyptian Direct Investment Fund Ltd., St. Peter Port, Guernsey (Channel Islands)			14.58	4)	4)
12	DBG Eastern Europe II, L.P., St. Helier, Jersey (Channel Islands)	EUR		14.88	2,176	-46
13	Industrial Promotion Services Kenya Ltd., Nairobi, Kenya			9.91	4)	4)
14	European Financing Partners S.A., Luxembourg, Luxembourg	EUR		7.63	201	20
15	Sichuan Tianfu Bank Co., Ltd., Nanchong, China	CNY	7.8509	2.40	9,704,751	-731,879
16	SEAF India International Growth Fund, Port Louis, Mauritius			6.57	4)	4)
17	Advent Central & Eastern Europe III, L.P., Boston, USA			5.35	4)	4)
18	PJSC Commercial Bank Center-Invest, Rostov-on-Don, Russian Federation			14.57	4)	4)
19	TOO Isi Gips Inder, Inderborskiy, Kazakhstan			40.00	4)	4)
20	Advent Latin American Private Equity Fund III-B, L.P., Wilmington, USA			100.00	4)	4)
21	Russia Partners II, L.P., George Town, Cayman Islands	USD	1.1050	3.88	14,686	-20,901
22	Ethos US Dollar Fund V (Non-Opic-Jersey), L.P., Johannesburg, South Africa			13.27	4)	4)
23	Ace Power Embilipitiya Pvt Ltd., Colombo, Sri Lanka	LKR	358.1040	26.00	4,548,019	355,860
24	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd., Rizhao, China	CNY	7.8509	40.99	183,267	-1,334
25	Hebei Sihai Development Co. Ltd., Chengde, China			0.00	4)	4)
26	Global Environment Emerging Markets Fund III-A, L.P., Chevy Chase, USA	USD	1.1050	4.58	17,989	2,331

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
27	AO Bucharagips, Kogon, Uzbekistan			24.89	[4]	[4]
28	Turkish Private Equity Fund II, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR		4.95	103,034	23,288
29	The Kibo Fund LLC, Ebène Skies, Mauritius			13.80	[4]	[4]
30	Lombard Asia III, L.P., George Town, Cayman Islands	USD	1.1050	2.13	76,658	-24,394
31	African Development Partners I, LLC, Ebène CyberCity, Mauritius	EUR		5.96	128,873	19,897
32	BanyanTree Growth Capital, LLC, Ebène CyberCity, Mauritius	USD	1.1050	27.00	17,143	6,688
33	Istmo Compania de Reaseguros, Inc., Panama City, Panama			12.47	[4]	[4]
34	India Agri Business Fund Ltd., Ebène CyberCity, Mauritius			16.67	[4]	[4]
35	Tolstoi Investimentos S.A., São Paulo, Brazil			31.14	[4]	[4]
36	Acon Latin America Opportunities Fund-A, L.P., Washington D.C., USA	USD	1.1050	40.00	18,299	-5,597
37	The Africa Health Fund, LLC, Port Louis, Mauritius			9.49	[4]	[4]
38	Renewable Energy Asia Fund, L.P., London, UK			11.58	[4]	[4]
39	OOO Gematek, Saint Petersburg, Russian Federation			5.76	[4]	[4]
40	PT Indonesia Infrastructure Finance, Jakarta, Indonesia	IDR	17,079.7100	15.12	2,302,081,000	96,481,000
41	Emerging Europe Accession Fund Coöperatief U.A., Amsterdam, Netherlands	EUR		10.14	39,653	1,784
42	GEF Africa Sustainable Forestry Fund, L.P., Chevy Chase, USA	USD	1.1050	12.96	58,077	-10,614
43	Asia Environmental Partners (PF1), L.P., New York, USA	USD	1.1050	15.96	36,940	-2,035
44	Catalyst Fund I, LLC, Ebène CyberCity, Mauritius			10.17	[4]	[4]
45	Africa Joint Investment Fund, Ebène CyberCity, Mauritius			16.00	[4]	[4]
46	NEOMA SOUTH-EAST ASIA FUND II L.P., Toronto, Canada	USD	1.1050	5.74	95,009	-11,633
47	Interact Climate Change Facility S.A., Luxembourg, Luxembourg	EUR		7.69	207	20
48	The CapAsia ASEAN Infrastructure Fund III, L.P., George Town, Cayman Islands	USD	1.1050	13.17	15,127	-674
49	EMX Capital Partners, L.P., Mexico City, Mexico			20.08	[4]	[4]
50	Knauf Gips Buchara OOO, Buchara, Uzbekistan			25.00	[4]	[4]
51	Deepak Fasteners Ltd., Ludhiana, India	INR	91.9045	0.01	-3,416	-10,827
52	Chase Bank (Kenya) Limited, Nairobi, Kenya			0.00	[4]	[4]
53	Maghreb Private Equity Fund III, Port Louis, Mauritius	EUR		9.78	61,079	-3,281
54	Lereko Metier Sustainable Capital Fund Trust, Sandhurst, South Africa	ZAR	20.3477	14.49	185,943	2,437

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
55	Mediterra Capital Partners I, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR		6.09	85,684	20,851
56	Orient Investment Properties Ltd., Road Town, Brit. Virgin Islands			3.88	[4]	[4]
57	Worldwide Group, Inc., Charlestown, St. Kitts and Nevis	USD	1.1050	33.41	27,639	1,848
58	Berkeley Energy Wind Mauritius Ltd., Ebène CyberCity, Mauritius			25.83	[4]	[4]
59	EMF NEIF I (A), L.P., Fareham, UK	USD	1.1050	28.08	35,039	-4,609
60	VI (Vietnam Investments) Fund II, L.P., George Town, Cayman Islands	USD	1.1050	7.86	85,319	-516
61	Stratus SCP Fleet Fundo de Investimento em Participações – Multiestratégia, São Paulo, Brazil	BRL	5.3618	39.69	83,546	2,269
62	Maestro Locadora de Veículos S.A.,[5] Embu, Brazil	BRL	5.3618	17.86	66,089	10,371
63	Russia Partners Technology Fund, L.P., George Town, Cayman Islands	USD	1.1050	21.59	210,633	-190,545
64	The Clean Energy Transition Fund, L.P., St. Peter Port, Guernsey (Channel Islands)			15.38	[4]	[4]
65	Ambit Pragma Fund II, Mumbai, India	INR	91.9045	10.68	1,338,327	-190,554
66	Equis Asia Fund, L.P., Singapore, Singapore	USD	1.1050	4.50	2,041	-259
67	Grassroots Business Investors Fund I, L.P., Washington D.C., USA			16.36	[4]	[4]
68	Adenia Capital (III) LLC Ltd., Saint Pierre, Mauritius	EUR		10.44	39,404	-3,244
69	Lereko Metier Solafrica Fund I Trust, Johannesburg, South Africa			47.50	[4]	[4]
70	ACWA Power Solafrica Bokpoort CSP Power Plant Proprietary Limited (RF),[5] Sandton, South Africa			0.00	[4]	[4]
71	UT Bank Ltd., Accra, Ghana			13.52	[4]	[4]
72	Latin Renewables Infrastructure Fund, L.P., Dover, USA	USD	1.1050	14.06	56,132	-12,175
73	Victoria South American Partners II, L.P., Toronto, Canada	USD	1.1050	3.03	488,956	-40,818
74	Adobe Social Mezzanine Fund I, L.P., Mexico City, Mexico	USD	1.1050	32.89	2,064	-3,582
75	CoreCo Central America Fund I, L.P., Wilmington, USA	USD	1.1050	22.00	18,753	-1,079
76	Elbrus Capital Fund II, L.P., George Town, Cayman Islands	USD	1.1050	2.91	336,754	-737,974
77	Armstrong S.E. Asia Clean Energy Fund, L.P., Singapore, Singapore	USD	1.1050	7.54	66,020	-2,429
78	Archimedes Health Developments Ltd., Limassol, Cyprus			19.23	[4]	[4]
79	AGF Latin America, L.P., London, UK	USD	1.1050	19.72	15,392	-15,360
80	ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya	USD	1.1050	5.62	309,314	17,434
81	African Development Partners II, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	3.45	785,339	-95,653

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
82	BanyanTree Growth Capital II LLC, Grand Baie, Mauritius	USD	1.1050	12.44	215,136	35,650
83	Altra Private Equity Fund II, L.P., George Town, Cayman Islands	USD	1.1050	3.88	112,783	-15,228
84	Jain Irrigation Systems Limited, Jalgaon, India	INR	91.9045	0.18	45,922,610	337,050
85	Falcon House Partners Indonesia Fund I, L.P., George Town, Cayman Islands	USD	1.1050	8.76	270,624	-23,127
86	Lombard Asia IV, L.P., George Town, Cayman Islands	USD	1.1050	5.57	178,538	-25,506
87	Schulze Global Ethiopia Growth and Transformation Fund I, L.P., George Town, Cayman Islands	USD	1.1050	0.98	32,243	22
88	ADP Enterprises W.L.L., Manama, Bahrain	EUR		23.26	217,246	45,747
89	Biopharm S.A., [5] Algiers, Algeria	DZD	148.4165	11.40	49,258,086	8,431,381
90	CGFT Capital Pooling GmbH & Co. KG, Berlin, Germany			40.00	[4]	[4]
91	CGFT Credit Guarantee Fund Tajikistan GmbH, [5] Berlin, Germany	EUR		15.90	-6,023	-1,395
92	MGM Sustainable Energy Fund L.P., Miami, USA	USD	1.1050	15.82	34,182	-5,612
93	The Enterprise Expansion Fund, S.A. SICAV-SIF, Munsbach, Luxembourg	EUR		10.31	23,127	414
94	Takura II Feeder Fund Partnership, Cape Town, South Africa	USD	1.1050	25.00	52,650	-6,218
95	Portland Caribbean Fund II, L.P., George Town, Cayman Islands	USD	1.1050	15.37	137,696	-13,938
96	RG Growth II Fund L.P., Moscow, Russian Federation			12.57	[4]	[4]
97	Oragroup S.A., Lomé, Togo	XOF	655.9570	2.25	165,995,000	18,943,000
98	ACON Latin America Opportunities Fund IV-A, L.P., Washington D.C., USA	USD	1.1050	39.90	70,095	1,936
99	Navegar I, L.P., George Town, Cayman Islands	USD	1.1050	13.23	107,017	46,021
100	Mediterrania Capital II (SICAV) P.L.C., Ta' Xbiex, Malta	EUR		10.44	68,422	-27,263
101	Quadria Capital Fund, L.P., Singapore, Singapore	USD	1.1050	8.33	284,280	28,810
102	Lovcen Banka AD, Podgorica, Montenegro	EUR		11.57	24,289	-91
103	LeapFrog Financial Inclusion Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.1050	5.00	280,110	-52,000
104	Berkeley Energy Netherlands Holding B.V., Amsterdam, Netherlands			15.00	[4]	[4]
105	AEP China Hydro Ltd., Ebène CyberCity, Mauritius			30.18	[4]	[4]
106	Shenzhen Zhaoheng Hydropower Co., Ltd., [5] Shenzhen, China			2.11	[4]	[4]
107	Grassland Finance Ltd., Hong Kong, Hong Kong	CNY	7.8509	24.95	384,748	-57,171
108	Frontier Bangladesh II, L.P., George Town, Cayman Islands	USD	1.1050	27.21	19,926	-5,953

DEG’s investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
109	Asia Environmental Partners II, L.P., New York, USA	USD	1.1050	8.28	227,590	8,267
110	Euromena III, L.P., London, UK	USD	1.1050	9.00	109,288	-19,160
111	Vetroelektrane Balkana d.o.o., Belgrade, Serbia	RSD	117.2150	10.00	1,584,554	1,704,431
112	Lereko Metier REIPPP Fund Trust, Dunkeld, South Africa	ZAR	20.3477	32.28	436,223	5,359
113	Kathu Solar Park (Pty) Ltd., [5] Johannesburg, South Africa			0.00	[4]	[4]
114	Ninety One Africa Private Equity Fund 2, St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	8.48	106,752	18,494
115	The Kibo Fund II LLC, Ebène CyberCity, Mauritius	USD	1.1050	19.96	64,646	1,415
116	AfricInvest Fund III LLC, Port Louis, Mauritius	EUR		4.40	250,927	7,117
117	Aavishkaar Frontier Fund, Mumbai, India	USD	1.1050	20.82	21,996	-22,836
118	ANAF II, L.P., London, UK	USD	1.1050	4.27	83,219	-5,151
119	Creed Healthcare Holdco Ltd., Birkirkara, Malta	USD	1.1050	7.50	138,389	19,219
120	Gaja Capital Fund II Ltd., Port Louis, Mauritius	USD	1.1050	7.89	269,655	1,915
121	Emerald Sri Lanka Fund I Ltd., Ebène CyberCity, Mauritius	USD	1.1050	23.53	7,045	-5,012
122	Metier Capital Growth Fund II Partnership, Dunkeld, South Africa	ZAR	20.3477	16.43	3,268,992	794,923
123	Tournai Investments S.L., Barcelona, Spain	EUR		11.24	52,861	321
124	Kandeo Fund II (A), L.P., Bogotá, Colombia	USD	1.1050	54.39	14,718	-9,288
125	Kandeo Fund II (Collector), L.P., [5] Bogotá, Colombia	USD	1.1050	14.42	45,183	-28,095
126	AIIF2 Towers Mauritius Ltd., Port Louis, Mauritius	USD	1.1050	16.10	50,989	-63,013
127	VI (Vietnam Investments) Fund III, L.P., George Town, Cayman Islands	USD	1.1050	6.25	216,451	11,780
128	Neoma Africa Fund III, L.P., George Town, Cayman Islands	USD	1.1050	4.69	364,282	26,282
129	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia, São Paulo, Brazil			29.90	[4]	[4]
130	Joint Stock Innovation Commercial Bank, Ipak Yuli, Tashkent, Uzbekistan	UZS	13,651.1750	15.59	2,133,021,000	524,087,000
131	Americas Energy Fund II Clean Energy, L.P., Toronto, Canada	USD	1.1050	17.14	6,550	-674
132	Navegar II (Netherlands) B.V., Amsterdam, Netherlands			29.17	[4]	[4]
133	Vantage Mezzanine III Pan African Sub-Fund Partnership, Johannesburg, South Africa	USD	1.1050	6.53	181,805	9,484
134	Vantage Mezzanine III Southern African Sub-Fund Partnership, Johannesburg, South Africa	ZAR	20.3477	11.33	216,671	-83,850

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
135	ACON Retail MXD, L.P., Toronto, Canada	USD	1.1050	100.00	19,346	2,623
136	Grupo Vizion Lerma S.A.P.I. de C.V., [5] Mexico City, Mexico	MXN	18.7231	6.26	3,358,774	503,382
137	Equis DFI Feeder, L.P., Singapore, Singapore	USD	1.1050	12.00	-52	-109
138	Citadell Capital Company SAE, Cairo, Egypt	EGP	34.1907	0.85	22,370,796	26,058,376
139	Stratus SCP II Investors – B LP, São Paulo, Brazil	USD	1.1050	75.00	10,053	-3,907
140	Ashmore Andean Fund II, L.P., Bogotá, Colombia	USD	1.1050	10.21	137,069	19,674
141	Taxim Capital Partners I, L.P., Istanbul, Türkiye	EUR		6.99	193,137	52,064
142	Cambodia-Laos-Myanmar Development Fund II, L.P., Singapore, Singapore	USD	1.1050	15.54	52,719	-12,701
143	Pembani Remgro Infrastructure Mauritius Fund I, L.P., Ebène CyberCity, Mauritius	USD	1.1050	10.35	124,920	16,545
144	Mobisol GmbH, Berlin, Germany			9.94	[4]	[4]
145	Triple P SEA Financial Inclusion Fund LP, Singapore, Singapore	USD	1.1050	25.20	71,502	10,869
146	Falcon House Partners Fund II, L.P., George Town, Cayman Islands	USD	1.1050	4.00	404,335	-72,770
147	Arbaro Fund, SCSp, Luxembourg, Luxembourg	USD	1.1050	9.89	74,572	-2,896
148	ECP Africa Fund IV LLC, Ebène CyberCity, Mauritius	USD	1.1050	34.55	101,799	-10,523
149	Foursan Capital Partners II LP, Amman, Rabieh, Jordan	USD	1.1050	16.12	50,534	14,872
150	Principle Capital Fund IV, L.P., George Town, Cayman Islands	USD	1.1050	12.47	282,624	-2,923
151	MC II Pasta Ltd., Ta' Xbiex, Malta			32.17	[4]	[4]
152	Société Meunière Tunisienne S.A., [5] Tunis, Tunisia			8.30	[4]	[4]
153	AFIG Fund II, L.P., Dakar, Senegal	USD	1.1050	7.40	73,449	-26,906
154	Adenia Capital (IV), L.P., Saint Pierre, Mauritius	EUR		8.65	273,269	74,949
155	Apis Growth 2 Ltd., Ebène CyberCity, Mauritius	USD	1.1050	25.63	33,062	-5,715
156	Africa Bovine Ltd., Ebène CyberCity, Mauritius	USD	1.1050	11.39	84,327	-27,230
157	Whitlam Holding Pte. Ltd., Singapore, Singapore	USD	1.1050	38.74	72,872	10,522
158	An Cuong Wood-Working JSC, [5] Ho Chi Minh City, Vietnam	VND	26,832.9100	7.14	3,912,217,370	615,581,289
159	Metier Retailability en Commandite Partnership, Dunkeld, South Africa	ZAR	20.3477	22.10	1,636,419	381,589
160	Retailability (Pty) Ltd., [5] Dunkeld, South Africa	ZAR	20.3477	1.60	2,304,665	177,533
161	PT Bank Victoria International Tbk., South Jakarta, Indonesia	IDR	17,079.7100	4.92	3,700,463	155,935

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency[1)]	Rate EUR 1.00 = CU[2)]	DEG holding in %	Equity[3)] in kCU[5)]	Result[4)] in kCU[5)]
162	Catalyst MENA Clean Energy Fund, L.P., Amman, Jordan	USD	1.1050	24.59	75,318	33,339
163	Catalyst Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.1050	6.56	27,774	-369
164	ADP II Holding 6 W.L.L., Manama, Bahrain	DZD	148.4165	16.67	55,662	-7,122
165	New Forests Company Holdings I Ltd., Port Louis, Mauritius	USD	1.1050	5.67	71,626	-4,289
166	Sierra Madre Philippines I, L.P., George Town, Cayman Islands	USD	1.1050	20.00	81,771	10,881
167	Phi Capital Trust, Chennai, India	INR	91.9045	16.15	4,128,517	-67,032
168	Greater Pacific Capital (Cayman) Private Investing India LP, George Town, Grand Cayman, Cayman Islands	USD	1.1050	8.34	239,233	-37,797
169	ADAMAS Ping An Opportunities Fund, L.P., Wanchai, Hong Kong, China			11.63	[4)]	[4)]
170	North Haven Thai Private Equity, L.P., George Town, Cayman Islands	USD	1.1050	5.66	280,950	29,325
171	Knauf Gypsum Philippines Inc., Calaca, Philippines	PHP	61.2830	25.00	1,663,840	-5,038
172	Maison Capital Fund L.P., Shenzhen, Futian District, China	USD	1.1050	9.69	423,212	2,705
173	Dolce M8 Holdco Ltd., Ebène CyberCity, Mauritius	USD	1.1050	12.50	20,713	2,970
174	African Infrastructure Investment Fund 3, L.P., Cape Town, South Africa	USD	1.1050	10.02	457,162	33,618
175	Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R., Zapopan, Mexico	MXN	18.7231	21.94	2,771,068	278,289
176	Siguler Guff Global Emerging Markets Co-Investment Opportunities (AIF), LP, London, UK	USD	1.1050	99.95	41,713	2,184
177	SSG Secured Lending Opportunities II, L.P., George Town, Cayman Islands	USD	1.1050	4.91	340,675	-42,283
178	Exacta Asia Investment II, L.P., George Town, Cayman Islands	USD	1.1050	9.30	306,054	56,440
179	Emerging Europe Growth Fund III, L.P., Wilmington, USA	USD	1.1050	5.00	385,285	59,717
180	Mediterrania Capital III, L.P., Port Louis, Mauritius	EUR		13.62	142,265	6,350
181	AfricInvest III – SPV 1, Port Louis, Mauritius	EUR		21.82	54,310	5,687
182	AfricInvest Fund III, LLC,[5)] Port Louis, Mauritius			3.83	[4)]	[4)]
183	IAPEF 2 SJL Ltd., Ebène CyberCity, Mauritius	EUR		13.30	2,086	4,943
184	MGM Sustainable Energy Fund II L.P., Toronto, Canada	USD	1.1050	14.12	103,674	-8,560
185	Global Credit Rating Company Limited, Ebène CyberCity, Mauritius	USD	1.1050	6.14	42,567	2,721
186	Darby Latin American Private Debt Fund IIIA, L.P., Toronto, Canada	USD	1.1050	37.58	27,629	344
187	Fortress Vietnam Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.1050	11.58	177,137	41,020

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1)]	Rate EUR 1.00 = CU [2)]	DEG holding in %	Equity [3)] in kCU [5)]	Result [4)] in kCU [5)]
188	MC II Concrete Ltd., Ta' Xbiex, Malta	EUR		19.76	19,543	1,096
189	Maghreb Private Equity Fund IV LLC, Port Louis, Mauritius	EUR		7.74	170,788	-325
190	LeapFrog Emerging Consumer Fund III, LP, Ebène, Mauritius	USD	1.1050	5.38	621,990	-49,550
191	Adobe Mezzanine Fund II, L.P., Colonia del Carmen, Mexico City, Mexico	USD	1.1050	18.32	9,389	-1,171
192	M-BIRR Ltd., Dublin, Ireland			19.79	[4)]	[4)]
193	Clearwater China Investments Ltd., Grand Cayman, Cayman Islands	USD	1.1050	9.50	378,566	162
194	Leiden PE II, L.P., Toronto, Canada	USD	1.1050	5.41	193,578	38,843
195	PAG Growth I, L.P., George Town, Cayman Islands	USD	1.1050	7.88	383,136	12,615
196	Digital East Fund II, SCSp, Luxembourg, Luxembourg	EUR		12.50	251,282	2,299
197	GenBridge Capital Fund I, L.P., Beijing, China	USD	1.1050	3.09	896,253	14,354
198	BanyanTree India Growth Capital Fund, Mumbai, India	INR	91.9045	14.40	139,384	-57,138
199	Lighthouse India Fund III, Limited, Port Louis, Mauritius	USD	1.1050	5.10	239,162	-134,771
200	Denham International Power SCSp, Luxembourg, Luxembourg	USD	1.1050	12.64	200,362	-9,150
201	AC Capitales Infrastructure Fund II L.P., Toronto, Canada	USD	1.1050	32.43	1,134	-738
202	Apis Growth Fund II, L.P., London, UK	USD	1.1050	4.76	809,927	186,825
203	Ascent Private Equity Trust, Bangalore, India	INR	91.9045	6.17	9,419,037	-871,825
204	Forebright New Opportunities Fund II, L.P., Hong Kong, Hong Kong	USD	1.1050	8.33	260,073	-4,929
205	India Housing Fund, Mumbai, India	INR	91.9045	8.18	11,885,762	958,516
206	Verod Capital Growth Fund III, L.P., Port Louis, Mauritius	USD	1.1050	10.00	82,203	-1,101
207	QUADRIA Capital Fund II L.P., Singapore, Singapore	USD	1.1050	5.05	248,951	55,699
208	Ethos Mezzanine Partners 3 (A) Partnership, Johannesburg, South Africa	USD	1.1050	9.81	48,064	9,653
209	Latin America Healthinvest S.L.U., Madrid, Spain	EUR		18.67	64,244	893
210	African Development Partners III, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	8.38	338,550	54,532
211	Alta Growth Capital, Mexico Fund III, Toronto, Canada	USD	1.1050	13.20	141,110	12,962
212	Actera Partners III, L.P., St. Helier, Jersey (Channel Islands)	USD	1.1050	5.71	383,734	74,662
213	C88 Financial Technologies Pte. Ltd., Singapore, Singapore			5.73	[4)]	[4)]
214	JREP I Logistics Acquisition, L.P., Grand Cayman, Cayman Islands	USD	1.1050	15.25	152,419	-96,433

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency[1)]	Rate EUR 1.00 = CU[2)]	DEG holding in %	Equity[3)] in kCU[5)]	Result[4)] in kCU[5)]
215	ADP II Holding 10 L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	11.18	174,926	22,258
216	Creador IV L.P., Ebène, Mauritius	USD	1.1050	4.31	710,576	187,416
217	BRAC Uganda Bank Ltd., Kampala, Uganda	UGX	4,179.0000	17.00	51,911,511	1,049,725
218	Oriental InfraTrust, New Delhi, India	INR	91.9045	4.60	51,200,540	3,420,760
219	Metier Sustainable Capital International Fund II L.P., Calebasses, Mauritius	USD	1.1050	7.05	39,623	-7,751
220	Turkey Growth Fund IV L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	11.35	36,166	-10,212
221	Vietnam Opportunity Fund II Pte. Ltd., Singapore, Singapore	USD	1.1050	32.00	34,594	3,114
222	Tam Tri Medical JSC,[5)] Ho Chi Minh City, Vietnam	VND	26,832.9100	11.20	1,118,379,409	5,266,272
223	ADP II Holding 11 S.A.R.L., Luxembourg, Luxembourg	USD	1.1050	22.15	72,002	-129
224	Uni Confort Maroc – Dolidol S.A.,[5)] Casablanca, Morocco	MAD	10.9089	5.01	889,400	161,776
225	BIO-LUTIONS International AG, Hamburg, Germany			17.43	[4)]	[4)]
226	Novel Sky Global Limited, Road Town, Brit. Virgin Islands			25.00	[4)]	[4)]
227	Novel Sky Global Limited,[5)] Road Town, Brit. Virgin Islands			0.76	[4)]	[4)]
228	Suryoday Small Finance Bank Ltd., Mumbai, India	INR	91.9045	3.31	1,061,587	776,909
229	ACON Latin America Opportunities Fund V-A, L.P., Toronto, Canada	USD	1.1050	15.23	34,300	4,583
230	DataArt Enterprises, Inc., New York, USA	USD	1.1050	2.05	103,460	8,432
231	Jungle Ventures III, L.P., George Town, Cayman Islands	USD	1.1050	5.48	381,549	100,319
232	AfricInvest Fund IV LLC, Port Louis, Mauritius	USD	1.1050	9.73	64,654	-40,290
233	GPC EIV Ltd., George Town, Cayman Islands	USD	1.1050	10.00	235,447	-4,786
234	LivFin India Private Ltd., New Delhi, India	INR	91.9045	19.00	574,281	-201,483
235	Accion Quona Inclusion Fund L.P., Grand Cayman, Cayman Islands	USD	1.1050	4.92	372,394	-72,357
236	Uhuru Growth Fund I – A, SCSp, Luxembourg, Luxembourg	USD	1.1050	5.53	17,752	-12,050
237	AFMF, LP, Singapore, Singapore			19.80	[4)]	[4)]
238	Lombard Asia V, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	16.87	23,215	3,035
239	MC III Scan 1 Ltd., Ta' Xbiex, Malta	USD	1.1050	11.55	82,282	-32,984
240	OAO Belgips, Minsk, Belarus			49.99	[4)]	[4)]
241	Navegar II L.P., George Town, Cayman Islands	USD	1.1050	10.16	101,066	-3,212

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
242	Hazelcast Inc., San Mateo, USA	USD	1.1050	7.40	-53,648	-11,752
243	AfricaGrow GmbH & Co. geschlossene Investment KG, Frankfurt/Main, Germany	EUR		15.00	112,707	-3,687
244	Amethis Fund II S.C.A., SICAR, Luxembourg, Luxembourg	EUR		3.99	227,829	11,905
245	Da Vinci Emerging Technologies Fund III L.P., St. Peter Port, Guernsey (Channel Islands)			20.00	[4]	[4]
246	Olympus Bolt Holdings L.P., George Town, Cayman Islands	USD	1.1050	15.33	236,140	54,471
247	SPE AIF I, L.P., Ebène CyberCity, Mauritius	USD	1.1050	7.76	187,790	11,143
248	wpd Malleco S.p.A., Santiago Providencia, Chile	MUR	48.6650	24.50	103,262	-17,025
249	Hosen Private Equity III L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	3.75	414,524	6,287
250	North Haven India Infrastructure Fund, Mumbai, India	INR	91.9045	10.66	10,796,087	-279,400
251	Amethis Retail LLC, Port Louis, Mauritius	KES	171.9000	15.94	5,556,308	2,282,553
252	Agri Trekta Ltd., Port Louis, Mauritius	USD	1.1050	10.00	-19,316	-11,057
253	wpd Negrete S.p.A., Santiago de Chile, Chile	USD	1.1050	24.50	13,553	-2,914
254	wpd Duqueco S.p.A., Santiago de Chile, Chile	USD	1.1050	24.50	24,934	-1,888
255	AsiaCollect Holdings Pte. Ltd., Singapore, Singapore			11.02	[4]	[4]
256	Provident Growth Fund II, LP, George Town, Grand Cayman, Cayman Islands	USD	1.1050	10.84	140,360	-70,087
257	ADP III Holding 3 Guernsey L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.1050	9.38	211,037	-1,078
258	Mekong Enterprise Fund IV L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	8.13	76,717	-16,954
259	DEG Impact GmbH, Cologne, Germany	EUR		100.00	2,297	651
260	CDH VGC Fund II, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	5.76	522,994	41,339
261	Crescera Investimentos Growth Capital, Fund I-B, L.P., Wilmington, USA	USD	1.1050	20.00	72,606	-36,864
262	Vinci Impact and Return IV A, LP, Toronto, Canada	USD	1.1050	51.75	6,233	562
263	Grand Bremner Corp Pte. Ltd., Singapore, Singapore	USD	1.1050	23.34	55,692	-14,413
264	IFS Facility Services Company Limited, [5] Bangkok, Thailand			10.38	[4]	[4]
265	PAG Growth II L.P., George Town, Cayman Islands	USD	1.1050	10.17	159,931	-2,218
266	Ashwah Holdings Limited, Road Town, Tortola, Brit. Virgin Islands	USD	1.1050	7.68	24,823	-416
267	ECP Power and Water Holding SAS, Paris, France			9.00	[4]	[4]
268	TPL Insurance Ltd., Karachi, Pakistan	PKR	310.8115	15.87	2,144,349	-63,273

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
269	L CATTERTON LATIN AMERICA III, L.P., Toronto, Canada	USD	1.1050	4.09	416,416	-30,703
270	Fortio Co. Ltd., George Town, Grand Cayman, Cayman Islands	USD	1.1050	46.15	11,212	1,462
271	Fortio Co. Ltd., [5] George Town, Cayman Islands			0.00	[4]	[4]
272	EDFI Management Company N.V., Brussels, Belgium	EUR		10.00	506	66
273	Genbridge Capital Fund II, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	6.10	180,969	30,210
274	ACON Injectable Investors I, L.P., Toronto, Canada	USD	1.1050	19.65	168,506	50,738
275	Integra Partners Fund II, LP, Singapore, Singapore	USD	1.1050	8.86	26,438	3,148
276	Ashmore Andean Fund III, L.P., Toronto, Canada	USD	1.1050	60.00	199	-802
277	Turnkey Lender Pte. Ltd., Singapore, Singapore	USD	1.1050	11.20	4,296	-6,809
278	Asia Partners I, LP, George Town, Grand Cayman, Cayman Islands	USD	1.1050	5.73	422,192	29,868
279	Openspace Ventures III, L.P., George Town, Cayman Islands	USD	1.1050	11.00	87,366	-17,790
280	Arpwood Partners Fund I LLP, Mumbai, India	INR	91.9045	7.62	8	-124,616
281	Metier AMN Partnership LP, Port Louis, Mauritius	USD	1.1050	18.79	44,281	4,340
282	Annapurna Finance Private Limited, Bhubaneswar, India	INR	91.9045	0.00	12,083	576
283	Livelihoods Carbon Fund SICAV-RAIF, Luxembourg, Luxembourg	EUR		4.85	-2,058	-5,413
284	Onstar Galaxy SPV Pte. Ltd., Singapore, Singapore			33.12	[4]	[4]
285	Onstar Galaxy SPV Pte. Ltd., [5] Singapore, Singapore			2.15	[4]	[4]
286	LCP Fund II Coöperatief U.A., Amstelveen, Netherlands	USD	1.1050	7.10	115,201	10,452
287	Elbrus Capital Fund III B, S.C.Sp., Luxembourg, Luxembourg			100.00	[4]	[4]
288	VI (Vietnam Investments) Fund IV, L.P., George Town, Cayman Islands	USD	1.1050	17.65	3,042	-914
289	Eiffel Infrastructure Ltd., Saint Pierre, Mauritius	USD	1.1050	17.47	40,492	-2,678
290	Crescera Growth Capital Fund V-A, L.P., Toronto, Canada	USD	1.1050	24.16	54,367	14,077
291	Jungle Ventures IV L.P., George Town, Cayman Islands	USD	1.1050	4.91	129,633	-6,132
292	Gia Lai Electricity Joint Stock Company, Pleiku City, Vietnam	VND	26,832.9100	16.63	4,308,097,470	286,099,769
293	DEG Impulse GmbH, Cologne, Germany	EUR		100.00	2,911	-89
294	Copia Global Inc., Wilmington, USA	USD	1.1050	5.84	-25,271	-39,471
295	Vantage Mezzanine IV Feeder Partnership, Johannesburg, South Africa	USD	1.1050	6.00	13,164	-3,465

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency[1)]	Rate EUR 1.00 = CU[2)]	DEG holding in %	Equity[3)] in kCU[5)]	Result[4)] in kCU[5)]
296	EMX Capital 2021 Fideicomiso Irrevocable de Administracion 4540, Mexico City, Mexico	USD	1.1050	8.60	136,095	5,208
297	EVG Fund II L.P., George Town, Cayman Islands	USD	1.1050	5.69	273,541	4,707
298	Revo Capital Fund II B.V., Amstelveen, Netherlands	EUR		16.67	57,272	-4,980
299	Convergence Partners Digital Infrastructure Fund L.P., Ebène CyberCity, Mauritius	USD	1.1050	8.75	29,042	-5,798
300	Forebright New Opportunities Fund III, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.1050	5.97	45,299	-6,193
301	Quona Accion Inclusion Fund III L.P., Grand Cayman, Cayman Islands	USD	1.1050	3.91	98,272	-17,156
302	Horizon Capital Growth Fund IV, L.P., Wilmington, USA			5.71	4)	4)
303	Hike Capital III, L.P., George Town, Cayman Islands	USD	1.1050	6.45	116,712	-15,014
304	KUA LLC, Wilmington, USA	USD	1.1050	13.16	76,736	-3,374
305	Massive Bio Inc., New York, USA			6.01	4)	4)
306	FIG3 Investment Holding Pte. Ltd., Singapore, Singapore	USD	1.1050	10.24	19,567	-69
307	Fundo de Investimento em Participações Multiestratégia Genoma VIII, Rio de Janeiro, Brazil			10.02	4)	4)
308	Exacta Asia Investment III, L.P., George Town, Cayman Islands			11.32	4)	4)
309	Alcazar Energy Partners II SLP (SCSp), Howald, Luxembourg	USD	1.1050	8.76	1,456	-1,865
310	OrbiMed Asia Partners V, L.P., George Town, Cayman Islands	USD	1.1050	4.00	26,708	-5,765
311	ASIA Partners II, L.P., George Town, Cayman Islands	USD	1.1050	7.30	73,341	-6,566
312	Mambo Retail Ltd., Ebène, Mauritius			10.58	4)	4)
313	ADP III Holding 9 L.P., St. Peter Port, Guernsey			9.84	4)	4)
314	QUADRIA Capital Fund III L.P., Singapore, Singapore			7.88	4)	4)
315	Mediterrania Capital IV Mid-Cap, LP, Port Louis, Mauritius			5.46	4)	4)
316	WheelsEMI Private Limited, Maharashtra, Shivajinagar Pune, India	INR	91.9045	11.70	26	-5
317	Naked Holdco (Pty) Ltd., Johannesburg, South Africa	ZAR	20.3477	4.97	677,471	-66,999
318	Vertex Ventures (SG) SEA V L.P., Singapore, Singapore			3.67	4)	4)
319	Lula Lend Pty Ltd., Cape Town, South Africa	ZAR	20.3477	3.64	618,311	-2,397
320	NXTP Fund III, L.P., Wilmington, USA			16.96	4)	4)
321	MC IV Pharma S.A., Luxembourg, Luxembourg			11.84	4)	4)

DEG's investment holdings as of 31 December 2023 as per section 285 no. 11 HGB

No.	Business name and registered office	Currency [1]	Rate EUR 1.00 = CU [2]	DEG holding in %	Equity [3] in kCU [5]	Result [4] in kCU [5]
322	Partech Africa II S.L.P., Paris, France			5.56	[4]	[4]
323	Avataar Venture Partners II, Ebène CyberCity, Mauritius	USD	1.1050	10.09	9,894	-1,326
324	PT Etana Biotechnologies Indonesia, Jakarta, Indonesia	IDR	17,079.7100	3.00	640,518,900	-192,153,335
325	Landsberg Investments LLC., Wilmington, New Castle, USA			52.86	[4]	[4]
326	AVLA Bermuda Holding Corp. Ltd., [5] Hamilton, Bermuda			17.46	[4]	[4]
327	Tide Africa II LP, Ebène, Mauritius	USD	1.1050	3.24	33,639	-2,413
328	Greater Pacific Capital MIV Ltd., George Town, Cayman Islands			26.67	[4]	[4]
329	NxtWave Disruptive Technologies Private Limited, [5] Telangana, India			3.71	[4]	[4]
330	Metier Capital Growth International Fund III LP, Port Louis, Mauritius			10.46	[4]	[4]
331	Latin America Agribusiness Development Corp., Wilmington, DE, USA	USD	1.1050	9.09	287,696	43,533
332	Digital East Fund III, SCSp, Luxembourg, Luxembourg			10.00	[4]	[4]
333	LT Healthcare SEA Fund I, L.P., George Town, Cayman Islands			10.00	[4]	[4]
334	Openspace Ventures IV, L.P, George Town, Cayman Islands			20.00	[4]	[4]
335	Growtheum Capital Partners Sea Fund I LP, Singapore, Singapore	USD	1.1050	5.40	180,026	106,079
336	Osmanthus II Cayman Investment, L.P., Grand Cayman, Cayman Islands			100.00	[4]	[4]
337	BDO Network Bank Inc., [5] Davao Del Sur, Philippines			2.17	[4]	[4]
338	OPEN CO HOLDING LTD., London, UK	BRL	5.3618	1.62	326,025	-366,084

Key to the references in the list of investment holdings:

[1] ISO currency code.

[2] Currency units (CU).

[3] 1,000 currency units in local currency (kCU).

[4] No current annual financial statements are available.

[5] Indirect participation by DEG.

CORPORATE BODIES

54. Supervisory Board

Niels Annen
Chair,
Parliamentary State Secretary,
Federal Ministry for Economic Cooperation and Development, Berlin

Christiane Laibach
First Deputy Chair,
Member of the Executive Board of KfW,
Frankfurt am Main

Prof. Dr Christiane Weiland
Second Deputy Chair,
Head of Degree Programme,
Business Administration – Banking,
Baden-Württemberg Cooperative State University, Karlsruhe

Bertram Dreyer
Senior Investment Manager,
Infrastructure & Energy Debt Department, Asia/EMECA, DEG, Cologne

Jürgen Gerke
Managing Director of Blue Shell Capital GmbH, Munich

Prof. Dr Maja Göpel
Political Economist (sustainability policy and transformation research)
Self-employed, Berlin

Anja Hajduk
State Secretary,
Federal Ministry for Economic Affairs and Climate Action, Berlin

Prof. Dr Luise Hölscher
State Secretary,
Federal Ministry of Finance,
Berlin

Esther Kabey-Wuntke
Senior Manager,
Sustainability & Corporate Governance Department, DEG, Cologne

Caroline Kremer
Vice Chair of DEG Works Council &
Equal Opportunities Officer, DEG,
Cologne

Bernd Loewen
Member of the Executive Board of KfW,
Frankfurt am Main

Ulrich Müller-Gaude
Senior Manager,
Special Operations Department, DEG,
Cologne

Deike Potzel
(since 02.05.2023)
Director General at the Federal Foreign Office, Humanitarian Assistance/Crisis Prevention/Peacebuilding/Stabilisation,
Berlin

Dr Günter Sautter
(until 01.05.2023)
Director General at the Federal Foreign Office, International Order, the United Nations and Arms Control, Berlin

Isabel Thywissen
Senior Investment Manager,
Industries & Services Debt Latin America Department, DEG, Cologne

Carl Martin Welcker
Managing Partner,
Alfred H. Schütte KG, Cologne

55. Management Board

Roland Siller
CEO

Monika Beck
Member of the Management Board

Philipp Kreutz
(until 30.04.2023)
Member of the Management Board

Joachim Schumacher
(since 01.05.2023)
Member of the Management Board

Cologne, 14 February 2024

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Management Board

Siller Beck Schumacher

AUDITOR'S REPORT

We have issued the following audit opinion on the 2023 annual financial statements and management report of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, in the version attached as Annex 1.

Independent auditor's report

To DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Audit opinion

We have audited the annual financial statements of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, which comprise the balance sheet as at 31 December 2023, the statement of profit and loss for the financial year from 1 January to 31 December 2023 and the notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the content of the declaration on corporate governance pursuant to section 289f(4) HGB (information on the proportion of women), contained in the "Business model" section 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 as it applies to corporations, and in accordance with German generally accepted accounting principles, give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, 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 above-mentioned declaration on corporate governance in accordance with section 289f(4) HGB.

Pursuant to section 322(3) sentence 1 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 in compliance with German Generally Accepted Standards for Financial Statement Audits as promulgated by the Institute of Public Auditors in Germany (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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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.

Other information

The legal representatives are responsible for the other information. The other information comprises

- the report by the Supervisory Board, which is not expected to be made available to us until after the date of this auditor's report,
- the declaration on corporate governance pursuant to section 289f(4) HGB (information on the proportion of women) contained in the "Business model" section of the management report,
- all other parts of the annual report,
- but not the annual financial statements, nor the audited content of the management report, nor our auditor's report thereon.

The Supervisory Board is responsible for the report by the Supervisory Board. Otherwise, the company's legal representatives are responsible for the other information.

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and for ensuring that, in compliance with German generally accepted accounting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company. In addition, the legal representatives are responsible for such internal controls as they have determined to be necessary, in compliance with German generally accepted accounting principles, 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 legal representatives 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 legal representatives are responsible for the preparation of a 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 legal representatives 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 in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (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 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 in response 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of the internal control system 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 legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation 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 such 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 generally accepted 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 legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives 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 or on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, 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.

Düsseldorf, 16 February 2024

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