Annual Report 2024
Financial Statements and Management Report

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

KFW DEG

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Report by the Supervisory Board

Advice to, and supervision of, the Management Board

The Supervisory Board held constructive and open talks with the Management Board of DEG during 2024. The Management Board was a competent, functional unit and reported promptly, proactively and comprehensively to the Supervisory Board on all important developments at DEG, assuring it of the proper conduct of the Management Board's activities. The Management Board's prudent management helped ensure that DEG's risk situation remained stable, despite the continuing macroeconomic challenges.

The Supervisory Board fully performed its duties as required by law and the Articles of Association, including monitoring and advising the Management Board, in 2024. 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 2024, and took further decisions on submissions via two circulation procedures. 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 three decisions on submissions via circulation procedures.

The work of the committees was reported regularly and in detail in subsequent meetings of the Supervisory Board. The recommendations made by the committees during the reporting year were confirmed by the Supervisory Board without exception.

Each member of the Supervisory Board is obliged to inform the Chair of the Supervisory Board or the relevant committee about potential conflicts of interest before a resolution is passed. No conflicts of interest were reported during the reporting period.

No member of the Supervisory Board attended fewer than half of the meetings of the board in 2024.

The Supervisory Board carries out a self-evaluation and an efficiency review of the Management Board on an annual basis. The results of the self-evaluation for the 2024 financial year confirmed that the assessment of the work and efficiency of the Supervisory Board and its committees in previous years as "good" had been maintained.

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 regular attention to implementation of the Impact.Climate.Returns strategy, which saw successful completion of the "Change and Form" phase in 2024. The Management Board discussed the results achieved with the Supervisory Board, including accelerated growth with less volatile earnings, the development of impact management with the introduction of DERa 2.0, the aim of which is to illustrate both positive and negative effects of investments and to capture issues such as climate action and transformation support more comprehensively, as well as DEG's improved efficiency and delivery capabilities.

In this context, the Supervisory Board received reports on the successful outsourcing of the specialist accounting and financial controlling functions to KfW.

Regular reports on the two subsidiaries, DEG Impact and DEG Impulse, were also provided.

The Management Board reported to the Supervisory Board in November 2024 on the transition to the new "Scaling Impact & Shaping Transformation" strategy cycle starting in 2025. The Supervisory Board believes that DEG is strategically well positioned for the future. It approved the overall strategy during its meeting on 25 November 2024, including the risk strategy, the IT strategy, the HR strategy and financial planning for 2025.

Members of the Supervisory Board and the Management Board met in June 2024 for a workshop to discuss with customer representatives the transformation process and DEG's contribution to it, based on two customer examples. The Supervisory Board members strongly welcomed the opportunity to hold in-depth discussions on specific topics in the form of a workshop and to hear about customers' experiences.

Given the keen interest of members of the Supervisory Board in current developments in Africa, it was presented with a special report in June 2024 on the macroeconomic situation in Africa and the resulting challenges for DEG's business.

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 results of the 2023 DEG staff survey and the latest customer survey were also presented to the Supervisory Board.

The Supervisory Board engaged in dialogue about the development of the complaints mechanism with two members of the Independent Expert Panel when the panel's annual report was presented in March 2024. The Supervisory Board approved the necessary replacement of two members of the panel in January and September 2024.

It also addressed the statutory provisions on DEG's subjective tax exemption, which were included in draft legislation in December 2024, over several meetings. The Management Board received strong support for its efforts in this regard from the Supervisory Board members.

The Risk and Credit Committee and the Supervisory Board held in-depth discussions on the amendments to the Rules of Procedure of the Management Board, primarily changes to the committee's right to approve measures and transactions of particular importance in the financing business, which entered into effect upon the resolution of the shareholders' meeting in October 2024.

Moreover, the Risk and Credit Committee addressed the integration of ESG risks into DEG's risk management cycle and the progress made thus far.

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 2024 and grant the Management Board discharge from liability.

Training

The members of the Supervisory Board of DEG had the opportunity to attend two advanced training events in 2024, on "New regulatory requirements" and "Information technology at DEG".

Changes in membership of the Supervisory Board

There were no changes to the composition of the Supervisory Board or its committees in 2024.

Thanks and appreciation

The Supervisory Board notes with appreciation that, despite the persistently challenging environment, strategy realisation was consistently pursued and the "Change and Form" phase completed with all key milestones achieved, the new business volume generated in 2024 was significantly above the projected figure, and the forecast profit for the year under IFRS was slightly exceeded. The Supervisory Board especially welcomes the positive impact made by DEG financing.

The Supervisory Board would like to express its gratitude and appreciation to the Management Board for its constructive and trustful cooperation at all times.

Special thanks also go to all DEG employees for their hard work. Their exceptional commitment and strong expertise helped to support private sector customers in developing and emerging market countries in their transformation, secure a pioneering role in the field of climate action and generate positive developmental impacts.

Cologne, 24 March 2025

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 in an accountable manner. 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. The company's 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 under German law (gGmbH) and a legally independent, wholly owned subsidiary of KfW since 19 June 2001. Its rules and regulations (Articles of Association, Rules of Procedure of the Supervisory Board and its committees, and Rules of Procedure of 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 18 March 2024, the recommendations of the PCGC have been and are being fulfilled, with the exception of the following departures."

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 "International financing" department. 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.

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 balance of power 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 smaller number of committee members, who also reflect the perspectives of the various stakeholders 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 in accordance with 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 appropriate due care and diligence of a prudent businessperson in accordance with the law, the Articles of Association, the Rules of Procedure of 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[2)]
- Sustainability, Politics and Communication division
- Legal and Tax division
- Customer Solutions division
- Internal Audit

Joachim Schumacher

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

Monika Beck

- Industries & Services, Private Equity and Venture Capital division
- Infrastructure, Energy and German Business division
- Financial Institutions and Capital Markets 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 inform the shareholder and the Supervisory Board immediately 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 DrittelbG 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 (BMZ), served as Chair of the Supervisory Board.

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 30% male and 30% female members, set in 2021, and the internal target adopted voluntarily by the Supervisory Board in 2022 of 40% male and 40% female membership for the period up to 30 June 2027 were met in the year under review.

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 attributable to a member of the Supervisory Board personally that are likely to prevent that member from meaningfully exercising their

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[1)] The "Legal and Tax", "Infrastructure, Energy and German Business" and "Financial Institutions and Capital Markets" divisions were reorganised and renamed during the year.

[2)] Including finance.

mandate over a sustained and prolonged period of time shall result in the termination of the mandate. No such instance occurred in the year under review.

No member of the Supervisory Board participated in fewer than half of the meetings of the Supervisory Board during the reporting year.

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, 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 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. An overview of 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 duration 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 is 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 also indicates whether a customer has more than one DEG financing arrangement and provides 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 24 October 2023, the shareholder appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) as the auditor for the 2024 financial year after consulting with the Supervisory Board. The Supervisory Board subsequently issued the audit mandate to Deloitte on 27 November 2023 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 report 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.

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 developmental impact on society and the environment
- To gradually reduce greenhouse gas intensity from 2025 onwards and neutralise the remaining emissions attributable to DEG in full from 2040
- At the same time, to actively help customers with their own transformation in order to strengthen their resilience and significantly increase their developmental 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 annual Development Report, DEG provides information on its sustainable impacts, opportunities and risks in the combined non-financial report of KfW as the parent company and KfW Group based closely on the provisions of the European Sustainability Reporting Standards (ESRS), along with a supplementary report providing the additional information required for sustainability rankings. The combined non-financial report for 2024 is integrated into the KfW Group Financial Report.

DEG is recognised as a public-benefit corporation within the meaning of section 51 AO. In both the tax model and the Code of Conduct of KfW, which DEG applies without restriction, and its own tax rules, DEG commits to paying taxes on time and presenting 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 2024, women made up 33% of the Management Board. Women accounted for 45% of employees at the first management level below the Management Board (previous year: 30%) and for 37% of employees at the second management level below the Management Board (previous year: 35%).

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.

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 personal 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 in 2023 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 covered by 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 German 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. An overview of the total remuneration of the Management Board and members of the Supervisory Board is provided in Table 1 (page 14).

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 executive 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 18 March 2024, 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. This system includes a balanced mix of short and medium-term incentives. The most recent changes to the remuneration and target agreement system entered into force as of 1 January 2023. In accordance with these amendments, in the case of variable remuneration in excess of EUR 50,000, 60% of the total variable remuneration must be deferred over five years pursuant to the requirements of IVV. Half of the deferred remuneration and half of the non-deferred remuneration is retained as a "sustainability component" with an additional holding period of one year. The sustainability component takes effect only from 2025 and reflects DEG's sustainable performance. The value can change by 10 percentage points in either direction. If the sustainability component prescribed in the target agreement is not met in the subsequent years, payments from the deferred variable remuneration are subject to a penalty. In the 2024 reporting year, no penalties were imposed on outstanding payments from the bonus accounts of Management Board members in the previous bonus bank system for 2023.

The overview in Tables 2 and 2a (page 16) shows total remuneration for each member of the Management Board, broken down by fixed and variable components and other remuneration. It also shows transfers to pension provisions 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 comprises 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 of 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.

The full pension entitlement of members of the Management Board is a maximum of 49% of final remuneration pursuant to section 3(1) of the Managing Director employment contract. The pension entitlement routinely amounts to 70% of the full entitlement for first-time appointments, i.e. 34.3% of final remuneration pursuant to section 3(1) of the Managing Director employment contract. The pension entitlement increases by an individually agreed fixed percentage with every full year of service completed until the maximum 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 993.0 k in 2023 and EUR 1,082.1 k in 2024 (see Overview of retirement pensions for former members of the Management Board and surviving dependants in Table 3).

Additions to pension provisions for former members of the Management Board and their surviving dependants amounted to EUR 48.8 k at the end of the 2024 financial year (previous year: EUR 218.3 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 each ordinary member of the Supervisory Board amounted to EUR 10,000. The Chair of the Supervisory Board receives 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 to members, with EUR 500 paid for circulation procedures. Payment of the daily allowance is based on the German Travel Expenses Act (Bundesreisekostengesetz, BRKG); it is calculated based on the duration of absence due to the meeting, 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 2023 and 2024 financial years. The sums shown are EUR net amounts 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, 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, 24 March 2025

The Management Board | The Supervisory Board

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

EUR k	2024	2023	Change
Management Board	1,323	1,229	+94
Former members of the Management Board and surviving dependants	1,082	993	+89
Members of the Supervisory Board	179	180	-1
Total	**2,584**	**2,402**	**+182**

Table 2: Annual remuneration of the Management Board and additions to pension provisions for 2023 and 2024 in EUR k

EUR k[1]		Fixed salary	Variable remuneration[2]	Other remuneration[3),5]	Total	Bonus account[6]	Additions to pension provisions
Joachim Schumacher[7]	2024	362.2	20.6	45.4	**428.2**	46.0	346.0
	2023	230.0	-	28.6	**258.6**	-	1,976.3
Christiane Laibach[4]	2024	-	12.3	-	**12.3**	3.7	265.4
	2023	-	-	-	**-**	16.0	41.0
Monika Beck	2024	362.2	39.9	13.1	**415.2**	88.9	343.0
	2023	344.9	32.9	17.7	**395.5**	54.0	252.2
Philipp Kreutz[4]	2024	-	43.8	-	**43.8**	26.0	55.8
	2023	115.0	32.2	26.1	**173.3**	45.0	681.8
Roland Siller (CEO)	2024	370.4	37.1	16.2	**423.7**	108.7	359.5
	2023	344.9	41.4	15.6	401.9	49.6	163.8
Total	**2024**	**1,094.8**	**153.7**	**74.7**	**1,323.2**	**273.3**	**1,369.7**
	2023	1,034.8	106.5	88.00	1,229.3	164.6	3,115.1

[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 2024 was EUR 28.8 k (previous year: EUR 29.1 k).

[4] Christiane Laibach left DEG's Management Board as of 1 June 2021, Philipp Kreutz as of 1 May 2023.

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

[6] The 2023 bonus account was corrected (previously: EUR 157.8 k).

[7] In the case of Joachim Schumacher, the variable remuneration and other remuneration included payments from his activity as head of division at DEG.

Table 2a: Breakdown of other remuneration for the Management Board in 2024 and 2023 in EUR k[1]

	Company cars		Group accident insurance		Health insurance		Long-term care insurance		Dual household allowance	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Joachim Schumacher	7.0	5.1	0.9	0.9	5.1	3.2	0.4	0.1	-	-
Monika Beck	6.0	10.9	0.9	0.8	5.1	4.8	0.6	0.6	-	-
Philipp Kreutz	-	-	-	-	-	2.3	-	0.3	-	-
Roland Siller	8.3	23.9	0.9	0.8	5.1	4.8	0.9	0.9	-	-
Total	**21.3**	**39.9**	**2.7**	**2.5**	**15.3**	**15.1**	**1.9**	**1.9**	**-**	**-**

[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 2024	EUR k 2024	Number 2023	EUR k 2023
Former members of the Management Board	5	730.9	5	648.6
Surviving dependants	3	351.2	3	344.4
Total	**8**	**1,082.1**	**8**	**993.0**

Tables 4 and 5: Compensation of members of the Supervisory Board for the 2024 and 2023 financial years in EUR[2)]

No.	Name	Period of membership 2024	Supervisory Board membership	Committee membership	Daily allowance and attendance fee	Total
1.	Niels Annen[1)]	01.01.–31.12.	-	-	-	**-**
2.	Anja Hajduk[1)]	01.01.–31.12.	-	-	-	**-**
3.	Prof. Dr Luise Hölscher[1)]	01.01.–31.12.	-	-	-	**-**
4.	Deike Potzel[1)]	01.01.–31.12.	-	-	-	**-**
5.	Jürgen Gerke[1)]	01.01.–31.12.	-	-	-	**-**
6.	Prof. Dr Maja Göpel	01.01.–31.12.	10,000	-	2,000	**12,000**
7.	Christiane Laibach[1)]	01.01.–31.12.	-	-	-	**-**
8.	Bernd Loewen[1)]	01.01.–31.12.	-	-	-	**-**
9.	Prof. Dr Christiane Weiland	01.01.–31.12.	10,000	5,000	24,500	**39,500**
10.	Carl Martin Welcker	01.01.–31.12.	10,000	-	4,101	**14,101**
11.	Bertram Dreyer	01.01.–31.12.	10,000	1,000	13,609	**24,609**
12.	Esther Kabey-Wuntke	01.01.–31.12.	10,000	1,000	8,573	**19,573**
13.	Caroline Kremer	01.01.–31.12.	10,000	2,000	11,594	**23,594**
14.	Ulrich Müller-Gaude	01.01.–31.12.	10,000	1,000	14,564	**25,564**
15.	Isabel Thywissen	01.01.–31.12.	10,000	1,000	8,606	**19,606**
Total (net)			**80,000**	**11,000**	**87,547**	**178,547**

No.	Name	Period of membership 2023	Supervisory Board membership	Committee membership	Daily allowance and attendance fee	Total
1.	Niels Annen[1)]	01.01.–31.12.	-	-	-	**-**
2.	Anja Hajduk[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.

[2)] For computational reasons, the table may contain discrepancies due to rounding.

Management Report 2024

CORPORATE ESSENTIALS

Business model

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, is charged with a development policy mandate to support sustainable growth 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 needs-based advisory services. DEG's objective is to make a developmental impact within the meaning of the Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda by providing reliable long-term finance and advice to private sector companies. This involves DEG's support and promotion also of German companies investing in developing and emerging market countries, which contributes to sustainable and long-term development in those countries.

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 in line with their business needs. DEG reaches enterprises in developing and emerging market countries both directly and indirectly. It finances businesses and project structures with private sponsors directly, as well as making capital available to local banks and other financial intermediaries to offer bespoke financing and advice, particularly to small and medium-sized enterprises (SMEs) in developing countries.

DEG generates risk-appropriate earnings through its activities, which are used solely and directly to expand its equity base and strengthen its risk-bearing capacity. This forms the necessary foundation for DEG to pursue and expand its promotional activities by drawing on its own resources.

In line with its Impact.Climate.Returns. strategy, DEG focuses on climate-friendly financing with a strong impact. Its work with customers drives forward the climate and socio-ecological transformation of businesses in developing and emerging market countries, thereby making them more resilient and competitive. Actions include ensuring the reliability of supply chains. It specifically champions the financing of projects that make a significant contribution to the SDGs. It places 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 follows an investment and transformation pathway in line with the 1.5 degree Celsius target of the 2015 Paris Agreement, and aims to permanently remove the remaining GHG emissions attributable to DEG from the atmosphere from 2040 by investing in GHG sink projects.

Enterprises financed by DEG are contractually required to comply with international environmental and social standards as well as national regulations. These include environmental, social and human rights standards such as the performance standards of World Bank subsidiary the International Finance Corporation (IFC) 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 worldwide, and also shares the use of KfW Group's approximately 80 international offices. Furthermore, cooperation in joint financing projects with other European Development Finance Institutions (EDFIs) plays an important role in DEG's work. Along with the EDFIs and KfW Development Bank, from 2025 DEG will be able to make increased use of various EU guarantee programmes (EFSD+), and further expand its position as impact and climate finance partner in cooperation with partner institutions. Cooperation with multilateral development banks, such as the IFC and the Asian Development Bank (ADB), is also extremely important for 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 developmental effectiveness of its investments by applying its own Development Effectiveness Rating (DERa). The enhanced version of the DERa, DERa 2.0, was applied to the DEG portfolio and all new commitments for the first time in financial year 2024. 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. One of the main aspects of the update to DERa 2.0 is the net impact perspective, which identifies potential negative effects of a transaction, such as delayed realisation of environmental and social action plans, in addition to the positive impacts. DERa 2.0 also takes account of the role DEG plays in the transformations of customers. The results of the portfolio evaluations are presented in an annual Development Report. DEG is continuously refining its impact measurement tool. It is a signatory to the international Operating Principles for Impact Management and externally verified[1] in accordance with the Principles. Both generation of sustainable income and the developmental impact – measured on the basis of DERa 2.0 – are key performance indicators for DEG's business.

Declaration on corporate governance pursuant to section 289f(4) of the German Commercial Code (Handelsgesetzbuch, HGB)[2]

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, pursuant to section 36 of the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung, GmbHG), were set at 40% for 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 45% at the end of 2024 (2023: 30%). At the second management level (heads of department), it was 36% (2023: 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 2024 was 33% on the Management Board (2023: 33%) and 60% on the Supervisory Board (2023: 60%). 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.

Report on gender equality and equal pay pursuant to section 21 of the German Transparency in Wage Structures Act (Entgelttransparenzgesetz, EntgTranspG)

Measures to promote equality

DEG's commitment to gender equality is a significant element of its human resources policy and is therefore one of the four action areas of the HR strategy. An equality plan, which came into effect as of 1 January 2023, assigns specific and measurable targets to the focal points of DEG's commitment to equality. These include: (1) supporting potential female candidates through personnel development with a view to gender equality; (2) work-life balance initiatives; (3) fair pay (identifying and eliminating discrimination); and (4) target quotas for women in line with the Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors.

DEG also participates in KfW's group-wide gender balance process and enables staff members to take part in overarching corporate programmes, including work shadowing and mentoring. Further building blocks of DEG's efforts to achieve equality include various cross-mentoring programmes with female staff members and executives. Ways in which a good work-life balance is assured include flexible working time models and options that allow mobile working. DEG has been certified as a family-friendly employer by the Hertie Foundation under the "work and family" (berufundfamilie) initiative since 2012.

Measures to achieve equal pay

DEG's remuneration system involves a fixed and a variable component. As a company bound by collective bargaining agreements, it applies the agreement for public banks. For staff outside regular pay scales, job-related salary bands have been defined. These set the basic remuneration framework.

[1] BlueMark verification (https://bluemark.co/).

[2] The declaration on corporate governance is an unaudited component of the management report.

Added to this is a variable component (bonus) which is applied annually. For both salary groups – those on regular pay scales and those outside these pay scales – this component is governed by the corporate agreement on “Salary determination, remuneration and review meetings at DEG”.

DEG employees can also receive an individual spot bonus for outstanding performance. Both the bonus and the spot bonus are performance-related, gender-neutral reward schemes.

All the components mentioned are transparently and verifiably published on DEG’s intranet.

In-depth analyses are also carried out during the annual performance and promotion exercise. The aim is to uncover structural differences in remuneration. Appraisals, salary increases and the level of target bonuses are also reviewed accordingly.

Information about the entry into force of the EntgTranspG and the operation of the individual right to information (pursuant to section 10 EntgTranspG) is provided on DEG’s intranet.

DEG and other KfW Group business units underwent a fair pay certification process in 2024. The results of the salary structure analysis and the associated recommendations will be included in the next salary reviews and be considered in any necessary adjustments to the remuneration system or related processes.

ECONOMIC REPORT

Business environment

The global economy was once again impacted by many uncertainties in 2024. Russia’s war of aggression against Ukraine ongoing since 2022, renewed escalation of the conflicts in the Middle East that began in 2023, persistently high energy prices, stubbornly high core inflation and central banks’ continued high interest rates exerted noticeable pressure on global growth.

The recovery of the global economy from the effects of the COVID-19 pandemic remains sluggish with significant differences between regions. Economic activity remains below pre-pandemic levels primarily in developing and emerging market countries. The increasing fragmentation of the global economy, extreme weather events and high debt servicing obligations represent additional burdens. Despite these challenges, the global economy has stabilised. The International Monetary Fund (IMF) forecasts real growth of 3.2% for 2024 (2023: 3.3%). Nonetheless, medium-term global growth prospects remain muted in historical terms.[1]

The monetary policy measures introduced by the major central banks back in 2022 are having an increasing effect, and easing inflationary pressure is providing relief to the global economy. According to the IMF, global inflation is likely to have fallen from 6.7% in 2023 to 5.8% in 2024. However, sharp rises in interest rates also resulted in tighter financing conditions and affected exchange rates between major currencies. The rate hikes of the US Federal Reserve in particular continued to have a negative impact on the finance situation in developing and emerging market countries and continued to exert considerable pressure in 2024.[2]

[1] IMF World Economic Outlook (October 2024).

[2] IMF World Economic Outlook (October 2024).

Number of DEG employees[3] in 2024 (average values)

Total employees	**696**
female	364
male	332
Full-time employees	**514**
female	207
male	307
Part-time employees	**182**
female	157
male	25

[3] Excluding Management Board and DEG Impulse.

The tense economic situation in major economic areas, especially the USA, the EU and China, also had a tangible effect on economic activity in developing and emerging market countries. US economic growth had already slowed considerably in 2022, and remains at a low level. The IMF predicts GDP growth of 2.8% in the USA for 2024 (2023: 2.9%). The growth forecast for 2024 in the eurozone is significantly lower, at 0.8%, although this is a slight increase compared to the growth of 0.4% in 2023.[1)]

The IMF predicts moderate growth of 4.2% for the developing and emerging market countries in 2024 (2023: 4.4%). However, there are substantial regional differences that are having a significant effect on economic momentum in these countries.[2)]

- The GDP growth rate is slowing slightly in Asia's developing and emerging market countries. The IMF predicts a decline in growth from 5.7% in 2023 to 5.3% in 2024; nonetheless, the region will contribute around 60% of global growth in 2024. In China, the debt crisis in the property sector and weak domestic consumption continue to weigh on the economy. However, despite these challenges, real growth of 4.8% (2023: 5.2%) due to the high base value is making a major contribution to overall growth in Asia. The manufacturing industry in India failed to meet expectations, and the IMF forecasts a decline in growth there to 7.0% (2023: 8.2%). The ASEAN-5 countries (Indonesia, Malaysia, Philippines, Singapore and Thailand), on the other hand, saw a slight acceleration in growth, expected to be 4.5% in 2024 (2023: 4.0%).[3)]
- Russia's war of aggression against Ukraine is weighing less on the economies of developing and emerging market countries in Europe. A moderate decline in growth to 3.2% is expected for 2024 (2023: 3.3%). The IMF predicts that the Russian economy, which continues to suffer due to the international sanctions imposed, will nevertheless grow by 3.6% in 2024, as it did in 2023. The Ukrainian economy, which contracted by an immense 28.8% in 2022 following Russia's invasion, is expected to grow by just 3.0% in 2024 (2023: 5.3%). The IMF forecasts a marked decline in growth in Turkey, from 5.1% in 2023 to 3.0% in 2024.[4)]
- There has been a slight improvement in growth momentum in the Middle East and North Africa (MENA) in 2024, with GDP expected to grow by 2.1% (2023: 1.9%) in the region. Growth of 2.8% is predicted for Morocco, which represents a decline from 3.4% in 2023. There are signs of a marked recovery in Tunisia, with forecast growth of 1.6% following zero growth in 2023. Egypt is also struggling with the impact of the conflict, a high level of debt and the depreciation of its national currency, which is expected to have pushed growth down to 2.7% in 2024 (2023: 3.8%).[5)]
- Economic growth in sub-Saharan Africa is expected to remain stable in 2024 at 3.6%, unchanged from 2023; however, the region faces a complex economic situation. Although extensive fiscal consolidation measures have stabilised the average debt ratio, it remains high. External positions have improved, and some countries have regained access to the international bond markets. However, debt servicing capacity remains limited and the rising debt burden reduces the resources available for investment in development. Nigeria is expected to record stable growth of 2.9% in 2024 (2023: 2.9%). Inflation is declining, and the agricultural and service sectors remain the key drivers of growth. Slightly higher growth of 1.1% is predicted for South Africa in 2024 (2023: 0.7%). The country is still suffering from chronic power shortages, although the severity of the power cuts has decreased.[6)]
- Latin America and the Caribbean is expected to record a slight decline in economic growth for 2024 to 2.1% (2023: 2.2%), as the sustained tight monetary policy and difficult global environment continue to weigh on the economy. However, inflation has been brought down. Whereas the strong labour market is supporting consumption, investment has stagnated and there is little export growth. Brazil is benefitting from a robust job market and less disruption from floods, leading to expected stable growth of 3.0% for 2024 (2023: 2.9%). In Mexico, on the other hand, a significant drop in growth is predicted, at 1.5% (2023: 3.2%). The main reasons for the subdued economic growth are weaker external demand and the restrictive monetary policy.[7)]

In 2024 DEG continued to fulfil its mandate as a development finance institution for the private sector by providing complementary services wherever long-term financing for private sector enterprises was not available on the market or was insufficient.

Business development

The 2024 financial year was another challenging year due to ongoing geopolitical and economic uncertainties. Despite difficult overall conditions, DEG significantly exceeded its development policy goals for 2024. This highlights the relevance of DEG's business model and the rising demand for impact / climate financing, which makes a contribution to closing the global financing gap.

Once again, DEG committed more funds for private sector enterprise investments in developing and emerging market countries in 2024 than in the previous year. New commitments amounted to EUR 2,470 million (own funds) in 2024, significantly exceeding the previous year's figure (2023: EUR 1,869 million).

As lead investor, DEG also mobilised EUR 583 million from development banks and institutional investors from the private sector (2023: EUR 613 million).

[1)] IMF World Economic Outlook (October 2024).

[2)] IMF World Economic Outlook (October 2024).

[3)] IMF World / Regional Economic Outlook Asia and Pacific (October 2024).

[4)] IMF World / Regional Economic Outlook Europe (October 2024).

[5)] IMF World / Regional Economic Outlook Middle East and Central Asia (October 2024).

[6)] IMF World / Regional Economic Outlook (October 2024).

[7)] IMF World / Regional Economic Outlook (October 2024).

The developmental impact of new business, measured using the DERa 2.0 score[1)], reached a baseline (commitment before current DEG investments) of 32 points in the year under review, which is expected to rise to a very good score of 45 points (five years after investment).

As at the reporting date of 31 December 2024, the portfolio had an average DERa 2.0 score of 35 points, thus exceeding the target DERa score of 32 points that was agreed as a key financial performance indicator for 2024. Despite many uncertainties and volatility in the markets, the figures reflecting the portfolio's developmental impact remain very good and stable.

Net income before taxes under IFRS is the second key financial performance indicator. The net income for the year under IFRS was EUR 105 million as of the 31 December 2024 reporting date (2023: EUR 93 million), slightly above the projected EUR 102 million.

The committed volumes ranged from the single-digit millions to high-volume commitments of up to EUR 60 million, or even considerably more in some cases. The volume of commitments (total of commitments disbursed and new commitments on own account approved but not yet disbursed) increased to EUR 11.6 billion at the end of 2024 (2023: EUR 10.3 billion).

DEG committed financing for 86 projects in the year under review (2023: 83). The largest proportion of new commitments (47%) was allocated to the "Corporates" customer cluster (EUR 1,165 million). Commitments for "Financial institutions" amounted to EUR 697 million and for "Funds" to EUR 399 million. The "Project financing" customer cluster received commitments of EUR 209 million in 2024 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, such as 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 545 million in 2024 (2023: EUR 516 million). In addition, DEG provided funding to European companies for investments in Africa, Latin America, Asia and Ukraine via the "ImpactConnect" programme, which is financed by the Federal Ministry for Economic Cooperation and Development (BMZ). Around EUR 74 million was committed for 19 projects in the 2024 financial year (2023: EUR 45 million).

Of the newly committed financing, EUR 946 million went to small and medium-sized enterprises (SMEs) in 2024 (2023: EUR 691 million). A total of EUR 552 million (2023: EUR 591 million) was committed for risk capital financing (participating interests and loans with equity features) in 2024.

Projects that promote climate action and environmental protection received EUR 1,195 million of new commitments in 2024 (2023: EUR 680 million), with investments in climate action accounting for EUR 703 million of that sum (2023: EUR 301 million). This enabled a major year-on-year increase in the volume of climate and environment financing in line with the business strategy.

By continent, commitments for projects in Latin America accounted for the lion's share of new business at EUR 795 million, followed by the Africa / North Africa / Middle East region at EUR 609 million and Asia at EUR 535 million. New commitments for Europe stood at EUR 432 million, and supraregional commitments totalled EUR 98 million.

Lendings accounted for EUR 2,053 million of DEG's new commitments (2023: EUR 1,393 million), of which EUR 135 million was arranged as loans with equity features (2023: EUR 116 million). At EUR 417 million, equity participations were lower than in the previous year (2023: EUR 476 million).

[1)] DERa 2.0 scale: <= -1 inadequate, 0-14 poor, 15-29 satisfactory, 30-44 good, 45-59 very good, >= 60 outstanding; 32 DERa 2.0 points are equivalent to 75 points under DERa 1.0.

New commitments by customer cluster in EUR millions

Year	Corporates	Financial institutions	Funds	Project financing	Total
2024	1,165	697	399	209	**2,470**
2023	428	737	468	237	**1,869**

New commitments by region in EUR millions

Year	Asia	Latin America	Africa/MENA[2)]	Europe/ Caucasus	Supraregional investments	Total
2024	535	795	609	432.5	98	**2,470**
2023	421	838	388	94	128	**1,869**

[2)] Middle East and North Africa = MENA.

A total of 69% of DEG financing was committed in USD in 2024. In total, lendings and participating interests in USD were equivalent to EUR 1,560 million (2023: EUR 1,595 million). Newly committed financing in local currencies totalled EUR 146 million (2023: EUR 60 million).

Disbursements on own account amounted to EUR 1,993 million in 2024, up on the previous year's figure of EUR 1,707 million.

The commitment volume was distributed across 720 commitments in 72 partner countries as at the end of 2024 (2023: 691 and 71).

STATUS REPORT

For ease of comparison, the prior-year figures on assets, liabilities, financial position and financial performance in the sections below on the earnings situation, net assets and financial position are presented pursuant to the classifications of section 2(1) of the German Regulation on the Accounting of Banks, Financial Services Institutions and Investment Firms (Verordnung über die Rechnungslegung der Kreditinstitute, Finanzdienstleistungsinstitute und Wertpapierinstitute, RechKredV). A detailed reconciliation and explanation is provided in section (2) of the Notes, Changes to accounting policies.

Earnings situation

DEG increased its operating result[1] by EUR 6 million in financial year 2024, despite the aforementioned global challenges. DEG's net result for the year was significantly affected by its transition to the group's accounting policies. These non-recurring first-time application effects resulted in the disclosure of a net loss for the financial year of EUR -17 million (previous year: net income of EUR 62 million). An adjustment for the negative effects of the transition in the amount EUR 85 million (presented in detail in section (2) of the Notes, Changes to accounting policies) results in adjusted net income for the financial year of EUR 68 million.

Net interest income declined by EUR -36 million (-20.0%) to EUR 142 million, due to the change in accounting treatment of front-end fees received in the credit business (EUR -32 million) and the change in presentation of currency hedging costs (EUR -26 million). Currency hedging costs were reported in other operating income in the previous year. Excluding these two transition effects, net interest income increased year on year, due primarily to the increase in the loan portfolio.

Current income from dividends of EUR 39 million is down on the previous year by EUR -8 million. This was attributable to the profitable sale of distributing participating interests and to participating interests not making distributions this year.

General administrative expenses (including depreciation, amortisation and adjustments for impairment of tangible and intangible assets) increased by EUR 12 million (8.0%) to EUR 159 million. This was primarily attributable (EUR 11 million or 12.5%) to increases in personnel and salary increases due to increases in collective agreements. The increase in

[1] Net loss for the year adjusted for the non-recurring effects from the transition of accounting policies.

Income statement – economic presentation

In EUR million	31.12.2024	31.12.2023
Net interest income	142	178
Current income	39	47
Net commission income	1	3
General administrative expenses[2]	-159	-147
Other operating income[3]	-82	-19
Operating result before risk provision/valuation	**-58**	**61**
Valuations from securities and investments	74	21
Risk provisions for the credit business	-14	12
Result from risk provisions and valuations	**60**	**33**
Income / loss from operating activities before taxes	**3**	**94**
Taxes[4]	-20	-32
Net loss / income for the year	**-17**	**62**

[2] Itemised in the income statement as "General administrative expenses" and "Depreciation, amortisation and adjustments for impairment of tangible and intangible assets".

[3] Itemised in the income statement as "Other operating income" and "Other operating expenses".

[4] Itemised in the income statement as "Taxes on income" and "Other taxes".

non-staff costs of EUR 3 million (4.5%) was of minor importance and was offset by a reduction of EUR 2 million in depreciation, amortisation and adjustments for impairment of tangible and intangible assets.

The Other operating result amounted to a loss of EUR -82 million, which was significantly lower than in the previous year. This item primarily comprises the result from foreign currency translation and valuation, a loss of EUR -95 million. The appreciation of the US dollar has had a noticeable impact year on year. A direct year-on-year comparison is not informative due to the change in accounting policies (liquidation of valuation units for currency hedging in the participating interests portfolio).

The result from Valuations from securities and investments was almost exclusively attributable to the result from participating interests, which increased to EUR 74 million in the reporting year. This comprised a valuation result of EUR 36 million and a result from (partial) disposals of EUR 38 million, which was satisfactory given the difficult market environment. The appreciation of the US dollar had a significant effect on valuations.

Risk provisions for the credit business resulted in expenses of EUR -14 million in the year under review, composed of costs for credit insurance of EUR -8 million and net recognition of loan loss provisions in the amount of EUR -6 million. The increase in credit risk provisions is attributable to growth in the volume of lending and the consideration of potential risks associated with geopolitical economic developments. Recoveries of loans written off amounted to EUR 1 million.

Net assets

Business volume (balance sheet total plus irrevocable loan commitments) increased by EUR 1,175 million year on year to EUR 10,192 million.

DEG's on-balance sheet lending volume amounts to EUR 5,843 million as of 31 December 2024, of which 42.0% is attributable to loans and advances to banks (EUR 2,461 million) and 58.0% to loans advances to customers (EUR 3,382 million). The lending volume is EUR 503 million (9.4%) higher than the prior-year figure (EUR 5,339 million) due to the positive new business development and the stronger US dollar at the reporting date compared to the previous year. The book value of securitised customer receivables, recognised under bonds and other fixed-income securities, rose by EUR 195 million to EUR 435 million due to the expansion in business volume. In addition, off-balance sheet credit business, comprising off-balance sheet irrevocable loan commitments, rose by EUR 354 million or 44.7%.

The volume of participating interests increased by EUR 163 million to EUR 2,266 million during the financial year. The participating interests portfolio is made up of fund investments of EUR 1,569 million (previous year: EUR 1,453 million), recognised under shares and other non-fixed-income securities, and direct investments of EUR 697 million (previous year: EUR 651 million), recognised under participating interests. The increase is attributable to investments in new participating interests and the revaluation of existing participating interests.

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

Financial position

DEG covers its refinancing requirements by borrowing from KfW (debt capital) and through equity. 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 raised debt capital from KfW in the form of promissory note loans in the amount of EUR 3,368 million (previous year: EUR 2,878 million) and time deposits in the amount of EUR 2,348 million (previous year: EUR 2,024 million). In addition to debt capital, the disbursements for loans, securities and participating interests are funded through cash inflows from loan repayments, disposals of participating interests and the cash operating result.

DEG's balance sheet equity declined to EUR 2,562 million in the year under review due to the net loss reported for the year of EUR -17 million. It comprises subscribed capital (share capital) of EUR 750 million, retained earnings of EUR 1,829 million and the net loss for the financial year. Retained earnings related entirely to undistributed profits from the preceding years.

The equity ratio (ratio of equity to balance sheet total) declined from 31.4% to 28.3%, primarily as a result of the increase in the balance sheet total, but remains in a healthy range.

DEG was solvent at all times in financial year 2024.

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 2015 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. Given that its business model is focused on the private sector, DEG is ideally positioned to support its customers, particularly in developing and emerging market countries with sustained positive economic performance, with their transformations.

Private sector companies also play a key role in developing and emerging market countries when it comes to dealing with global challenges, particularly climate change. Supporting its customers in the climate-friendly transformation of their business activities is a major component in reducing the GHG intensity of its portfolio and thereby maintaining a carbon reduction pathway pursuant to the Paris Agreement.

As a development finance institution for the private sector, DEG regularly analyses changes in the market, megatrends, macroeconomic and geopolitical developments and the resulting business opportunities in developing and emerging market countries. These topics are examined 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. DEG is pursuing a systematic modernisation approach for its own future viability, with a major focus on refining the DEG business model based on the strategic Impact.Climate.Returns. mission statement. Key milestones have already been achieved, including the introduction of DERa 2.0, the carbon reduction pathway in the portfolio and the focussed expansion of transformation support services for DEG customers. Other priorities in the ongoing development of the organisation include agile and digital transformation and consistent professionalisation of institutional processes.

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 climate / 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 BSS and other promotional programmes on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) ("Partners in Transformation"), it is able to offer companies needs-based consultancy solutions, resources and know-how for effective development measures aimed at facilitating sustainable transformation. Continued high demand for these additional services, which extend beyond merely providing liquidity, increase the developmental impact of DEG's financing, and thus also help to achieve its strategic goals and improve the risk profile of its portfolio. DEG subsidiary DEG Impulse is focussed on these advisory and promotional services and facilitates the targeted expansion of these important services for the transformation of companies.

DEG also sees additional potential in supporting German business abroad. The much-in-demand promotional programme "ImpactConnect" for German and other European medium-sized businesses facilitates more entrepreneurial investment in developing and emerging market countries, primarily in Africa, by offering attractive lending conditions, with a focus on the developmental and transformative effects of the co-financed projects.

DEG works through another subsidiary, DEG Impact GmbH, to mobilise additional private capital for private sector development in developing and emerging market countries by providing expert investment advice. DEG Impact offers services such as investment advice and brokerage, fund audits and consultancy services. The additional services offered by DEG's subsidiaries can consolidate DEG's role as impact investor and reinforce its development impact by mobilising capital and providing fast and innovative product developments. 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 2024 despite the prevailing global polycrisis (including Russia's war of aggression on Ukraine, the Middle East conflict, government debt and the climate crisis). The systematic pursuit of the Impact.Climate.Returns. strategy and the high new commitment volume had a positive effect on risk diversification and the quality of DEG's portfolio. At the same time, the high volume of new commitments and higher volatility of market values (e.g. USD exchange rate and the value of DEG's participating interests) in risk measurement resulted in higher capital requirements in 2024, which caused a slight decline in risk-bearing capacity during the financial year. Existing uncertainties regarding global political developments and the effects of the polycrisis on DEG's risk situation are continuously monitored through risk controlling and credit management processes, with regular reports provided to the Management Board and Supervisory Board of DEG.

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 voluntarily 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 section 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 central tax function, specifically the Tax Compliance Officer, monitors compliance with tax law requirements with respect to meeting DEG's tax obligations correctly and on time. Tax compliance is ensured through appropriate policies and processes, and separate second line controls for tax purposes. The central tax function also advises the specialist departments on identifying and mitigating tax risks. The remaining functions presented here are unaffected. All 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 risk-bearing capacity from an economic and Pillar 1 perspective every 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 2024, DEG's economic coverage ratio was 155.6% (31 December 2023: 168.7%).

The regulatory minimum requirement for DEG's Pillar 1 ratio in 2024 was 10.6% (31 December 2023: 10.6%). 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 2024. 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. DEG reported a Pillar 1 ratio of 16.6% as of the reporting date of 31 December 2024 (31 December 2023: 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 rose, due primarily to the larger than expected volume of new business and higher volatility of market values. The available financial resources increased to a lesser extent, meaning that the economic coverage ratio fell from 168.7% in the previous year to 155.6%. The Pillar 1 ratio fell from 17.8% to 16.6%.

Economic and regulatory risk-bearing capacity was ensured at all reported dates in 2024.

Overarching risks

By definition, overarching risk types affect one or more capital or liquidity risks at the same time and materialise accordingly within these risk types. DEG's risk inventory identified concentration risk, regulatory risk and model risk as material overarching risks. Overarching ESG risks are also included as risk drivers for existing risk types. In line with their regulatory treatment, they do not represent a separate risk type in the DEG risk universe.

Concentration risk

Concentration risk refers to the risk of negative effects on the company's net assets, earnings and liquidity position 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.

Risk-bearing capacity

EUR million	31.12.2024	31.12.2023
Economic capital requirement	**1,921.1**	**1,730.3**
of which credit risks	**728.0**	**716.7**
of which participation risks	**657.9**	**576.7**
of which market price risks	**388.2**	**318.1**
of which interest rate risks	144.9	108.3
of which foreign currency risks	365.0	307.5
of which credit spread risks	43.1	0
of which operational risks	**59.0**	**44.9**
of which model buffers	**88.0**	**74.0**
Economic risk coverage	**2,988.8**	**2,919.3**
Unrestricted equity	**1,067.7**	**1,189.0**

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 credit business in terms of margins on individual commitments, sectors or regions. Moreover, adequate diversification is ensured by limiting countries, security providers, individual counterparties, groups of connected clients and sectors. 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 and liquidity position 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. These two directions of effect are defined as follows:

1st direction of effect: The risk perspective – also known as the outside-in perspective.
In the outside-in perspective, ESG risks act as a risk driver for typical banking risk types and thus potentially also for DEG's net assets, earnings and liquidity position. The focus is on financial materiality in terms of risk to the bank.

2nd direction of effect: The impact perspective – also known as the inside-out perspective.
In the inside-out perspective, DEG financing has a (positive or negative) impact on ESG matters. The focus is on environmental, social and governance materiality in terms of the achieved impact.

ESG risks are defined uniformly throughout KfW Group. Environmental risks from environmental events and conditions break down into five environmental categories:
1) physical climate and environmental risks;
2) transition climate risks;
3) pollution;
4) water and
5) ecosystems.
Social risks relate to the rights, wellbeing and interests of people and communities. As regards companies, these can generally be allocated to one of two larger types: those that originate from within the company (such as how a company handles its healthcare practices), and those caused by external factors (such as demographic change). Governance risks exist in connection with the principles of organisational leadership in general, and in particular with management and control structures of organisations, and the relationships of organisations with various stakeholders.

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, and the development contributions of DEG and its customers, including to the Sustainable Development Goals (SDGs), are measured using the Development Effectiveness Ratings (DERa). In the outside-in perspective, an ESG risk profile is created as part of the rating process.

At portfolio level, ESG risks are currently managed based on a group-wide exclusion list of customers in certain sectors and using sector guidelines. The latter serve Paris Agreement-aligned management of business commitments to ensure that they follow a pre-defined carbon reduction pathway. At individual transaction and business partner level, this is primarily performed using the ESG risk measurement tools described above.

Model risk

This describes the risk of a negative impact on the company's net assets, earnings and liquidity position arising from flaws and errors in the models used. Examples of model risks include an incomplete or inadequate model design, statistical estimation uncertainty and incorrect model parameters. Model risks are reflected in the risk quantification of the distinct risk type (e.g. credit or market price risk).

All models used at DEG are identified and recorded with the relevant information in the annual model inventory. The listed models are required to be validated in line with a fixed schedule, which is determined by the materiality of the model. The provisions of the "Organisation of model changes" guidelines also require initial validation of material changes or new developments of models prior to rollout. The respective validation processes identify, analyse and assess model deficiencies.

The deficiencies identified in the validation processes are addressed through recommendations for action, recorded in a central action recommendation list and monitored regularly. Deadlines are set to ensure recommended actions are implemented . Until the relevant refinements are made, quantifiable effects are taken into account based on impact analyses by means of a method buffer in the distinct risk type or the risk-bearing capacity calculation. DEG thus addresses known model risks by making ongoing refinements to the models used, or temporarily with a method buffer.

Potential losses arising due to materialisation of model uncertainties are also taken into account by including appropriate safety margins in the respective models or estimates.

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 2024 at DEG were credit risk (counterparty default risk including migration risk), participation risk, market price risk (interest rate, credit spread and foreign currency risk), liquidity risk (insolvency risk), operational risk (compliance, information security, legal and business continuity risk), and the overarching risks of concentration risk, regulatory risk and model 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).

Reputation risk was classified as a non-material risk type. Nonetheless, given public perception in the context of ethical, governance and compliance standards, great importance is attached to reputation risk, and risk management measures taken accordingly.

Credit and participation risk

Credit risk describes the risk of a negative impact on the company's net assets, earnings and liquidity position 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 and liquidity position and other damage arising from the direct and / or indirect provision of equity or products with equity features to third parties and 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 (six regions with shares ranging from 3.4% to 26.7%).

Measured by industry segment, there were concentrations mainly in financing of banks (share as of 31 December 2024: 26.8%) and utility companies (share as of 31 December 2024: 12.4%). To curb such concentrations, DEG has defined country-level limits for these industries. Funds (share as of 31 December 2024: 33.0%) do not have a separate limit due to their diversified structure.

DEG's limit system reduces potential losses for individual parties (including counterparties and issuers), countries, sectors, groups of connected clients, and security providers, 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 group-wide 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 governance. 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. Intensive attention applies from a rating of M16 or a score of 1 to 3 onwards. This includes closer supervision of the commitment, as well as measures designed to safeguard the assets. In the loans 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 restructure or wind up the commitment, but not necessarily to liquidate 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 2024. As of 31 December 2024, the non-performing commitments amounted to EUR 612.8 million (5.3% of the portfolio), which represented a reduction of EUR 158.6 million compared with 31 December 2023 (EUR 771.4 million or 7.5% 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 loan loss provision based on the expected loss. Additional remarks describing the method for establishing risk provisions 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 Gordy and Lütkebohmert's method to quantify credit and participation risk for the purposes of 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 exposure at the default date, on individual business partner 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 1,385.9 million in total as of 31 December 2024 (31 December 2023: EUR 1,293.4 million).

Market price risk

Market price risk refers to the risk of a negative impact on the company's net assets, earnings and liquidity position due to an adverse change in market prices. Risk subtypes of market price risks that are material to DEG are interest rate risk, foreign currency risk and credit spread risk. The diversification between material risk subtypes 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, foreign currency and credit spread risk based on the economic capital concept applied throughout the group. The corresponding amount of capital required is quantified across all material market price risk sub-types using a VaR approach. This includes the entire DEG portfolio in a historical simulation based on a full curve approach.

The economic capital requirement for market price risk at DEG totals EUR 388.2 million as of 31 December 2024 (31 December 2023: EUR 318.1 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 and liquidity position due to an unfavourable change in the interest rate structure (parallel or non-parallel interest rate change 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 income statement. Open positions in other currencies are closed where possible.

Interest rate risks are managed primarily using a present value approach (economic perspective). The earnings perspective (net interest income or NII perspective) is also an important condition. The economic perspective accordingly limits present value losses by means of an ECAP budget, whereas the NII perspective investigates the effects of interest rate change scenarios on net interest income. In addition, for operational management purposes, upper and lower limits for interest rate sensitivity are set in EUR and USD in order to limit present value losses in the portfolio exposed to interest rate risk.

b) Foreign currency risk

Foreign currency risk refers to the risk of a negative impact on the company's net assets, earnings and liquidity position 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 allocated ECAP budget.

In hedging, DEG differentiates between loans and participating interests, and between USD and local currency risks. In the credit business, foreign currency risks from nominal amounts and interest payments are generally hedged. All USD risks are managed and closed out as a single position. Similarly to the KfW procedure, cumulative margins are sold forward as part of a stop loss and take profit strategy. Local currency risks including margins are economically hedged at a 1:1 ratio. Loans are granted solely in currencies which, in accordance with the current product catalogue, are permitted, and can therefore be hedged.

Foreign currency risks from 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 the costs of hedging are proportionate to the risk. 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. Local currencies that are highly correlated to the USD (after look-through) are also hedged using USD instruments in order to strengthen risk-bearing capacity, provided that correlation of the USD to the local currencies is sufficiently high and stable. Basis risks arising from the mismatch between the currency of the underlying and the currency of the hedging instruments are monitored. Generally, the remaining local currency risks are not hedged due to the criteria explained above, but they are limited via the maximum ECAP budget set.

c) Credit spread risk

Credit spread risk refers to risk of a negative impact on the company's net assets, earnings and liquidity position due to increases in credit spreads not caused by ratings, which lead to losses in the securities portfolio. In principle, this also includes all risks resulting from changes in volatility.

DEG enters into credit spread risks when it purchases bonds, registered bonds and loans measured at fair value (in accordance with IFRS accounting) to fulfil its development mandate. It does not actively enter into transactions for the purpose of generating income from price changes.

Credit spread risks are managed primarily using a present value approach (economic perspective). Present value losses caused by increased credit spreads must not exceed the allocated ECAP budget and are monitored as part of regular risk reporting. The earnings perspective (NII perspective) also examines decreases in net interest income in hypothetical stress scenarios.

Whereas there are hedging instruments that can fully or partially hedge interest rate and foreign currency risks, there are no hedging instruments for credit spread risks.

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 and the related risks. However, DEG takes direct responsibility for the measurement and management of its own liquidity.

Liquidity risk is actively managed by maintaining sufficient liquidity potential at all times (including for stress and worst case scenarios) to limit liquidity shortages. A liquidity buffer is maintained at individual institution level to avoid temporary short-term liquidity shortages. A liquidity risk indicator is also calculated and used to monitor and manage long-term liquidity.

Operational risk

Operational risk refers to the risk of a negative impact on the company's net assets, earnings and liquidity position that may occur due to human error, failure of internal processes or systems, or external events. At DEG, the risk subtypes of compliance risk, information security risk, legal risk and business continuity 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 ongoing identification of loss events that have occurred. Provided they are above a minimum level of EUR 20,000, 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.

OUTLOOK

The stress factors that shaped the global economy in 2023 and 2024 are still relevant in 2025. These include the ongoing effects from the Russia-Ukraine war, the escalated Middle East conflict, persistently high core inflation and the after-effects of the global interest rate hikes of recent years. Moreover, many countries have reacted to external competition and structural weakness with industrial and trade policy measures to protect their labour markets and industries.

However, there have also been positive developments. Following a marked decline in global inflation, interest rate cuts were introduced around the world in the second half of 2024, spearheaded by the eurozone and the USA. Whether and to what extent this will continue in 2025 depends on further developments in the economy and inflation. Lower key interest rates generally improve financing conditions, boost consumption and investment and thus help to revive international trade and cross-border investment.[1)]

Global economic output is expected to remain at a moderate level in 2025, with forecast growth of 3.2% (2024: also 3.2%). However, some low-income countries are experiencing significant downward revisions to their growth forecasts, often due to escalated conflicts and crises. The combination of persistently high levels of debt and weak growth prospects in many developing and emerging market countries – again, particularly low-income countries – remains a challenge in terms of securing debt sustainability.[1)]

The IMF predicts lower growth of 2.2% in the USA for 2025 (2024: 2.8%), but a moderate increase for the eurozone from 0.8% in 2024 to 1.2%. The IMF expects growth in developing and emerging market countries to remain stable at 4.2%, unchanged from 2024.[3)]

The following economic developments are anticipated in DEG's important partner countries and regions:

- Growth of 5.0% is predicted in Asian developing and emerging market countries for 2025 (2024: 5.3%), meaning that the region continues to record the highest growth in the world. However, economic growth in China is expected to slow from 4.8% in the previous year to 4.5%. Problems in the real estate sector and tight local government budgets remain stress factors, and new trade conflicts with the USA could hamper growth. India is predicted to achieve economic growth of 6.5% in 2025, which represents a year-on-year decline (2024: 7.0%). The main growth drivers remain the service sector and industry, while declining consumption and investment could subdue growth. Stable economic growth of 4.5% is predicted for the ASEAN-5 countries (Indonesia, Malaysia, Philippines, Thailand and Singapore), unchanged from 2024. Growth in countries in that region that export electronics could be particularly dynamic. Overall, the forecasts point to continued robust economic development in parts of Asia, albeit with regional challenges.[4)]
- Moderate growth of 2.2% is expected for Europe's developing and emerging market countries in 2025, which represents a year-on-year decline (2024: 3.2%). The greatest risks for these countries include political uncertainties and potential geopolitical shocks that could exert additional pressure on economic development. The IMF currently predicts growth of 2.5% in Ukraine in 2025 (2024: 3.0%). Economic growth in Turkey remains hampered by continued high inflation and a more restrictive monetary policy. Growth of 2.7% is forecast for 2025, compared with 3.0% in the previous year.[5)]
- Economies in the Middle East and North Africa (MENA) are expected to grow by 4.0% in 2025, despite the ongoing Israel-Gaza conflict, representing a significant year-on-year increase (2024: 2.1%). Higher economic growth of 4.1% is predicted for Egypt in 2025 (2024: 2.7%), due in part to declining inflation and shrinking debt. If the Israel-Gaza conflict abates and implementation of economic reforms continues on a consistent basis, Egypt could even expect growth rates above 5% in the medium term. The economic growth of 1.6% forecast for Tunisia in 2025 is stable year on year. Although the country's economy is broadly diversified, several key sectors, such as tourism, the phosphate industry and energy, are prone to external risks. A potential economic slowdown in Europe and the ongoing political unrest are particular challenges. Recurring labour strikes are also detrimental to production capacities in these sectors.[6)]
- Higher economic growth of 4.2% has been forecast for sub-Saharan Africa in 2025 (2024: 3.6%). South Africa is expected to achieve growth of 1.5% in 2025, compared with 1.1% in 2024. The declining frequency of power cuts due to increased capacity may have a positive effect on industrial production. Growth in Nigeria is predicted to rise to 3.2% (2024: 2.9%). Lower inflation combined with looser monetary policy could further boost the economic recovery.[7)]
- Economic growth in Latin America and the Caribbean is expected to increase from 2.1% in 2024 to 2.5% in 2025. A slight decline in growth to 1.3% is predicted for Mexico (2024: 1.5%). Whereas in the past, trade and investment relations with the USA provided stability, new trade conflicts could arise under the new US administration in 2025. Growth in Brazil is forecast to decrease to 2.2% (2024: 3.0%). Monetary tightening is affecting both consumption and investment, and the sluggish progress with growth-inducing reforms and low labour productivity are hampering growth.[8)]

The forecasts are subject to many uncertainties overall. Significant factors include
(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 consequences of the global climate crisis. These issues will have a substantial impact on global economic development.

1), 2), 3) IMF World Economic Outlook (October 2024).

4), 5), 6), 7), 8) IMF World Economic Outlook (October 2024) / Economist Intelligence Unit (November 2024).

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

Corporate outlook

With its Impact.Climate.Returns. business strategy, DEG continues to position itself as an impact and climate financier for forward-looking companies seeking support with their environmental, social and economic 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 2.0, and achieving a sustainable annual net income 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 approach and introduce the Strategic Portfolio Performance Management plan.

The DERa 2.0 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 with respect to 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 2.0 score for 2025 is expected to be 32 points.[1)]

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

After 2024 proved to be an economically good but also challenging year, DEG plans to achieve a profit before taxes under IFRS of EUR 106 million for 2025 (2024: EUR 102 million).

The commitment exposure is expected to grow in 2025 as new commitments will exceed repayments. With regard to new business, DEG is aiming for a commitment volume of EUR 2 billion in 2025.

Based on this business performance, DEG expects to achieve net interest income pursuant to IFRS of EUR 202 million for 2025. There will be only a moderate increase in administrative expenses. Loan loss provisions are expected to normalise at the level of standard risk costs following large net reversals in 2024. A significant increase is expected in valuations of participating interests in 2025 following a subdued 2024.

[1)] DERa 2.0 scale: <= -1 inadequate, 0-14 poor, 15-29 satisfactory, 30-44 good, 45-59 very good, >= 60 outstanding; 32 DERa 2.0 points are equivalent to 75 points under DERa 1.0.

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DEG balance sheet as at 31.12.2024

Assets (in EUR k)	Notes	31.12.2024				31.12.2023
Cash reserves						
a) Cash in hand				0		0
b) Balances with central banks				0		0
of which: with the Deutsche Bundesbank		0				0
c) Balances with postal giro offices				0		0
					0	0
Loans and advances to banks	**(5)**					
a) Due on demand				83,905		220,547
b) Other receivables				2,377,049		2,211,810
					2,460,954	**2,432,358**
Loans and advances to customers	**(6)**				**3,381,655**	**2,907,118**
of which: secured by mortgages over immovable assets		0				0
of which: municipal loans		0				0
Bonds and other fixed-income securities	**(7) (12)**					
a) Money market instruments						
aa) of public issuers			0			0
of which: eligible as collateral with Deutsche Bundesbank		0				0
ab) of other issuers			0			0
of which: eligible as collateral with Deutsche Bundesbank		0				0
				0		0
b) Bonds and debt securities						
ba) of public issuers			2,539			2,551
of which: eligible as collateral with Deutsche Bundesbank		2,539				2,551
bb) of other issuers			435,048			240,037
of which: eligible as collateral with Deutsche Bundesbank		0				0
				437,587		242,587
c) Own debt securities				0		0
Nominal value		0				0
					437,587	**242,587**
Shares and other non-fixed income securities	**(8) (12)**				**1,569,206**	**1,452,884**
Participating interests	**(9) (12)**				**697,200**	**650,690**
of which: in banks		39,376				45,234
of which: in financial services institutions		370,537				299,595
of which: in investment firms		70,561				83,639
Shares in affiliated enterprises	**(10) (12)**				**4,449**	**4,449**
of which: in banks		0				0
of which: in financial services institutions		0				0
of which: in investment firms		1,449				1,449
Assets held in trust	**(11)**				**414,731**	**404,890**
of which: loans held in trust		5,338				5,576

DEG balance sheet as at 31.12.2024

Assets (in EUR k)	**Notes**			**31.12.2024**		**31.12.2023**
Intangible assets	**(12)**					
a) Internally generated industrial property rights and similar rights and assets				0		0
b) Purchased concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets				824		1,444
c) Goodwill				0		0
d) Payments in advance				369		409
					1,193	**1,853**
Tangible assets	**(12)**				**73,223**	**74,617**
Other assets	**(13)**				**3,487**	**51,132**
Prepaid expenses	**(14)**				**1,811**	**2,386**
Total assets					**9,045,496**	**8,224,964**

DEG balance sheet as at 31.12.2024

Liabilities (in EUR k)	Notes	31.12.2024				31.12.2023
Liabilities to banks	**(15)**					
a) Due on demand				1,138		110,590
b) With agreed term or period of notice				5,720,893		4,803,446
					5,722,031	**4,914,036**
Liabilities to customers	**(16)**					
a) Savings deposits						
aa) with agreed period of notice of three months			0			0
ab) with agreed period of notice of more than three months			0			0
				0		0
b) Other liabilities						
ba) due on demand			0			0
bb) with agreed term or period of notice			5,734			37,191
				5,734		37,191
					5,734	**37,191**
Liabilities held in trust	**(17)**				**414,731**	**404,890**
of which: loans held in trust		5,338				5,576
Other liabilities	**(18)**				**70,241**	**17,759**
Deferred income	**(19)**				**32,097**	**0**
Provisions	**(20)**					
a) Provisions for pensions and similar obligations				178,355		171,723
b) Tax provisions				22,644		18,450
c) Other provisions				37,993		81,901
					238,993	**272,074**
Equity						
a) Called capital						
subscribed capital			750,000			750,000
less uncalled outstanding contributions			0			0
				750,000		750,000
b) Capital reserve				0		0
c) Retained earnings						
ca) legal reserve			0			0
cb) reserve for shares in a company in which a controlling or majority stake is held			0			0
cc) statutory reserves			0			0
cd) other retained earnings			1,829,013			1,766,872
				1,829,013		1,766,872
d) Net loss / income for the financial year	**(26)**			-17,344		62,141
					2,561,669	**2,579,013**
Total liabilities and equity					**9,045,496**	**8,224,964**

DEG balance sheet as at 31.12.2024

Liabilities (in EUR k)	Notes	31.12.2024				31.12.2023
Contingent liabilities						
a) from the endorsement of rediscounted bills				0		0
b) from financial sureties and warranties				0		0
c) from the granting of security for third-party liabilities				0		0
					0	**0**
Other commitments						0
a) Commitments under reverse repurchase agreements				0		0
b) Placement and underwriting commitments				0		0
c) Irrevocable loan commitments	**(21)**			1,146,215		792,117
					1,146,215	**792,117**

Income statement of DEG for the period from 01.01.2024 to 31.12.2024

In EUR k	Notes	01.01.-31.12.2024				2023
Interest income from	**(23)**					
a) Lending and money market transactions		386,288				423,006
less negative interest from lending and money market transactions		0				0
			386,288			423,006
b) Fixed-income securities and debt register claims		26,845				
less negative interest from fixed-income securities and debt register claims		0				0
			26,845			17,931
				413,133		440,938
Interest expenses	**(23)**	270,951				263,243
less positive interest from banking business		0				0
				270,951		263,243
					142,182	**177,695**
Current income from						
a) Shares and other non-fixed income securities				20,482		14,568
b) Participating interests				18,572		32,228
c) Shares in affiliated enterprises				0		0
					39,055	**46,796**
Commission income				12,397		11,063
Commission expense				11,080		7,873
					1,317	**3,191**
Other operating income	**(25)**				**16,461**	**77,530**
General administrative expenses						
a) Staff costs						
aa) wages and salaries			72,973			67,407
ab) social security, pensions and other benefits			23,386			18,272
for pension provisions		12,882				7,997
				96,359		85,679
b) Other administrative expenses				58,497		55,979
					154,856	**141,658**
Depreciation, amortisation and adjustments for impairment of tangible and intangible assets					**3,759**	**5,558**
Other operating expenses	**(24)**				**98,063**	**96,554**
Write-downs and adjustments for impairment of receivables and certain securities and additions to loan loss provisions					**13,817**	**0**

Income statement of DEG for the period from 01.01.2024 to 31.12.2024

In EUR k	Notes	01.01.-31.12.2024				2023
Income from reversals of write-downs of receivables and certain securities and from the reversal of loan loss provisions					0	20,658
Write-downs and adjustments for impairment of participating interests, shares in affiliated enterprises and securities held as fixed assets					0	0
Income from reversals of write-downs of participating interests, shares in affiliated enterprises and securities held as fixed assets					74,062	12,232
Result from operating activities					2,580	94,331
Taxes on income					15,848	31,243
Other taxes not recognised in item 12					4,076	948
Net loss/income for the financial year	(26)				-17,344	62,141

NOTES

DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH is entered in the Commercial Register of Cologne Local Court:

Company number: HRB 1005
Company name: DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH
Registered office: Cologne

1. Basis of preparation

The annual financial statements of DEG have been prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch, HGB) and the German Regulation on the Accounting of Banks, Financial Services Institutions and Investment Firms (Verordnung über die Rechnungslegung der Kreditinstitute, Finanzdienstleistungsinstitute und Wertpapierinstitute, RechKredV).

DEG is a credit institution within the meaning of section 1(1) KWG because it operates credit business within the meaning of section 1(1) sentence 2 no. 2 KWG and guarantee business within the meaning of section 1(1) sentence 2 no. 8 KWG, and therefore falls under the scope of section 340(1) HGB. Due to an exemption issued by BaFin pursuant to section 2(4) KWG, DEG is revocably exempt from using the bank-specific accounting policies of section 340 ff. HGB and RechKredV. However, in order to present a true and fair view of its assets, liabilities, financial position and financial performance based on its banking activities, DEG is voluntarily applying the bank-specific policies in full from this reporting year. The resulting effects of the transition will be explained in the next section, Changes in accounting policies.

The figures in the tables below were calculated exactly and added up. The figures presented may not add up to the totals because of independent rounding. This may result in rounding differences. Actual zero amounts and amounts rounded to zero are presented as EUR 0 k or EUR 0 million.

2. Changes in accounting policies

During the reporting year DEG outsourced the preparation of its annual financial statements to its parent company, KfW, with the aim of unifying the processes and accounting polices used within KfW Group. Therefore, DEG has been using the accounting policies of KfW since 1 January 2024 and voluntarily applying the bank-specific provisions of section 340 ff. HGB and RechKredV. The associated changes in accounting policies mean a departure from the general principle of consistency of recognition and measurement. This is considered a justifiable exceptional case pursuant to section 252(2) HGB, as this will provide a better true and fair view of its assets, liabilities, financial position and financial performance in light of DEG's business activities as a credit institution.

The balance sheet and income statement of DEG as of 31 December 2024 including the prior-year figures have thus been prepared for the first time in accordance with section 2(1) RechKredV based on the classifications of template 1 (balance sheet) and template 3 (income statement in a vertical format). This means that comparison with the figures from the previous year's balance sheet and income statement as of 31 December 2023 is possible only to a limited extent. To ensure clarity and enable comparison of the balances shown pursuant to section 252(1) no. 1 HGB, the items of the balance sheet and the income statement have been reconciled from the previous classifications pursuant to section 266 HGB (balance sheet) and section 275 HGB (income statement) to the classifications pursuant to RechKredV.

Reconciliation of assets (balance sheet)

Assets (in EUR k)	31.12.2023	1.a) Cash reserves – Cash in hand	3.a) Loans and advances to banks – due on demand	3.b) Loans and advances to banks – other receivables	4. Loans and advances to customers	5.bb) Bonds and other fixed-income securities – from other issuers	6. Shares and other non-fixed income securities	7. Participating interests	8. Shares in affiliated enterprises	9. Assets held in trust	11.b) Intangible assets - Purchased concessions, industrial property rights and licenses	11.d) Intangible assets – Payments in advance	12. Tangible assets	14. Other assets	15. Prepaid expenses
A. Fixed assets	**7,427,628**														
I. Intangible assets	1,853														
1. Purchased industrial property rights and similar rights and assets, as well as licenses to such rights and assets	1,444										1,444				
2. Payments in advance	409											409			
II. Tangible assets	74,617														
1. Land and buildings	69,371												69,371		
2. Office equipment	4,829												4,829		
3. Payments in advance	417												417		
III. Long-term financial assets	7,351,158														
1. Investments in partner countries	7,104,927														
a) Participating interests	2,108,022						1,452,884	650,690	4,449						
b) Lendings to enterprises in which DEG has a participating interest	38,926				38,926										
c) Other lendings	4,957,978			2,183,500	2,774,478										
2. Other long-term financial assets	246,231														
a) Long-term securities	240,038					240,038									
b) Other lendings	6,193				6,193			0							
B. Current assets	**390,060**														
I. Receivables and other assets	168,491														
1. Receivables from investment activities	74,080			27,176	46,904										
2. Receivables from disposal of investments	3,993			1,134	2,860										
3. Receivables from consultancy and other services	2,871				2,871										
4. Other assets	87,547		1,528		34,887									51,132	
II. Other securities	2,549					2,549									
III. Cash in hand and balances with credit institutions	219,020	0	219,019												
C. Prepaid expenses	**2,386**														2,386
D. Assets held in trust	**404,890**									404,890					
Total assets	**8,224,964**	**0[1]**	**220,547**	**2,211,810**	**2,907,118**	**242,587**	**1,452,884**	**650,690**	**4,449**	**404,890**	**1,444**	**409**	**74,617**	**51,132**	**2,386**

31.12.2023 pursuant to RechKredV	First-time application effects	01.01.2024 pursuant to RechKredV	
0		**0**	**1. Cash reserves**
0[1]		0[1]	a) Cash in hand
0		0	b) Balances with central banks
0		0	c) Balances with postal giro offices
2,432,358		**2,365,105**	**3. Loans and advances to banks**
220,547	251	220,798	a) Due on demand
2,211,810	-67,503	2,144,307	b) Other receivables
2,907,118	14,333	**2,921,452**	**4. Loans and advances to customers**
242,587		**241,467**	**5. Bonds and other fixed-income securities**
0		0	a) Money market instruments
0		0	aa) of public issuers
0		0	ab) of other issuers
242,587		241,467	b) Bonds and debt securities
2,551	-2	2,548	ba) of public issuers
240,037	-1,118	238,919	bb) of other issuers
0		0	c) Own bonds
1,452,884		**1,452,884**	**6. Shares and other non-fixed income securities**
650,690		**650,690**	**7. Participating interests**
4,449		**4,449**	**8. Shares in affiliated enterprises**
404,890		**404,890**	**9. Assets held in trust**
1,853		**1,853**	**11. Intangible assets**
0		0	a) Internally generated industrial property rights and similar rights and assets
1,444		1,444	b) Purchased concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets
0		0	c) Goodwill
409		409	d) Payments in advance
74,617		**74,617**	**12. Tangible assets**
51,132	**-34,225**	**16,907**	**14. Other assets**
2,386	**-4**	**2,382**	**15. Prepaid expenses**
8,224,964	**-88,269**	**8,136,695**	**Total assets**

[1] Zero due to presentation in thousands.

Reconciliation of liabilities (balance sheet)

Liabilities (in EUR k)	31.12.2023	1.a) Liabilities to banks – due on demand	1.b) Liabilities to banks – with agreed term or period of notice	2.bb) Liabilities to customers – Other liabilities – with agreed term or period of notice	4. Liabilities held in trust	5. Other liabilities	7.a) Provisions – Provisions for pensions and similar obligations	7.b) Provisions – Tax provisions	7.c) Provisions – Other provisions	12.a) Equity – Called capital	12.cd) Equity – Retained earnings – Other retained earnings	12.d) Equity – Net loss	31.12.2023 adjusted	First-time application effects	01.01.2024 adjusted	
A. Equity	**2,579,013**												**4,914,036**		**4,948,523**	**1. Liabilities to banks**
I. Subscribed capital	750,000									750,000			110,590	-16	110,574	a) Due on demand
II. Retained earnings	1,766,872												4,803,446	34,502	4,837,948	b) With agreed term or period of notice
Other retained earnings	1,766,872												**37,191**		**1,983**	**2. Liabilities to customers**
as of 1 January	1,756,622												0		0	a) Savings deposits
Transfer from net income for financial year	10,250												0		0	aa) with agreed period of notice of three months
as of 31 December	1,766,872										1,766,872		0		0	ab) with agreed period of notice of more than three months
III. Net income for the year	62,141											62,141	37,191		1,983	b) Other liabilities
B. Provisions	**272,074**												0		0	ba) due on demand
1. Provisions for pensions and similar obligations	171,723						171,723						37,191	-35,209	1,983	bb) with agreed term or period of notice
2. Tax provisions	18,450							18,450					**404,890**		**404,890**	**4. Liabilities held in trust**
3. Other provisions	81,901								81,901				**17,759**	10,977	**28,736**	**5. Other liabilities**
C. Liabilities	**4,968,987**													24,575	**24,575**	**6. Deferred income**
1. Liabilities for financing investment activities	4,912,779	110,590	4,802,189										**272,074**		**234,043**	**7. Provisions**
2. Trade payables	321					321							171,723		171,723	a) Provisions for pensions and similar obligations
3. Other liabilities	55,887		1,257	37,191		17,438							18,450		18,450	b) Tax provisions
D. Liabilities for assets held in trust	**404,890**				404,890								81,901	-38,031	43,870	c) Other provisions
													2,579,013		**2,493,946**	**12. Equity**
													750,000		750,000	a) Called capital
													0		0	subscribed capital
													0		0	less uncalled outstanding contributions
													0		0	b) Capital reserve
													1,766,872		1,766,872	c) Retained earnings
													0		0	ca) Legal reserve
													0		0	cb) Reserve for shares in which a controlling or majority stake is held
													0		0	cc) Statutory reserves
													1,766,872		1,766,872	cd) Other retained earnings
													62,141	-85,067	-22,926	d) Net loss
	8,224,964	**110,590**	**4,803,446**	**37,191**	**404,890**	**17,759**	**171,723**	**18,450**	**81,901**	**750,000**	**1,766,872**	**62,141**	**8,224,964**	**-88,269**	**8,136,695**	**Total liabilities and equity**
													0		**0**	**1. Contingent liabilities**
													0		0	a) from the endorsement of rediscounted bills
													0		0	b) from financial sureties and warranties
													0		0	c) from the granting of security for third-party liabilities
													-792,117		**-792,117**	**2. Other commitments**
													0		0	a) Commitments under reverse repurchase agreements
													0		0	b) Placement and underwriting commitments
													-792,117		-792,117	c) Irrevocable loan commitments

Reconciliation of the income statement

In EUR k	01.01.-31.12.2023	1.a) Interest income from lending and money-market transactions	1.b) Interest income from fixed-income securities and debt register claims	2. Interest expenses	3.a) Current income from shares and other non-fixed-income securities	3.b) Current income from participating interests	5. Commission income	6. Commission expense	8. Other operating income	10.aa) General administrative expenses – Staff costs – Wages and salaries	10.ab) General administrative expenses – Staff costs - Social security, pensions and other employee benefits	10.b) General administrative expenses – Other administrative expenses	11. Depreciation, amortisation and adjustments for impairment of tangible and intangible assets	12. Other operating expenses	14. Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	16. Income from reversals of write-downs of participating interests, shares in affiliated enterprises and securities held as fixed assets	23. Taxes on income	24. Other taxes not recognised in item 12	01.01.-31.12.2023 adjusted	First-time application effects income statement 2024	
Income																			**440,938**		1. Interest income from
1. Sales revenue	**19,735**																		423,006	-24,304	a) Lending and money market transactions
a) from consultancy contracts	2,636						2,605		31										0		less negative interest from lending and money market transactions
b) from trust business	604						604												17,931	-20	b) Fixed-income securities and debt register claims
c) from services	16,494						7,854		8,641										0		less negative interest from fixed-income securities and debt register claims
2. Income from participating interests	**46,425**				14,197	32,228													**-263,243**	630	2. Interest expenses
3. Income from long-term lendings	**382,943**	399,619	17,860	-34,537															0		less positive interest from banking business
4. Other interest and similar income	**7,010**	6,567	72		371														**46,796**		3. Current income from
5. Income from reversals of write-downs and reversals of provisions for lending busines and participating interests	**170,900**																		14,568		a) Shares and other non-fixed income securities
a) Reversals of write-downs of long-term financial assets	164,744														99,402	65,342			32,228		b) Participating interests
b) Reversals of write-downs of receivables from investment activities and from disposal of investments	1,368														1,368				0		c) Shares in affiliated enterprises
c) Reversals of provisions for credit business and participating interests	4,434														4,434				**11,063**		5. Commission income
d) Reversals of write-downs of securities	354															354			**-7,873**	-3	6. Commission expense
6. Other operating income	**188,580**								68,859						13	119,674			**77,564**	3,421	8. Other operating income
Expenses																			**-141,658**		10. General administrative expenses
7. Costs of services purchased	**4,458**											-4,458							-85,679		a) Staff costs
8. Write-downs and adjustments for impairment, and additions to provisions for lending business and participating interests	**257,698**															-171,748			-67,407		aa) Wages and salaries
a) Write-downs and adjustments for impairment of long-term financial assets	247,243														-75,495				-18,272	204	ab) Social security, pensions and other benefits
b) Write-downs and adjustments for impairment of receivables from investment activities and disposal of investments	0														0				-55,979		b) Social security, pensions and other benefits
c) Additions to provisions for lending business and participating interests	9,065														-9,065				**-5,558**		11. Depreciation, amortisation and adjustments for impairment of tangible and intangible assets
d) Write-downs and adjustments for impairment of securities	1,391															-1,391			**-96.587**		12. Other operating expenses
9. Interest and similar expenses	**211,924**	16,820		-228,707								-4		-33					**0**	-63,892	13. Write-downs and adjustments for impairment of receivables and certain securities and additions to loan loss provisions
10. Staff costs	**85,666**																		**20,658**		14. Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions
a) Wages and salaries	67,407									-67,407									**0**	-1,102	15. Write-downs and adjustments for impairment of participating interests, shares in affiliated enterprises and securities held as fixed assets
b) Social security, pensions and other employee benefits	18,259										-18,259								**12,232**		16. Income from reversals of write-downs of participating interests, shares in affiliated enterprises and securities held as fixed assets
11. Depreciation, amortisation and adjustments for impairment of tangible and intangible assets	**5,558**												-5,558						**-31,243**		23. Taxes on income
12. Other operating expenses	**155,957**							-7,873			-13	-51,517		-96,544					**-948**		24. Other taxes not recognised in item 12
13. Taxes on income	**31,243**																-31,243				
14. Other taxes	**948**																	-948			
Total income and expenses (15. Net income for the financial year)	**62,141**	**423,006**	**17,931**	**-263,243**	**14,568**	**32,228**	**11,063**	**-7,873**	**77,530**	**-67,407**	**-18,272**	**-55,979**	**-5,558**	**-96,587**	**20,658**	**12,232**	**-31,243**	**-948**	**62,141**	**-85,067**	**Total income and expenses (27. Net loss for the financial year)**

In addition to the changes in presentation, the following significant changes in methodology have been applied in the recognition and measurement:

- **Calculating general risk provisions (portfolio loan loss provisions):** The previous method of calculating portfolio loan loss provisions in the credit business, for debt securities and for fixed-income securities based on the total of general loan loss provisions and country risk provisions has been replaced by the IFRS 9 three-stage model. DEG is exercising its option pursuant to the simplification rule in the statement on general loan loss provisions issued by the Banking Committee of the German Institute of Auditors (Institut der Wirtschaftsprüfer – IDW), IDW AcP BFA 7, to incorporate portfolio loan loss provisions calculated using the IFRS 9 model into its annual financial statements prepared in accordance with HGB. The change in method also resulted in a non-recurring effect from the increase of EUR 69,376 k in general risk provisions (stages 1 and 2), which is recognised as an expense under Valuation result from risk provisions. The effect is largely reflected in the income statement item "Write-downs and adjustments for impairment of receivables and certain securities and additions to loan loss provisions" with an expense of EUR 67,802 k; this item was affected by additional offsetting effects from the change in methodology for calculating specific loan loss provisions. The main effects on the balance sheet are on the items Loans and advances to banks in the amount of EUR 1,114 k and Loans and advances to customers in the amount of EUR 60,068 k.
- **Collection of front-end fees in the credit business:** These fees, charged directly in connection with origination of a loan, were previously recognised in full in the income statement as at the date of loan inception. However, these fees are very similar in nature to interest, so are now distributed over the term of the loan and recognised under interest income. Fees received for current loans are recognised as deferred income in the balance sheet. A non-recurring transition-related expense of EUR 24,575 k was incurred because the method was adjusted retrospectively. The release of deferred income for amortisation of front-end fees in relation to current loans originated in previous years had an offsetting effect in the reporting year. This effect is reflected in full in the Interest income item in the income statement. A deferred income item has been recognised on the liabilities side of the balance sheet in the same amount.
- **Accounting for currency hedging of participating interests in foreign currencies:** In the past, (macro) valuation units were recognised in accordance with section 254 HGB for participating interests in foreign currencies and forward exchange transactions. This allowed gains and losses from foreign currency translation relating to the transactions to be offset for the effective portion of the valuation unit. Following the change in accounting policy, valuation units will no longer be recognised from financial year 2024. Forward exchange transactions which were intentionally concluded only for part of the term of the participating interests, expired as scheduled in January 2024. Participating interests in foreign currencies and newly concluded forward exchange transactions are now measured in line with general accounting rules, which specifically do not allow for offsetting of gains and losses from foreign currency translation. Termination of a hedge relationship requires a one-time adjustment of the purchase cost of the participating interest, which is recognised in equity.
- **Calculating specific loan loss provisions in the credit business:** Specific loan loss provision ratios were previously calculated separately based on HGB or IFRS. This resulted in differing specific loan loss provision ratios and thus differing specific loan loss provisions due in particular to the different book values under HGB and IFRS. The procedure to calculate the specific loan loss provision ratio has now been standardised, producing the same ratios under HGB and IFRS. This transition resulted in a reversal of specific loan loss provisions and non-recurring income in the valuation result from risk provisions for the credit business of EUR 4,336 k. This income statement effect offsets the aforementioned expense from the increase in general risk provisions under the item Write-downs and adjustments for impairment of receivables and certain securities and additions to loan loss provisions. Loans and advances to customers therefore increased by EUR 4,955 k.
- **Foreign currency translation:** All foreign currency positions were previously translated at the exchange rate of the previous day. Going forward, they will now be translated at the current exchange rate. The difference in the exchange rate resulted in a non-recurring valuation effect of EUR 3,307 k recognised in the income statement under Other operating income. On the balance sheet side, this effect primarily impacts the Liabilities to banks item in the amount of EUR 3,307 k.
- **Collection of premiums and discounts from foreign currency swaps:** In the past, premiums and discounts were recognised directly in the income statement. From now on, they will be amortised over the term of the swap. Current foreign currency swaps with a paid premium or discount are now recognised under prepaid expenses due to the change in methodology. Non-recurring transition-related

interest income of EUR 1,275 k was recognised because the method was adjusted retrospectively. The release of prepaid expenses for amortisation of premiums and discounts from transactions initiated in the previous year had an offsetting effect. The effect on the balance sheet impacts Loans and advances to banks only.

- **Accounting for currency hedging of loans, long-term securities, overnight and time deposits, and promissory note loans recognised as liabilities (hereinafter hedged items):** In the past, (micro and macro) valuation units were recognised in accordance with section 254 HGB for hedged items, cross currency swaps and forward exchange transactions. This allowed gains and losses from foreign currency translation relating to the transactions to be offset. Due to the change in accounting policies to the bank-specific provisions of section 340 ff. HGB and RechKredV, the principle of special cover in accordance with section 340h HGB is applied in accounting for currency hedges. In accordance with section 340h HGB, income resulting from currency translation can be recognised in the income statement, provided that the assets, debts or forward transactions have special cover of assets, debts or forward transactions in the same currency (principle of special cover). This means that gains and losses from currency translation can be offset, similarly to the previous recognition of valuation units. This change in methodology does not cause any transition effects.
- **Accounting for forward transactions:** Forward transactions were previously recognised as open receivables under Other liabilities as of the date of contract conclusion, and any changes in value between contract conclusion and the value date recognised under other operating income. Due to the change in methodology, forward transactions are now recognised as of the value date. A provision is recognised for any impairment in value between contract conclusion and the value date. This resulted in a non-recurring interest expense of EUR 629 k, which could be offset in full against Other liabilities on the balance sheet.
- **Accrued interest on derivatives:** Interest was previously accrued based on cash flows from swap transactions. Due to the change in methodology, the accrual is now calculated based on the day count convention for interest days (inclusive / exclusive). The adjustment to accrued interest resulted in non-recurring transition income of EUR 641 k, which was largely offset by the Liabilities to banks item on the balance sheet. This effect had an impact on Interest income in the income statement.

3. Accounting policies

DEG is using the following accounting policies with effect from this reporting year, including the changes set out in section 2.

“Cash reserves, loans and advances to banks and customers” and “other assets” are recognised at cost, par value or lower fair value. Differences between par values and lower disbursement amounts for receivables, which are similar in nature to interest, are included in deferred income. In the credit business, these differences are amortised on a straight-line basis over the term of the loan through Interest income.

The item “Bonds and other fixed-income securities” comprises securities held as fixed assets (long-term securities) and securities held as current assets. Securities held as current assets are valued strictly at the lower of cost or market in accordance with section 253(4) sentence 1 HGB. The item Long-term securities comprises financing committed by DEG that has been securitised. These securities (securities-based credit business) are intended to serve business operations in the long term, and are therefore presented as fixed assets pursuant to section 340e(1) sentence 2 in conjunction with sentence 1 HGB. Long-term securities are valued according to the moderate lower of cost or market principle in accordance with section 253(3) HGB; in the event of a permanent impairment in value, securities are written down.

There are no held-for-trading securities.

DEG has made use of the option under section 253(3) sentence 6 HGB to value “shares and other non-fixed income securities” held as fixed assets by DEG at the strict lower of cost or market principle.

“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 is to be recognised for participating interests in accordance with section 253(3) HGB. Given that no quoted or market prices are generally available in the context of DEG's business activities, the market value for direct participating interests is determined using the discounted cash flow method and for fund investments using the net asset value method. 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 purchase 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.

DEG has made use of the option under section 253(3) sentence 6 HGB to value "shares in affiliated enterprises" held as fixed assets by DEG at the strict lower of cost or market principle.

"Tangible and intangible assets" are reported at purchase or production cost within the meaning of section 255 HGB, reduced by depreciation / amortisation over their expected useful life. The normal useful life of intangible assets is five years. DEG does not capitalise internally generated intangible assets in accordance with section 248(2) HGB. The normal useful life is 50 years for buildings and between five and 15 years for office equipment. For the building, use has been made of the option under section 67(4) sentence 1 of the Introductory Act to the Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), which states that the lower value of assets based on depreciation under section 254 HGB (version in force until 28 May 2009) may continue to be carried, in respect of the one-time tax depreciation from the transfer of hidden reserves in accordance with section 6b of the German Income Tax Act (Einkommensteuergesetz, EStG). A collective item is set up for low-value fixed assets with purchase costs of EUR 250 to EUR 1,000, which is released to the income statement on a straight-line basis over the year of acquisition and the next four years. Fixed assets with purchase costs of below EUR 250 are recognised immediately as an expense.

Statutory reversals of impairment losses are recognised for all assets in accordance with section 253(5) HGB.

"Liabilities" are recognised at their settlement amount in accordance with section 253(1) sentence 2 HGB.

"Foreign currency translation" is performed in accordance with the provisions of section 256a in conjunction with section 340h HGB. Asset accounts denominated in foreign currencies are translated into euros at month-end at the applicable average spot exchange rate. A distinction is made in the income statement between non-recurring revenue (such as the creation of specific loan loss provisions) and recurring revenue (such as accrued interest). Non-recurring revenue is translated at the average spot exchange rate on the transaction date or reporting date, whereas recurring revenue is translated at the average spot exchange rate on the last day of the respective month.

DEG applies the principle of special cover in accordance with section 340h HGB in conjunction with section 256a HGB for the USD portfolio (with the exception of participating interests) and local currency loans.

Treatment of the results of the foreign currency translation depends on whether or not special cover was applied to the transactions. Where special cover exists, both expenses and income from the currency translation are recognised in the income statement. The same applies to foreign currency items without special cover with remaining terms of up to one year. In the case of foreign currency items without special cover with remaining terms of more than one year, on the other hand, only expenses from the currency translation are recognised in the income statement in accordance with the imparity principle.

"Provisions for pensions and similar obligations" are calculated by an independent qualified actuary in accordance with the projected unit credit method. The calculation is performed on the basis of Dr Klaus Heubeck's 2018 G mortality tables, applying the following actuarial assumptions:

In %	**31.12.2024**
Actuarial discount rate (10-year average interest rate)	1.9
Rate of salary increases (depending on pay scale)	3.0
Rate of pension increases (depending on pension scheme)	1.0–2.0
Staff turnover rate	3.0

The valuation effect resulting from year-on-year changes in the interest rate used to discount pension obligations has been reported under other operating income.

"Other provisions" were recognised at the level of the anticipated settlement value and take all identifiable risks and contingent 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.

"Prepaid expenses and deferred income" as defined by section 250 HGB are recognised for expenses and income occurring before the reporting date to the extent that they represent expense or income related to a specific period after the reporting date.

"Deferred tax assets and liabilities" are calculated based on temporary differences in values between the financial statements and the tax accounts. Deferred tax assets are offset against deferred tax liabilities. The net deferred tax asset resulting from this offsetting at the level of DEG has not been recognised on the balance sheet, making use of the option under section 274(1) sentence 2 HGB.

Allowance has been made for risks arising from the credit business through the recognition of loan loss provisions and other provisions. The risk provisions recognised for the on-balance sheet credit business consist of specific loan loss provisions (the amount corresponds to the difference between the carrying amount of the loan and the present value of the expected cash inflows from interest and principal repayments as well as the payment streams from collateral) and general loan loss provisions for receivables for which no specific loan loss provisions have been made, with a corresponding effect on the income statement.

In addition, risk provisions are recognised for contingent liabilities and irrevocable loan commitments, both for individually identified risks (specific loan loss provisions) and for impairments that have not yet been individually identified (general loan loss provisions).

For general loan loss and risk provisions, DEG has made use of the option under IDW AcP BFA 7 note 26, and also under HGB, of calculating risk provisions in accordance with the methodology specified in the IFRS 9 stage-based model. The portfolio loan loss provision is automatically calculated for all receivables (retail and non-retail) based on the changes in credit quality since initial recognition, either in the amount of the one-year expected credit loss or, if there has been significant increase in default risk since initial recognition, in the amount of the lifetime expected credit loss.

Additions and reversals are recognised net under the item "Write-downs and adjustments for impairment of receivables and certain securities and additions to loan loss provisions" or "Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions". Use has been made of the option of netting in the income statement pursuant to section 340f(3) and section 340c(2) HGB. Interest income on non-performing loans is generally recognised based on the net book value (gross book value less risk provisions recognised).

The valuation of interest rate-related transactions in the "banking book" (Refinanzierungsverbund) reflects DEG's management of interest rate change risk. The principle of prudence as required under HGB is applied by recognising a provision in accordance with section 340a(1) in conjunction with section 249(1) sentence 1, 2nd alternative HGB for any excess obligations resulting from the valuation of the interest-related banking book. The requirements of the statement of IDW's Banking Committee on financial reporting, "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 AcP BFA 3 as amended)" are taken into account. In order to determine any excess obligation, DEG calculates the balance of all discounted future net income of the banking book. In addition to net interest income, this includes relevant commission income, administrative expenses and risk costs in the amount of expected losses. No such provision for contingent losses was required in the reporting year.

4. Group affiliation

Consolidated financial statements are not required to be prepared. DEG is included in the consolidated financial statements of KfW Group, Frankfurt am Main. The consolidated financial statements are prepared in accordance with IFRS and submitted in German to the German Company Register.

NOTES ON ASSETS

5. Loans and advances to banks

In EUR k	31.12.2024	31.12.2023
This item includes:		
Loans and advances		
to affiliated enterprises	130,887	109,720
to enterprises in which DEG has a participating interest	0	0
Subordinated loans	350,807	387,474
Due		
on demand	83,905	220,512
up to 3 months	138,611	148,281
in more than 3 months to 1 year	102,779	253,220
in more than 1 year to 5 years	1,487,038	1,455,892
in more than 5 years	614,113	323,439
pro rata interest	34,509	31,014
Total	**2,460,954**	**2,432,358**

6. Loans and advances to customers

In EUR k	31.12.2024	31.12.2023
This item includes:		
Loans and advances		
to affiliated enterprises	0	0
to enterprises in which DEG has a participating interest	32,044	39,403
Subordinated loans	200,360	105,385
Due		
on demand	4,042	82,758
up to 3 months	21,201	90,902
in more than 3 months to 1 year	61,856	329,319
in more than 1 year to 5 years	1,088,709	1,519,103
in more than 5 years	2,165,004	853,297
pro rata interest	40,843	31,739
Total	**3,381,655**	**2,907,118**

7. Bonds and other fixed-income securities

Stock exchange listing

In EUR k	31.12.2024	31.12.2023
Listed securities	282,744	133,007
Unlisted securities	86,606	44,204
Marketable securities	369,350	177,211

The item Bonds and other fixed-income securities amounts to EUR 438 million (previous year: EUR 243 million). The bonds business was expanded in the reporting year by six new investments with a nominal value of EUR 211 million, while a debt security with a nominal value of EUR 23 million matured.

The next maturities within Bonds and other fixed-income securities will be in 2026.

The item Bonds and other fixed-income securities includes financial instruments held as fixed assets, recognised at their fair value. Write-downs in accordance with section 253(3) sentence 6 HGB were not recognised because these are fixed-income securities held to maturity for which no deterioration in creditworthiness was determined. The book value of these financial instruments was EUR 435 million as of 31 December 2024.

Current assets contains a security of KfW with a book value of EUR 3 million as of 31 December 2024.

of which to:

In EUR k	31.12.2024	31.12.2023
Affiliated enterprises	2,539	2,551
Enterprises in which DEG has a participating interest	0	0
Subordinated assets	0	0

8. Shares and other non-fixed income securities

Stock exchange listing In EUR k	31.12.2024	31.12.2023
Listed securities	0	0
Unlisted securities	13,001	12,772
Marketable securities	**13,001**	**12,772**

9. Participating interests

Stock exchange listing In EUR k	31.12.2024	31.12.2023
Listed securities	114,348	111,121
Unlisted securities	32,112	26,447
Marketable securities	**146,461**	**137,567**

10. Shares in affiliated enterprises

Stock exchange listing In EUR k	31.12.2024	31.12.2023
Listed securities	0	0
Unlisted securities	0	0
Marketable securities	**0**	**0**

11. Assets held in trust

Assets held in trust breaks down into the following items on the assets side of the balance sheet:

In EUR k	31.12.2024	31.12.2023
Loans and advances to banks	4,813	5,000
Loans and advances to customers	526	576
Participating interests	409,393	399,314
Total	**414,731**	**404,890**

12. Fixed assets

Long-term financial assets	Residual book value	Residual book value	Change
In EUR k	**31.12.2024**	**31.12.2023**	
Shares and other non-fixed income securities	1,569,206	1,452,884	116,322
Participating interests	697,200	650,690	46,510
Bonds and other fixed-income securities	435,048	240,037	195,011
Shares in affiliated enterprises	4,449	4,449	0
Total	**2,705,903**	**2,348,060**	**357,843**

Tangible assets	Intangible assets	Tangible assets	Total
In EUR k			
Purchase or production costs as of 01.01.2024	15,344	106,638	121,982
Additions 2024	42	4,112	4,153
Disposals 2024	-2,444	-1,341	-3,785
Transfers 2024	0	0	0
Purchase or production costs as of 31.12.2024	12,941	109,410	122,351
Cumulative depreciation, amortisation and impairment as of 01.012024	-13,491	-32,022	-45,513
Depreciation, amortisation and impairment 2024	-702	-3,057	-3,759
Reversals of write-downs 2024	0	2,444	2,444
Depreciation, amortisation and impairment of additions 2024	6	127	134
Depreciation, amortisation and impairment of disposals 2024	-2,444	-1,337	-3,781
Depreciation, amortisation and impairment of transfers 2024	0	0	0
Cumulative depreciation, amortisation and impairment as of 31.12.2024	-11,749	-36,187	-47,935
Residual book value 31.12.2024	**1,193**	**73,223**	**74,415**
Residual book value 31.12.2023	**1,853**	**74,617**	**76,470**

For the building, use has been made of the option under section 67(4) sentence 1 of the Introductory Act to the Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB), which states that lower value of assets based on depreciation under section 254 HGB (version in force until 28 May 2009) may continue to be carried, in respect of the one-time tax depreciation from the transfer of hidden reserves in accordance with section 6b EStG.

The residual book value of tangible assets as of 31 December 2024 amounted to a total of EUR 73 million, of which EUR 70 million was attributable to land and buildings. The remaining EUR 3 million was attributable to office equipment. No adjustments for impairment were recognised in financial year 2024.

13. Other assets

Other assets totalling EUR 3 million (previous year: EUR 51 million) primarily comprise receivables from the tax authority.

14. 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 2024 where this represents costs relating to a specific period after that date. Prepaid expenses of EUR 2 million (previous year: EUR 2 million) primarily comprises expenditure on licences, maintenance of hardware and software and prepaid rent and credit insurance premiums.

NOTES ON LIABILITIES

15. Liabilities to banks

In EUR k	31.12.2024	31.12.2023
This item includes:		
Liabilities		
to affiliated enterprises	5,719,487	4,904,655
to enterprises in which DEG has a participating interest	0	0
Due		
on demand	59,469	111,800
up to 3 months	2,505,003	2,017,543
in more than 3 months to 1 year	670,904	471,493
in more than 1 year to 5 years	2,138,406	2,017,240
in more than 5 years	312,324	250,747
pro rata interest	35,926	45,214
Total	**5,722,031**	**4,914,036**

16. Liabilities to customers

In EUR k	31.12.2024	31.12.2023
This item includes:		
Liabilities		
to affiliated enterprises	0	0
to enterprises in which DEG has a participating interest	0	0
Due		
on demand	0	0
up to 3 months	5,734	37,191
in more than 3 months to 1 year	0	0
in more than 1 year to 5 years	0	0
in more than 5 years	0	0
pro rata interest	0	0
Total	**5,734**	**37,191**

17. Liabilities held in trust

Liabilities held in trust breaks down into the following items on the liabilities side of the balance sheet:

In EUR k	31.12.2024	31.12.2023
Liabilities to banks	4,813	5,000
Liabilities to customers	526	576
Participating interests	409,393	399,314
Total	**414,731**	**404,890**

18. Other liabilities

Other liabilities totalling EUR 70,241 k (previous year: EUR 17,759 k) primarily comprise the adjustment item for stand-alone currency derivatives in the amount of EUR 65,753 k (previous year: EUR 74 k) and credit insurance payments of EUR 2,282 k (previous year: EUR 16,118 k).

19. Deferred income

Deferred income totalling EUR 32 million (previous year: EUR 0 million) relates to front-end fees from the credit business deferred and released over the term of the loan, which up until the previous year were recognised immediately as income.

20. Provisions

This item primarily comprises:

In EUR k	31.12.2024	31.12.2023
Provisions for pensions and similar obligations	**178,355**	**171,723**
Tax provisions	**22,644**	**18,450**
Other provisions	**37,993**	**81,901**
of which: staff-related provisions	13,133	14,931
of which: loan loss provisions	11,605	11,870
of which: provisions for audit costs	1,358	1,534
of which: provisions for representative offices	998	849
of which: provisions for litigation costs	564	732
of which: provisions for valuation units (expected losses)	0	44,894

Provisions in the amount of EUR 239 million (previous year: EUR 272 million) were primarily attributable to pensions and pension obligations under the deferred compensation scheme of EUR 178 million. The item Staff-related provisions, amounting to EUR 13,133 k, comprises provisions for partial and early retirement, variable remuneration, leave and compensation for overtime.

The difference between provisions for pension commitments recognised on the basis of the average market interest rate from the last ten financial years and provisions recognised based on the average market interest rate from the last seven financial years, in accordance with section 253(6) sentence 1 HGB, was EUR -1,939 k as of 31 December 2024 (previous year: EUR 2,584 k). This amount is not available for distribution.

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 1,730 k as of the balance sheet date. The purchase cost and the fair value of the assets each amounted to EUR 1,650 k as of 31 December 2024. The difference of EUR 80 k is recognised under Provisions.

OTHER REQUIRED DISCLOSURES ON LIABILITIES

21. Irrevocable loan commitments

In EUR k	31.12.2024	31.12.2023	Change
Egypt	68,564	70,136	-1,571
Bangladesh	22,416	50,883	-28,468
Chile	8,832	52,199	-43,368
Costa Rica	9,543	0	9,543
Germany	74,992	0	74,992
Dominican Republic	29,589	28,250	1,339
Côte d'Ivoire	30,794	5,064	25,730
Guatemala	57,150	0	57,150
India	29,892	7,466	22,426
Indonesia	0	15,294	-15,294
Cameroon	0	5,495	-5,495
Canada	25,270	22,319	2,951
Cape Verde	4,609	4,612	-3
Kazakhstan	24,924	8,040	16,884
Kenya	37,741	32,851	4,889
Colombia	38,353	0	38,353
Luxembourg	118,741	102,636	16,105
Mauritius	53,089	54,916	-1,828
Mexico	42,595	71,965	-29,370
Nepal	4	121	-117
Nicaragua	14,347	11,312	3,035
The Netherlands	17,388	0	17,388
Nigeria	98,974	40,724	58,250
Panama	3,549	22,172	-18,623
Paraguay	560	5,014	-4,453
Peru	7,933	7,511	422
The Philippines	0	8,753	-8,753
Senegal	22,763	0	22,763
Serbia	2,310	22,350	-20,040
Spain	99,930	0	99,930
South Africa	0	1,964	-1,964
Thailand	71,181	36,199	34,982
Togo	0	22,624	-22,624
Turkey	26,628	0	26,628
Ukraine	0	5,200	-5,200
Uzbekistan	72,202	76,045	-3,843
United Arab Emirates	19,215	0	19,215
Cyprus	12,137	0	12,137
Total	**1,146,215**	**792,117**	**354,098**

Other commitments comprise irrevocable loan commitments of EUR 1,146,215 k (previous year: EUR 792,117 k).

DEG's Risk Management evaluates the risk of drawdown of the loans. Credit risks are addressed by recognising provisions on the balance sheet, where the credit risk is elevated due to expected drawdown of loans. If there are specific indications that a loss will be incurred from an expected drawdown, a specific provision is recognised. Latent risks are covered through the recognition of portfolio provisions.

REQUIRED NOTES ON THE INCOME STATEMENT

22. Geographical markets in accordance with section 34(2) no.1 RechKredV

As DEG does not have any foreign branch offices, the total amounts reported under certain income line items in accordance with section 34(2) no. 1 RechKredV were not broken down by region.

23. Interest income and Interest expense

Interest income amounted to EUR 413 million (previous year: EUR 441 million) and primarily resulted from credit business at EUR 366 million (previous year: EUR 363 million). Other interest income was attributable to interest-bearing securities in the amount of EUR 27 million (previous year: EUR 18 million) and interest rate hedging instruments of EUR 12 million (previous year: EUR 14 million).

Interest expense totalled EUR 271 million (previous year: EUR 263 million), with the lion's share attributable to promissory note loans in the amount of EUR 126 million (previous year: EUR 107 million). Further expenses resulted from money market transactions of EUR 94 million (previous year: EUR 85 million) and currency hedging costs of EUR 41 million (previous year: EUR 25 million). There were also expenses for pension provisions in the amount of EUR 3 million (previous year: EUR 1 million).

There was no interest income or expense resulting from the valuation of provisions in the reporting year.

24. Other operating expenses

Other operating expenses amounted to EUR 98 million (previous year: EUR 97 million). They comprise primarily expenses from currency translation in the amount of EUR 95 million (previous year: EUR 94 million) and expenses from additions to other provisions amounting to EUR 1 million (previous year: EUR 2 million).

25. Other operating income

Other operating income of EUR 16 million (previous year: EUR 78 million) largely relates to income from legal and advisory fees of EUR 7 million (previous year: EUR 6 million), income from projects and initiatives of EUR 2 million (previous year: EUR 7 million), income from reclassifications of pension provisions of EUR 2 million (previous year: EUR 0 million), income from reclassifications of corrections to other expenses of EUR 1 million (previous year: EUR 0 million), income from the reversal of provisions and accruals of EUR 1 million (previous year: EUR 2 million), a reimbursement of value-added tax of EUR 1 million (previous year: EUR 0 million) and income from rental and employee services to DEG Impulse and DEG Impact of EUR 1 million (previous year: EUR 0 million). Income from currency translation recognised under Other operating income amounted to EUR 0 million (previous year: EUR 62 million).

26. Net loss for the financial year

The net loss reported for the year amounted to EUR -17 million (previous year: EUR 62 million). In accordance with the Articles of Association, there will be no distribution of the net income for the year nor will the shareholder absorb the net loss. 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.

OTHER REQUIRED DISCLOSURES

27. Assets and liabilities denominated in foreign currency
Assets and liabilities denominated in foreign currency as well as cash transactions that were not settled by the balance sheet date were converted into euros at the average spot exchange rates applicable as of 31 December 2024.

Expenses and income resulting from currency translations have been included in Other operating income, taking into account the imparity principle (Imparitätsprinzip).

As of 31 December 2024, total assets denominated in foreign currency converted in accordance with section 340h in conjunction with section 256a HGB amounted to EUR 7 billion (previous year: EUR 6 billion), of which EUR 2 billion (previous year: EUR 2 billion) related to loans and advances to customers.

Total liabilities denominated in foreign currency amounted to EUR 5 billion (previous year: EUR 4 billion), of which the majority, EUR 4 billion (previous year: EUR 3 billion), related to liabilities to banks.

28. Other financial liabilities
DEG is required to pay a total of EUR 936 k per year under tenancy agreements, with the longest term running until 2029. Obligations with respect to participating interests and lendings not yet disbursed amount to EUR 1,345 million. In individual cases, employees of DEG, or third parties instructed by DEG, undertake executive functions in participating interest companies. The resulting risks are generally covered by directors' and officers' liability insurance (D&O insurance) taken out either by DEG or by the company in question.

29. Income and expenses attributable to a different financial year, where these are not of minor importance
Other operating income contains income of EUR 932 k and expenses of EUR 5 k which are attributable to a different financial year. These relate to VAT receivables, rental income and final invoices from energy providers.

30. Auditor's fee as pursuant to section 285 sentence 1 no. 17 HGB
DEG has made use of the option under section 285 no. 17 HGB, and refers to the breakdown of auditor's fees in KfW Group's consolidated financial statements.

31. Derivatives reporting
DEG uses the following forward transactions and derivative products mainly to hedge against the risk of changes in interest rates and exchange rates:

1. Interest rate forward transactions / derivative products
   – Interest rate swaps
2. Currency forward transactions / derivative products
   – Cross-currency swaps
   – FX swaps

There is no proprietary trading within the meaning of a trading book.

The market values for all contract types are calculated based on the mark-to-market method. In cases where market prices were not available for derivative instruments, the mark-to-model method was used with market inputs based on generally accepted option price models and present value calculations. The positive and negative market values shown are calculated based on standardised group-wide models. The counterparties to derivative transactions are exclusively OECD banks.

Volumes	Nominal value		Positive market values	Negative market values
In EUR k	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2024**
Contracts with interest rate risks				
Interest rate swaps	377,296	439,480	15,762	0
	377,296	**439,480**	**15,762**	**0**
Contracts with currency risks				
Cross-currency swaps	413,017	1,036,467	9,747	32,293
FX swaps	1,764,602	1,516,029	0	42,255
	2,177,619	**2,552,495**	**9,747**	**74,548**
Total	**2,554,914**	**2,991,975**	**25,510**	**74,548**

Residual maturities	Interest rate risks		Currency risks	
In EUR k	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Residual maturity				
up to 3 months	0	10,860	1,794,345	1,599,607
more than 3 months up to 1 year	60,641	72,398	154,854	269,761
more than 1 year up to 5 years	316,655	332,692	183,405	630,179
more than 5 years	0	23,529	45,014	52,948
Total	**377,296**	**439,480**	**2,177,619**	**2,552,495**

32. Personnel

The table below shows the average number of staff employed during the financial year.

	31.12.2024	31.12.2023
Female employees	394	376
Male employees	376	364
Total	770	740
not covered by collective agreements	537	512
covered by collective agreements	233	228

These figures include local staff in foreign countries (58), part-time staff (172) and temporary staff (45), but exclude members of the Management Board, staff on parental leave, apprentices and interns.

33. Remuneration and loans to members of the Management Board and the Supervisory Board

Annual remuneration 2024	Salary	Variable remuneration	Other remuneration	Total
In EUR k				
Roland Siller (CEO)	370	37	16	423
Monika Beck	362	40	13	415
Joachim Schumacher	362	21	45	428
Christiane Laibach[1)]	0	12	0	12
Philipp Kreutz[1)]	0	44	0	44
Total	**1,094**	**154**	**74**	**1,322**

[1)] Christiane Laibach left the Management Board of DEG effective 1 June 2021, and Philipp Kreutz effective 1 May 2023.

Total expenses for the Supervisory Board in the year under review came to EUR 218 k, of which EUR 91 k was annual remuneration for members of the Supervisory Board and its committees, EUR 105 k for meeting attendance fees, daily allowances and travel and entertainment expenses, and EUR 22 k for training for members of the Supervisory Board. No advances or loans were granted to members of the Supervisory Board or their surviving dependants.

Total Management Board remuneration for the 2024 financial year amounted to EUR 1,322 k. The regular annual salary components for all members of the Management Board totalled EUR 1,094 k. Total remuneration also includes EUR 74 k for non-cash benefits and other remuneration. Performance-related bonuses for 2024 totalled EUR 262 k, of which EUR 183 k will be paid in instalments over several years. Instalments in the amount of EUR 74 k were paid out in 2024 for the bonuses deferred for the years 2020 to 2022.

No advances or loans were granted to 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 1,082 k. Provisions of EUR 17,777 k were recognised for pension obligations to these persons.

34. Disclosures pursuant to section 340a(4) no. 1 HGB of seats on statutory supervisory bodies of large corporations (section 267(3) HGB) held by members of the Management Board and other employees

Employee mandates

Josef Boven
Latin America Agribusiness Corporation SA, USA
Industrial Promotion Services (West Africa) S.A., Cote d'Ivoire
Industrial Promotion Services (Kenya) Ltd., Kenya

Marc-Oliver Jünemann
PT Indonesia Infrastructure Finance, Indonesia

Annette Ewald
ADP Enterprises W.L.L., Bahrain

Ingo-Nils Fingerhut
Mambo Retail Ltd., Mauritius

Julia Goldmann
ADP II Holding 6 W.L.L., Bahrain

Thomas Kronsbein
Forte Investment Holdings Co. Ltd., Cambodia

Benjamin Brink
TPL Insurance Ltd., Pakistan

Robin Hofmeister
Lovcen Banka Akcionarsko Drustvo Podgorica JSC, Montenegro

Pritesh Modi
WheelsEMI Private Limited, India
Triple P Philippines Pte. Ltd., Singapore

Klaus Helsper
TOO Knauf Gips Kaptschagaj, Kazakhstan
TOO Isi Gips Inder, Kazakhstan
AO Bucharagips, Uzbekistan
Knauf Gips Buchara OOO, Uzbekistan
OAO Belgips, Belarus

Laura Gier
MC IV Pharma S.A., Luxembourg

Johannes Goderbauer
Latin America Healthinvest S.L., Spain

Jan Gross
AfricInvest III - SPV 1 Ltd., Mauritius

35. List of investment holdings in accordance with section 285 no. 11 HGB and section 340a(4) no. 2 HGB

Companies in which more than 15% of capital is held or with a book value of at least EUR 10 million

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	Capital share in %	Equity in kCU	Result in kCU
1	Ace Power Embilipitiya Pvt Ltd. Colombo, Sri Lanka	LKR	303.5015	26.00	5,281,596	736,040
2	ACON Injectable Investors I , L.P. Toronto, Canada	USD	1.0389	19.65	199,421	22,915
3	ACON Retail MXD, L.P. Toronto, Canada	USD	1.0389	100.00	11,978	-7,369
4	ACON SUNRISE INVESTORS I, L.P. Toronto, Canada	-	1.0000	16.38	[3]	[3]
5	ADP Enterprises W.L.L. Manama, Bahrain	EUR	1.0000	23.26	229,420	23,558
6	ADP II Holding 11 S.à.r.l. Luxembourg, Luxembourg	USD	1.0389	22.15	62,297	439
7	ADP II Holding 6 W.L.L. Manama, Bahrain	DZD	140.6000	16.67	59,315	8,856
8	ADP III Holding 3 Guernsey L.P. St. Peter Port, Guernsey	USD	1.0389	9.38	248,151	37,114
9	ADP III Holding 9 L.P. St. Peter Port, Guernsey	USD	1.0389	9.41	271,803	68,563
10	AEP China Hydro Ltd. Ebène CyberCity, Mauritius	USD	1.0389	30.18	292	-104

List of investment holdings in accordance with section 285 no. 11 HGB and section 340a(4) no. 2 HGB

No.	Business name and registered office	Currency[1)]	Rate EUR 1.00 = CU[2)]	Capital share in %	Equity in kCU	Result in kCU
11	AfricInvest III - SPV 1 Port Louis, Mauritius	EUR	1.0000	21.82	51,574	-2,736
12	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia São Paulo, Brazil	BRL	6.4253	29.91	36,622	-7,253
13	Annapurna Finance Private Limited Bhubaneswar, India	INR	88.9335	0.00	16,595,100	352,600
14	AO Bucharagips Kogon, Uzbekistan	UZS	13361.7450	24.89	152,444,303	92,405,968
15	Apis Growth 2 Ltd. Ebène CyberCity, Mauritius	USD	1.0389	25.63	38,362	5,300
16	Archimedes Health Developments Limited Limassol, Cyprus	-	1.0000	19.23	[3)]	[3)]
17	Banque Nationale de Developpement Agricole Bamako, Mali	XOF	655.9570	21.43	82,518,000	5,127,000
18	BIO-LUTIONS International AG Hamburg, Germany	EUR	1.0000	17.43	3,376	-5,976
19	BRAC Uganda Bank Ltd. Kampala, Uganda	UGX	3809.5000	17.00	52,911,304	999,793
20	CGFT Capital Pooling GmbH & Co. KG Berlin, Germany	EUR	1.0000	40.00	43	-3
21	Clearwater China Investments Ltd. Grand Cayman, Cayman Islands	USD	1.0389	9.50	349,238	-29,327
22	DEG Impact GmbH Cologne, Germany	EUR	1.0000	100.00	2,981	684
23	DEG Impulse gGmbH Cologne, Germany	EUR	1.0000	100.00	3,312	401
24	ECP Power and Water Holding SAS Paris, France	EUR	1.0000	9.00	198,064	13,862
25	Eiffel Infrastructure Ltd. Saint Pierre, Mauritius	USD	1.0389	17.47	40,492	-2,678
26	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd. Rizhao, China	CNY	7.5833	40.99	156,036	-27,230
27	Falcon Holding Inversiones II S.A.C. Lima, Peru	-	1.0000	55.79	[3)]	[3)]
28	Fortio Co. Ltd. George Town, Grand Cayman, Cayman Islands	USD	1.0389	46.16	12,894	1,682
29	Fundo de Investimento em Participações Multiestratégia Genoma VIII Rio de Janeiro, Brazil	BRL	6.4253	10.02	1,202,427	253,731
30	Gia Lai Electricity Joint Stock Company Pleiku City, Vietnam	VND	26387.1700	15.83	5,767,322,392	143,323,947
31	Grassland Finance Ltd. Hong Kong, Hong Kong	CNY	7.5833	24.95	275,289	-42,521
32	Greater Pacific Capital MIV Ltd. George Town, Cayman Islands	USD	1.0389	26.67	29,914	-208
33	IBL Retail SPV Ebène, Mauritius	USD	1.0389	10.58	190,975	2,306
34	Joint Stock Innovation Commercial Bank Ipak Yuli Tashkent, Uzbekistan	UZS	13361.7450	15.59	2,817,695,000	732,266,000
35	JREP I Logistics Acquisition, L.P. Grand Cayman, Cayman Islands	USD	1.0389	12.80	200,860	47,845
36	Keryx Investment Ltd. Sandton, South Africa	ZAR	19.6188	13.79	1,614,678	-10,763

List of investment holdings in accordance with section 285 no. 11 HGB and section 340a(4) no. 2 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	Capital share in %	Equity in kCU	Result in kCU
37	Knauf Gips Buchara OOO Buchara, Uzbekistan	UZS	13361.7450	25.00	581,980,665	193,189,965
38	Knauf Gypsum Philippines Inc. Calaca, Philippines	PHP	60.3010	25.00	1,648,916	22,027
39	KUA LLC Wilmington, USA	USD	1.0389	12.27	81,920	5,184
40	Landsberg Investments LLC Wilmington, New Castle, USA	-	1.0000	52.86	[3]	[3]
41	Latin America Healthinvest S.L. Madrid, Spain	EUR	1.0000	18.67	64,240	2,076
42	LivFin India Private Ltd. New Delhi, India	INR	88.9335	19.00	591,656	-17,374
43	MC II Pasta Ltd. Ta' Xbiex, Malta	EUR	1.0000	32.17	6,475	-1,343
44	Metier AMN Partnership LP Port Louis, Mauritius	USD	1.0389	18.79	40,416	-4,356
45	Metier Retailability en Commandite Partnership Dunkeld, South Africa	ZAR	19.6188	22.10	1,020,258	-594,305
46	Novel Sky Global Limited Road Town, British Virgin Islands	-	1.0000	25.00	[3]	[3]
47	OAO Belgips Minsk, Belarus	EUR	1.0000	49.99	9,584	-3,042
48	Olympus Bolt Holdings L.P. George Town, Cayman Islands	USD	1.0389	15.33	236,140	54,471
49	Onstar Galaxy SPV Pte. Ltd. Singapore, Singapore	USD	1.0389	33.12	38,932	-15,394
50	Orient Investment Properties Ltd. Road Town, British Virgin Islands	USD	1.0389	3.88	637,033	-57
51	Oriental InfraTrust New Delhi, India	INR	88.9335	4.60	45,757,720	1,872,900
52	Osmanthus II Cayman Investment, L.P. Grand Cayman, Cayman Islands	USD	1.0389	100.00	8,795	-430
53	KfW Bankengruppe Representacoes Ltda. São Paulo, Brazil	BRL	6.4253	50.00	27	0
54	Stratus SCP Fleet Fundo de Investimento em Participações – Multiestratégia São Paulo, Brazil	BRL	6.4253	39.69	97,996	14,451
55	TOO Isi Gips Inder Inderborskiy, Kazakhstan	KZT	543.2250	40.00	1,387,960	251,992
56	TOO Knauf Gips Kaptschagaj Enterprise with DEG participation Kapchagay, Kazakhstan	KZT	543.2250	40.00	12,041,454	6,091,359
57	TPL Insurance Ltd. Karachi, Pakistan	PKR	288.2295	15.87	2,638,200	1,127,000
58	Triple P Philippines Pte. Ltd. Singapore, Singapore	-	1.0000	19.68	[3]	[3]
59	Vietnam Opportunity Fund II PTE. LTD. Singapore, Singapore	USD	1.0389	32.00	46,201	11,607
60	Whitlam Holding PTE. Ltd. Singapore, Singapore	USD	1.0389	38.74	46,087	-23,563
61	Worldwide Group, Inc. Charlestown, St. Kitts and Nevis	USD	1.0389	33.41	29,760	2,468

[1] ISO currency code.

[2] Currency units (CU).

[3] No current annual financial statements are available.

Use was made of the exemptions under section 286(3) no. 1 HGB. The list of investment holdings shows significant participating interests with a capital share greater than 15% or a minimum book value of EUR 10 million. The other participating interests are of minor importance. Participating interests in liquidation are also excluded, as up-to-date information is generally no longer available and information on equity and the net income for the year is no longer significant to the assets, liabilities, financial position and financial performance. Changes in the presentation of participating interests on the financial statements have resulted in changes in the list of investment holdings.

Investments in large corporations in which the participating interest equates to at least 5% of voting rights

	Business name and registered office	Share of voting rights
Part 1		**in %**
1	ADP Enterprises W.L.L. Manama, Bahrain	23.26
2	ADP II Holding 6 W.L.L. Manama, Bahrain	16.67
3	AfricInvest III - SPV 1 Port Louis, Mauritius	21.82
4	AO Bucharagips Kogon, Uzbekistan	24.89
5	Ashwah Holdings Limited Road Town, Tortola, British Virgin Islands	7.68
6	Banque Nationale de Developpement Agricole Bamako, Mali	21.43
7	BRAC Uganda Bank Ltd. Kampala, Uganda	17.00
8	Fransabank S.A.L. Beirut, Lebanon	5.00
9	Fundo de Investimento em Participações Multiestratégia Genoma VIII Rio de Janeiro, Brazil	10.02
10	Industrial Promotion Services (West Africa) S.A. Abidjan, Côte d'Ivoire	9.00
11	Industrial Promotion Services Kenya Ltd. Nairobi, Kenya	9.91
12	Interact Climate Change Facility S.A. Luxembourg, Luxembourg	7.69
13	Joint Stock Innovation Commercial Bank Ipak Yuli Tashkent, Uzbekistan	15.59
14	Knauf Gips Buchara OOO Buchara, Uzbekistan	25.00
15	KUA LLC Wilmington, USA	12.32
16	Latin America Healthinvest S.L. Madrid, Spain	18.67
17	Latin American Agribusiness Development Corp. Coral Gables, USA	9.09
18	LOVCEN BANKA AD Podgorica, Montenegro	11.57
19	MC IV Pharma S.A. Luxembourg, Luxembourg	11.84
20	OAO Belgips Minsk, Belarus	49.99
21	Open Joint Stock Company Commercial Bank Center-Invest Rostov-on-Don, Russian Federation	16.14
22	PT Indonesia Infrastructure Finance Jakarta, Indonesia	11.88

Investments in large corporations in which the participating interest equates to at least 5% of voting rights

	Business name and registered office	Share of voting rights
Part 2		**in %**
23	TOO Isi Gips Inder Inderborskiy, Kazakhstan	40.00
24	TOO Knauf Gips Kaptschagaj Enterprise with DEG participation Kapchagay, Kazakhstan	40.00
25	TPL Insurance Ltd. Karachi, Pakistan	15.87
26	WheelsEMI Private Limited Maharashtra, Shivajinagar Pune, India	11.70
27	Whitlam Holding PTE. Ltd. Singapore, Singapore	38.74
28	Worldwide Group, Inc Charlestown, St. Kitts and Nevis	33.41
29	ZEP-RE (PTA Reinsurance Company) Nairobi, Kenya	5.59

36. Subsequent events

A change in law which will directly affect DEG is currently in the legislative phase. The law would include DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH in the list of non-taxable credit institutions in the German Corporation Tax Act (Körperschaftsteuergesetz, KStG) and the German Trade Tax Act (Gewerbesteuergesetz, GewStG).

CORPORATE BODIES

37. 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
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

Ulrich Müller-Gaude
Senior Manager
Restructuring Department, DEG, Cologne

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

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

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

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

38. Management Board

Roland Siller
CEO

Monika Beck
Member of the Management Board

Joachim Schumacher
Member of the Management Board

Cologne, 18 February 2025

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Management Board

Siller Beck Schumacher

INDEPENDENT AUDITOR'S REPORT

To DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Audit opinions

We have audited the annual financial statements of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, which comprise the balance sheet as at 31 December 2024, the income statement for the financial year from 1 January to 31 December 2024 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 2024. In accordance with the 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, 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 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, 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 executive directors 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 executive directors 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 express 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 executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and 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 executive directors 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 executive directors are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control, arrangements and measures of the company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances 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 our auditor's report to the related disclosures in the annual financial statements and 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 executive directors in the management

report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Düsseldorf, 24 February 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Wilhelm Wolfgarten	**Jan Marmann**
Auditor	Auditor

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