Edgar Submission
Flags>
Submission Type>**18-K**
Contact>
Name>**Donnelley Financial Solutions**
Phone Number>**44-203-047-6200**
Filer>
Filer Id>**0000821533**
Filer Ccc>**xxxxxxxx**
Sros>
Sro Id>**NONE**
Period Of Report>**12-31-2024**
Notifications>
Internet Notification Address>**Northteam@dfinsolutions.com**
Documents>
Document>
Conformed Document Type>**18-K**
Description>**18-K**
Document>
Conformed Document Type>**EX-99.d**
Description>**Exhibit (d)**
Document>
Conformed Document Type>**EX-99.e**
Description>**Exhibit (e)**
Document>
Conformed Document Type>**EX-99.f**
Description>**Exhibit (f)**
Document>
Conformed Document Type>**EX-99.g**
Description>**Exhibit (g)**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

ANNUAL REPORT

of

KfW

(Name of Registrant)

Date of end of last fiscal year: December 31, 2024

SECURITIES REGISTERED
(As of the close of the fiscal year)*

TITLE OF ISSUE	AMOUNT AS TO WHICH REGISTRATION IS EFFECTIVE	NAMES OF EXCHANGES ON WHICH REGISTERED
N/A	N/A	N/A

* The registrant files annual reports on Form 18-K on a voluntary basis.

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:

SINA R. HEKMAT
Hogan Lovells US LLP
390 Madison Avenue
New York, NY 10017

Union participating in the euro, including the Federal Republic. References to "U.S. dollars," "$" or "USD" are to United States dollars.

FORM 18-K

1. In respect of each issue of securities of KfW registered, a brief statement as to:

   (a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.

   Not applicable.

   (b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.

   Not applicable.

   (c) The circumstances of any other failure, not previously reported, to pay principal, interest or any sinking fund or amortization installment.

   Not applicable.

KfW

2. A statement as of the close of the last fiscal year of KfW giving the total outstanding of:

   (a) Internal funded debt of KfW. (Total to be stated in the currency of the registrant. If any internal funded debt is payable in foreign currency, it should not be included under this paragraph (a), but under paragraph (b) of this item.)

   The total principal amount of internal funded debt of KfW, which is defined as euro denominated debt with an initial maturity of more than one year (bonds and other fixed-income securities, other borrowings, and subordinated liabilities), outstanding as of December 31, 2024, was EUR 317.01 billion.

   (b) External funded debt of KfW. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)

   For the principal amount of external funded debt of KfW, which is defined as non-euro denominated debt with an initial maturity of more than one year (bonds and other fixed-income securities, other borrowings, and subordinated liabilities), see "KfW—Business—Financial Markets—Funding—Financial-Market Funds—Capital-Market Funding—Information on Issuances of Funded Debt of KfW Group (as of December 31, 2024)," p. 35 of Exhibit (d), which is hereby incorporated by reference herein.

3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of KfW outstanding as of the close of the last fiscal year of KfW.

outstanding registered debt securities, and thus, is not substantial.

(2) Total estimated amount held by nationals of the Federal Republic; this estimate need be furnished only if it is practicable to do so.

Not practicable.

(3) Total amount otherwise outstanding.

Not applicable.

(b) If a substantial amount is set forth in answer to paragraph (a) (1) above, describe briefly the method employed by KfW to reacquire such securities.

Not applicable.

5. A statement as of the close of the last fiscal year of KfW giving the estimated total of:

(a) Internal floating indebtedness of KfW. (Total to be stated in the currency of the registrant.) The total principal amount of internal floating indebtedness of KfW, which is defined as euro denominated debt with an initial maturity of one year or less (short-term funds), outstanding as of December 31, 2024, was EUR 5.9 billion.

(b) External floating indebtedness of KfW. (Total to be stated in the respective currencies in which payable.) The principal amount of external floating indebtedness of KfW, which is defined as non-euro denominated debt with an initial maturity of one year or less (short-term funds), outstanding as of December 31, 2024, was:

Currency	Principal amount outstanding in currency	Equivalent in euro with conversion rate as of December 31, 2024
CHF	167,000,000.00	177,433,064.17
AUD	150,000,000.00	89,434,772.24
USD	25,262,900,000.00	24,316,969,871.98
GBP	2,622,800,000.00	3,163,125,015.08
NZD	96,000,000.00	51,802,287.93
HKD	3,328,000,000.00	412,463,128.67
Total		**28,211,228,140.07**

6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of KfW for each fiscal year of KfW ended since the close of the latest fiscal year for which such information was previously reported. These statements should be so itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.

such action, not previously reported.

No foreign exchange control previously reported was discontinued or materially modified by the government of the Federal Republic during 2024.

8. Brief statements as of a date reasonably close to the date of the filing of this report (indicating such date), in respect of the note issue and gold reserves of the central bank of issue of the registrant, and of any further gold stocks held by the registrant.

   Not applicable.

9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in terms of value and of weight or quantity; if statistics have been established in terms of value, such will suffice.

   Not applicable.

10. The balances of international payments of KfW for each year ended since the close of the latest year for which such information was previously reported. The statements of such balances should conform, if possible, to the nomenclature and form used in the "Statistical Handbook of the League of Nations." (These statements need to be furnished only if KfW has published balances of international payments.)

    Not applicable.

Federal Republic of Germany

2. A statement as of December 31, 2024 giving the total outstanding of:

(a) Internal funded debt of the Federal Republic. (Total to be stated in the currency of the Federal Republic. If any internal funded debt is payable in foreign currency, it should not be included under this paragraph (a), but under paragraph (b) of this item.)

The total amount of internal funded indebtedness of the Federal Republic, which is defined as euro denominated debt with an initial maturity of one year or more, outstanding as of December 31, 2024 was EUR 1,509.37 billion (*Source: Open-Data-Portal of the Federal Ministry of Finance: https://www.bundesfinanzministerium.de/Datenportal/Daten/offene-daten/haushalt-oeffentliche-finanzen/Zeitreihe-Kredit-Bruttokredit-Tilgung-Zinsen/Kreditbestand-Bruttokredit-Tilgung-Zinsen.html.*)

For further information on the principal amount of the outstanding direct debt of the Federal Republic, see "Tables and Supplementary Information—I. Direct Debt of the Federal Government—Summary of the Principal Amount of the Outstanding Direct Debt of the Federal Government", p. G-43 of Exhibit (d), which is hereby incorporated by reference herein.

4. (a) As to each issue of securities of the Federal Republic which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:

    (1) Total amount held by or for the account of the Federal Republic.

    Not applicable.

    (2) Total estimated amount held by nationals of the Federal Republic; this estimate need be furnished only if it is practicable to do so.

    Not practicable.

    (3) Total amount otherwise outstanding.

    Not applicable.

   (b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the Federal Republic to reacquire such securities.

    Not applicable.

5. A statement as of the close of the last fiscal year of the Federal Republic giving the estimated total of:

   (a) Internal floating indebtedness of the Federal Republic. (Total to be stated in the currency of the Federal Republic.)

   The total amount of internal floating indebtedness of the Federal Republic, which is defined as euro denominated debt with an initial maturity of less than one year, outstanding as of December 31, 2024 was EUR 104.43 billion *(Source: Open-Data-Portal of the Federal Ministry of Finance: https://www.bundesfinanzministerium.de/Datenportal/Daten/offene-daten/haushalt-oeffentliche-finanzen/Zeitreihe-Kredit-Bruttokredit-Tilgung-Zinsen/Kreditbestand-Bruttokredit-Tilgung-Zinsen.html).*

   (b) External floating indebtedness of the Federal Republic. (Total to be stated in the respective currencies in which payable.)

   None.

6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the Federal Republic for each fiscal year of the Federal Republic ended since the close of the latest fiscal year for which such information was previously reported. These statements should be so itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.

   See “The Federal Republic of Germany—Public Finance”, pp. G-35 et seq. of Exhibit (d), which are hereby incorporated by reference herein.

and gold reserves of the central bank of issue of the Federal Republic, and of any further gold stocks held by the Federal Republic.

See “The Federal Republic of Germany—Monetary and Financial System—Official Foreign Exchange Reserves,” p. G-28 of Exhibit (d), which is hereby incorporated by reference herein.

9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in terms of value and of weight or quantity; if statistics have been established in terms of value, such will suffice.

   See “The Federal Republic of Germany—The Economy—International Economic Relations—Balance of Trade,” pp. G-22 et seq. of Exhibit (d), which are hereby incorporated by reference herein.

10. The balances of international payments of the Federal Republic for each year ended since the close of the latest year for which such information was previously reported. The statements of such balances should conform, if possible, to the nomenclature and form used in the “Statistical Handbook of the League of Nations.” (These statements need to be furnished only if the Federal Republic has published balances of international payments.)

    See “The Federal Republic of Germany—The Economy—International Economic Relations—Balance of Payments,” pp. G-21 et seq. of Exhibit (d), which is hereby incorporated by reference herein.

Exhibit (e)	-	KfW Financial Information 2024.
Exhibit (f)	-	Consent of Deloitte GmbH Wirtschaftsprüfungsgesellschaft.
Exhibit (g)	-	Consent of the Federal Republic of Germany.

This annual report is filed subject to the Instructions for Form 18-K for Foreign Governments and Political Subdivisions thereof.

(g) Consent of the Federal Republic of Germany.

Title: Chief Executive Officer

By: /s/ BERND LOEWEN

Name: Bernd Loewen

Title: Member of the Executive Board

Date: May 8, 2025

Germany—General—The European Union and European Integration" for a discussion of the introduction of the euro.

Unless explicitly stated otherwise, financial information relating to KfW Group presented herein has been prepared in accordance with IFRS® Accounting Standards, as adopted by the EU ("IFRS Accounting Standards").

Amounts in tables may not add up due to rounding differences.

On May 7, 2025, the euro foreign exchange reference rate as published by the European Central Bank was EUR 1.00 = U.S. dollar 1.136 (EUR 0.8803 per U.S. dollar).

In this document, references to the "Federal Republic" and "Germany" are to the Federal Republic of Germany and references to the "Federal Government" are to the government of the Federal Republic of Germany. The terms "KfW Group" and "group" refer to KfW and its consolidated subsidiaries.

Accounting Standards applicable to interim financial reporting. This information is not necessarily indicative of the figures of KfW Group for the full year ending December 31, 2025.

KfW Group's consolidated total assets decreased by 0.6%, or EUR 3.1 billion, from EUR 545.4 billion as of December 31, 2024 to EUR 542.3 billion as of March 31, 2025. KfW Group's operating result before valuation and promotional activities amounted to EUR 432 million for the three months ended March 31, 2025, compared to EUR 454 million for the corresponding period in 2024. The main driver for KfW Group's operating result before valuation and promotional activities during the three-month period ended March 31, 2025, was net interest income. KfW Group's operating result before valuation and promotional activities is before (i) risk provisions for lending business, (ii) net gains/losses from securities and investments, (iii) net gains/losses from hedge accounting and other financial instruments at fair value through profit or loss, and (iv) expenses relating to promotional activities. These valuation effects consisted mainly of the following:

- expenses from risk provisions in an amount of EUR 34 million for the three months ended March 31, 2025, compared to income in an amount of EUR 108 million for the corresponding period in 2024;
- negative effects in an amount of EUR 71 million as market values of securities and equity investments decreased in the three months ended March 31, 2025, compared to positive effects of EUR 48 million for the corresponding period in 2024;
- net losses in an amount of EUR 120 million for the three months ended March 31, 2025 due to fair value changes of derivatives used exclusively for hedging purposes in closed risk positions, compared to net gains in an amount of EUR 19 million for the corresponding period in 2024[1]; and
- expenses relating to promotional activities in an amount of EUR 115 million for the three months ended March 31, 2025, compared to expenses in an amount of EUR 77 million for the corresponding period in 2024.

KfW Group's consolidated result for the three-month period ended March 31, 2025 amounted to a profit of EUR 117 million, compared to a profit of EUR 461 million for the corresponding period in 2024.

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1 KfW generally enters into derivative transactions to economically hedge interest and currency risks in connection with its financing and funding activities. Some economic hedging relationships entered into do not qualify for hedge accounting or the fair value option under IFRS. In these cases, only the fair value changes in the hedging instrument are recognized in the consolidated income statement as net gains/losses from other financial instruments at fair value through profit or loss, whereas fair value changes in the hedged instrument are not. As a result, the economic risk-mitigating effect of such hedging relationships is not reflected in the consolidated income statement.

SME Bank & Private Clients (*Mittelstandsbank & Private Kunden*)	10,876	9,028	20
Customized Finance & Public Clients (*Individualfinanzierung & Öffentliche Kunden*)	1,606	1,615	-1
KfW Capital	41	43	-5
Export and Project Finance (KfW IPEX-Bank)	4,503	6,135	-27
KfW Entwicklungsbank	509	508	0
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH	129	228	-43
Total Promotional Business Volume (1) (2)	**17,665**	**17,450**	**1**

* Amounts in the table may not add up due to rounding differences.

(1) Total promotional business for the three months ended March 31, 2024, has been adjusted for commitments of EUR 107 million, made by KfW IPEX-Bank relating to export and project finance and refinanced under certain programs of SME Bank. No adjustments of the total promotional business volume were made for the three months ended March 31, 2025.

(2) Commitments represent the volume of funds committed for loans and other business transactions (with the exception of program-based global loans, RegioInnoGrowth ("RIG") loans and global funding facilities to *Landesförderinstitute*) in the relevant period, including amounts to be disbursed in future periods, and do not include amounts disbursed in the relevant period pursuant to commitments made in prior periods. In the case of program-based global loans, RIG loans and global funding facilities to *Landesförderinstitute*, commitments represent the actual volume of funds disbursed in the relevant period.

KfW's total promotional business volume slightly increased to EUR 17.7 billion during the three-month period ended March 31, 2025, compared to EUR 17.5 billion for the corresponding period in 2024. Commitments in KfW's business sectors Export and Project Finance and DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH decreased significantly. This decrease was, however, offset by higher commitments under KfW's SME Bank & Private Clients business sector.

Commitments in the SME Bank & Private Clients business sector amounted to EUR 10.9 billion for the three months ended March 31, 2025, compared to EUR 9 billion for the corresponding period in 2024. This increase was attributable to slightly lower volumes in the Private Client segment (EUR 5.9 billion compared to EUR 6.1 billion for the corresponding period in 2024), which were offset by significantly higher commitments in the SME Bank segment (EUR 4.9 billion compared to EUR 3 billion for the corresponding period in 2024). The increased volume of new commitments in the SME Bank segment was primarily due to higher demand, particularly for financing renewable energies, following the reduction in the ECB interest base rate since January 2025.

basis. However, for the first three months of 2025, all sectors contributed to new commitment volumes.

Commitments related to KfW Entwicklungsbank remained stable at EUR 509 million for the three-month period ended March 31, 2025, compared to EUR 508 billion for the corresponding period in 2024.

Commitments of DEG decreased to EUR 129 million for the three-month period ended March 31, 2025, compared to EUR 228 million as of March 31, 2024. This decrease is mainly attributable to an above-average volume of commitments in the first quarter of 2024 compared to commitments for the corresponding period in 2025. Due to the typically lower level of new commitments at the beginning of the year, deviations in the first quarter compared to the previous year are not uncommon for DEG.

Sources of Funds

The volume of funding raised in the capital markets for the three months ended March 31, 2025 totaled EUR 30.6 billion, of which 55.2% was raised in euro, 22% in U.S. dollar and the remainder in seven other currencies.

Capitalization and Indebtedness of KfW Group as of March 31, 2025

	(EUR in millions)
Borrowings	
Short-term funds	34,570
Bonds and other fixed-income securities	421,693
Other borrowings	34,291
Total borrowings	490,554
Equity	
Paid-in subscribed capital (1)	3,300
Capital reserve	8,447
Reserve from the ERP Special Fund	1,191
Retained earnings	26,669
Fund for general banking risks	0
Revaluation reserve	155
Total equity	39,762
Total capitalization	**530,316**

(1) KfW's equity capital, 80% of which is held by the Federal Government and the remaining 20% by the Länder, amounted to EUR 3,750 million as of March 31, 2025, of which EUR 3,300 million has been paid in pro rata by the Federal Government and the Länder.

In connection with the phase-in of the analogous application of banking supervisory law to KfW, the provisions of the EU Capital Requirements Regulation (Regulation EU No 575/2013, "CRR"), the German Banking Act (*Kreditwesengesetz*) and the German Solvency Regulation (*Solvabilitätsverordnung*), which require banks to have adequate own funds (*Eigenmittel*) for the conduct of their business, have become applicable to KfW by analogy with effect from January 1, 2016. In June 2017, KfW received the approval from the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) to calculate its regulatory capital requirements following the advanced internal ratings-based approach ("IRBA") for a large part of its portfolio as of June 30, 2017.

According to Article 92 of the CRR, KfW's total capital ratio and its Tier 1 capital ratio amounted to 28.6%, in each case as of March 31, 2025 (not taking into account the interim profit of the year to date)[2]. The decrease of the total capital ratio and the Tier 1 capital ratio compared to December 31, 2024, when the total capital ratio amounted to 30.3% and the Tier 1 capital ratio amounted to 30.2%, was mainly due to the regulatory adjustments caused by the implementation of the EU Capital Requirements Regulation III (Regulation (EU) 2024/1623) amending CRR, which to some extent was offset by the consideration of the interim profit for the second half of the year 2024.

Other Recent Developments

Change in Executive Board

Katharina Herrmann stepped down from the Executive Board of KfW with effect from April 30, 2025. Ms. Herrmann's areas of responsibility have been taken on by other Executive Board members.

Changes in Supervisory Board

As a result of the formation of the new federal government, the following persons have become members of the Board of Supervisory Directors with effect from May 6, 2025:

Name	Office
Lars Klingbeil	Federal Minister of Finance; Chair in 2025
Katherina Reiche	Federal Minister for Economic Affairs and Energy; Deputy Chair in 2025
Dr. Johann Wadephul	Federal Foreign Minister
Alois Rainer	Federal Minister of Agriculture, Food and Community
Patrick Schnieder	Federal Minister of Transport
Reem Alabali-Radovan	Federal Minister for Economic Cooperation and Development
Carsten Schneider	Federal Minister for the Environment, Climate Action, Nature Conservation, and Nuclear Safety

[2] According to Article 26(2) CRR.

(adjusted for price, seasonal and calendar effects)(1)

Reference period	Percentage change on the previous quarter	Percentage change on the same quarter in previous year
1st quarter 2024	0.2	-0.1
2nd quarter 2024	-0.3	-0.3
3rd quarter 2024	0.1	-0.3
4th quarter 2024	-0.2	-0.2
1st quarter 2025	0.2	-0.2

(1) Adjustment for seasonal and calendar effects according to the Census X13 method.

Germany's gross domestic product ("GDP") grew by 0.2% in the first quarter of 2025 compared with the fourth quarter of 2024 after adjusting for price, seasonal and calendar effects, following the decrease at the end of 2024 (-0.2% in the fourth quarter of 2024 compared with the third quarter of 2024). This was mainly due to an increase in household final consumption expenditure and capital formation.

Compared to the first quarter of 2024, price-adjusted GDP in the first quarter of 2025 decreased by 0.4%. The price and calendar adjusted GDP was 0.2% lower than in the same quarter of the previous year.

In addition to calculating data for the first quarter of 2025, the Federal Statistical Office, in line with its usual practice, also reviewed the results published earlier for 2024 and included new statistical information in the calculation of the results. This did not result in any changes to the previously published quarterly price adjusted GDP data.

Source: Federal Statistical Office, Gross domestic product in the 1st quarter of 2025 up 0.2% on the previous quarter, press release of April 30, 2025 (https://www.destatis.de/EN/Press/2025/04/PE25_158_811.html).

May 2024	0.1	2.4
June 2024	0.1	2.2
July 2024	0.3	2.3
August 2024	-0.1	1.9
September 2024	0.0	1.6
October 2024	0.4	2.0
November 2024	-0.2	2.2
December 2024	0.5	2.6
January 2025	-0.2	2.3
February 2025	0.4	2.3
March 2025	0.3	2.2

The inflation rate in Germany, measured as the year-on-year change in the consumer price index, amounted to 2.2% in March 2025, after 2.3% in both January and February 2025 and 2.6% in December 2024. In March 2025, the most important driver of inflation was the increase in food prices and service prices, which was offset in part by a decrease in energy prices. The inflation rate excluding food and energy, often referred to as core inflation, was 2.6% in March 2025.

Energy prices in March 2025 decreased by 2.8% compared to March 2024. In each of the three preceding months, from December 2024 to February 2025, prices were already lower by 1.6% compared to a year earlier. In March 2025, motor fuels dropped by 4.6%, household energy by 1.6%, electricity by 2.1%, and solid fuels by 3.5%, while heating oil decreased by 8.4%. Conversely, natural gas and district heating were more expensive, increasing by 3.5% and 9.5% respectively.

Food price increases accelerated in March 2025 and were significantly higher than the overall rate of inflation, rising by 3.0% year-on-year in March 2025 after a 2.4% increase in February. The increase in prices from March 2024 to March 2025 was driven in particular by an 9.2% jump in edible fats and oils, along with rises in fruit (+5.7%), vegetables (+5.3%), sugar, jam, honey and other confectionery (+4.9%) and dairy products and eggs (+4.1%), while bread and cereals as well as meat and meat products saw only minor increases (+0.9% in each case). In contrast, prices of fish, fish products and seafood were lower than a year earlier (-0.4%).

Overall goods prices were up by 1.0% year-on-year. Non-durable consumer goods increased by 1.3%, whereas durable goods increased by 0.4%. Aside from the rise in food prices by 3.0%, non-alcoholic beverages and tobacco products were significantly more expensive, up by 6.9% and 4.2% respectively, while prices for mobile phones and information processing equipment declined by 9.0% and 6.0%, respectively.

Service prices continued their upward trend, increasing by 3.5% year-on-year. Combined passenger transport services surged by 11.4%, social facility services by 10.0%, and insurance services by 9.8%, with notable gains also in in-patient health services (+6.5%), vehicle maintenance and repair (+5.8%), and catering services (+4.2%). Net rents (excluding heating expenses) rose by 2.1%, slightly below overall inflation, while telecommunications prices fell by 1.1%.

Compared to February 2025, the consumer price index increased by 0.3% in March 2025. Among other things, month-on-month increases in clothing (+4.3%), package holidays (+3.1%) and food prices (+0.4%) were offset by a decrease in energy prices of 1.5%.

According to provisional estimates, the inflation rate is expected to be 2.1% in April 2025 compared to April 2024.

Sources: Federal Statistical Office, Short-term indicators: Price indices at a glance (consumer prices, retail prices, producer prices, selling prices in wholesale trade, import prices, export prices). Tables with values and rates of change (https://www.destatis.de/EN/Themes/Economy/Short-Term-Indicators/Prices/pre110.html); Federal Statistical Office, Inflation rate at +2.2% in March 2025, press release of April 11, 2025 (https://www.destatis.de/EN/Press/2025/04/PE25_139_611.html); Federal Statistical Office, Inflation rate of +2.1% expected in April 2025, press release of April 30, 2025 (https://www.destatis.de/EN/Press/2025/04/PE25_159_611.html).

April 2024	3.2	3.4
May 2024	3.5	3.4
June 2024	3.4	3.5
July 2024	3.6	3.5
August 2024	3.8	3.5
September 2024	3.2	3.5
October 2024	3.3	3.5
November 2024	3.4	3.5
December 2024	3.2	3.5
January 2025	3.7	3.5
February 2025	3.6	3.5
March 2025	3.7	3.5

(1) The time series on unemployment are based on the German Labour Force Survey.

(2) Trend cycle component (X-13-ARIMA method using JDemetra+; calculation by Eurostat).

Approximately 45.7 million persons resident in Germany were in employment in March 2025. According to provisional calculations of the Federal Statistical Office, the seasonally adjusted number of persons in employment was almost unchanged (+6,000 or 0.0%) compared to the previous month. Overall, this number has remained nearly the same since December 2024, following a slight increase of 9,000 persons in February 2025 and a decrease of 13,000 persons in January 2025.

Compared to March 2024, the number of employed persons in March 2025 declined by 53,000 (-0.1%). The year-on-year rate of change was also -0.1% from December 2024 to February 2025. The downward trend in employment, which has been observed since November 2024, is therefore continuing.

In March 2025, the number of unemployed persons increased by approximately 96,000, or 6.2%, compared to March 2024. Adjusted for seasonal and irregular effects, the number of unemployed persons in March 2025 stood at 1.58 million, reflecting a slight decrease of 2,000 people or 0.1% compared to February 2025. Between February 2025 and March 2025, the adjusted unemployment rate remained unchanged at 3.5%.

Sources: Federal Statistical Office, Little movement in employment figures in March 2025, press release of April 30, 2025 (https://www.destatis.de/EN/Press/2025/04/PE25_156_132.html); Federal Statistical Office, Genesis-Online Datenbank, Result 13231-0001, Unemployed persons, persons in employment, economically active population, unemployment rate: Germany, months, original and adjusted data, accessed on April 30, 2025 (https://www-genesis.destatis.de/genesis/online?sequenz=tabelleErgebnis&selectionname=13231-0001&zeitscheiben=2&leerzeilen=false&language=en#abreadcrumb).

Current account	**34.9**	**53.1**

(1) Figures may not add up due to rounding.

Source: Deutsche Bundesbank, Major items of the German balance of payments, April 11, 2025 (https://www.bundesbank.de/resource/blob/951588/06df61c1f63a5b71cf26f4166f0e8bd3/472B63F073F071307366337C94F8C870/2025-04-11-zahlungsbilanz-anlage-data.pdf).

Other Recent Developments

Monetary Policy

On April 17, 2025, the Governing Council of the European Central Bank ("ECB") decided to lower each of the three key ECB interest rates – the deposit facility rate, the main refinancing operations rate and the marginal lending facility rate – by 25 basis points. These rates have been decreased to 2.25%, 2.40% and 2.65%, respectively, with effect from April 23, 2025, following a preceding decrease of the three key ECB interest rates by 25 basis points to 2.50% (deposit facility), 2.65% (main refinancing operations) and 2.90% (marginal lending facility) on March 6, 2025, with effect from March 12, 2025.

In particular, the Governing Council based its decision to lower the deposit facility rate – the rate through which it steers the monetary policy stance – on its updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission. Pursuant to the Governing Council, the disinflation process is well on track. Inflation has continued to develop as staff expected, with both headline and core inflation declining in March, as well as services inflation easing markedly over recent months. Most indicators of underlying inflation suggest that inflation is likely to stabilize around the Governing Council's 2% medium-term target on a sustained basis. Wage growth is slowing down, and company profits are helping to absorb some of the inflationary pressure from still relatively high wage growth. While the euro area economy has become more resilient to global shocks, the growth outlook has worsened due to rising trade tensions. Rising uncertainty is expected to weaken confidence among households and businesses, while the negative and volatile market reaction to trade tensions is likely to tighten financing conditions. Together, these factors could put additional pressure on the euro area's economic outlook.

The Governing Council reported that the asset purchase programme (APP) and pandemic emergency purchase programme (PEPP) portfolios are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

Sources: European Central Bank, Monetary policy decisions, press release of April 17, 2025 (https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250417~42727d0735.en.html); European Central Bank, Monetary policy decisions, press release of March 6, 2025 (https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250306~d4340800b3.en.html).

With total assets of EUR 545.4 billion as of December 31, 2024, including loans and advances of EUR 441.9 billion, KfW is Germany's flagship promotional bank and ranks among Germany's largest financial institutions. KfW's promotional business volume amounted to EUR 112.8 billion in 2024. For more information on KfW's promotional business volume, see the table "Promotional Business Volume by Business Sector" in "Business—Introduction."

KfW conducts its business in the following business sectors:

- SME Bank & Private Clients (*Mittelstandsbank & Private Kunden*): offers highly standardized products primarily for small and medium-sized enterprises ("SMEs"), business founders, start-ups, self-employed professionals and private individuals;
- Customized Finance & Public Clients (*Individualfinanzierung & Öffentliche Kunden*): provides individual financing solutions for municipal and social infrastructure, and offers corporate loans and project financing as well as customized financing for financial institutions and *Landesförderinstitute*;
- KfW Capital GmbH & Co. KG ("KfW Capital"): KfW Capital invests in German and European venture capital and venture debt funds with the aim of improving access to capital for innovative, technology-oriented growth companies in Germany through professionally managed funds. KfW Capital is a legally independent entity wholly owned by KfW;
- Export and Project Finance: KfW IPEX-Bank GmbH ("KfW IPEX-Bank") offers customized financing for exports and project and corporate financing worldwide. KfW IPEX-Bank is a legally independent entity wholly owned by KfW;
- KfW Entwicklungsbank (KfW Development Bank) is responsible for KfW's public sector development cooperation activities;
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG") finances private-sector investments in developing countries. DEG is a legally independent entity wholly owned by KfW; and
- Financial Markets: comprises KfW's treasury, funding, asset management and other capital markets-related activities.

In addition, KfW manages its direct and indirect strategic shareholdings, which include a number of investments made in companies pursuant to Special Federal Mandates (*Zuweisungsgeschäfte*; "Special Federal Mandates") by the Federal Government in accordance with article 2 paragraph 4 of the Law Concerning KfW (*Gesetz über die Kreditanstalt für Wiederaufbau*, or the "KfW Law"). For more information on KfW's business sectors and its strategic shareholdings, see "Business."

KfW's offices are located at Palmengartenstraße 5-9, 60325 Frankfurt am Main, Germany. KfW's telephone number is 011-49-69-74310. KfW also maintains branch offices in Berlin and Bonn, Germany, as well as a liaison office to the EU in Brussels, Belgium.

Ownership

The Federal Republic holds 80% of KfW's subscribed capital, and the German federal states (each, a "Land" and together, the "Länder") hold the remaining 20%. The KfW Law does not provide for shareholders' meetings; instead, the Board of Supervisory Directors assumes the responsibilities of a shareholders' meeting. For more information on the Board of Supervisory Directors, see "Management and Employees—Board of Supervisory Directors."

Shares in KfW's capital may not be pledged; they may not be transferred to entities other than the Federal Republic or the Länder.

Capital contributions have been, and are expected to continue to be, made to KfW in such proportions as to maintain the relative shares of capital held by the Federal Republic and the Länder.

Legal Status

KfW is organized under the KfW Law as a public law institution with unlimited duration. As a public law institution serving public policy objectives of the Federal Government, KfW itself is not subject to corporate taxes (although certain of its subsidiaries are), and as a promotional bank, KfW does not seek to maximize profits. KfW does, however, seek to maintain an overall level of profitability that allows it to strengthen its equity base in order to support its promotional activities. KfW is prohibited under the KfW Law from distributing profits, which are instead allocated to statutory reserves and to separately reportable reserves. KfW is generally also prohibited under the KfW Law from taking deposits or engaging in the financial commission business.

Federal Republic ranks equally, without any preference, with all of its other present and future unsecured and unsubordinated indebtedness. Holders of securities issued by KfW or issued under KfW's guarantee may enforce this obligation directly against the Federal Republic without first having to take legal action against KfW. The Guarantee of the Federal Republic is strictly a matter of statutory law and is not evidenced by any contract or instrument. It may be subject to defenses available to KfW with respect to the obligations covered.

Institutional Liability (Anstaltslast)

KfW is a public law institution (*Anstalt des öffentlichen Rechts*). Accordingly, under the German administrative law principle of *Anstaltslast*, the Federal Republic, as the constituting body of KfW, has an obligation to safeguard KfW's economic basis. Under *Anstaltslast*, the Federal Republic must keep KfW in a position to pursue its operations and enable it, in the event of financial difficulties, through the allocation of funds or in some other appropriate manner, to meet its obligations when due. *Anstaltslast* is not a formal guarantee of KfW's obligations by the Federal Republic, and creditors of KfW do not have a direct claim against the Federal Republic.

Nevertheless, the effect of this legal principle is that KfW's obligations, including the obligations to the holders of securities issued by it or issued under KfW's guarantee, are fully backed by the credit of the Federal Republic. The obligation of the Federal Republic under *Anstaltslast* would constitute a charge on public funds that, as a legally established obligation, would be payable without the need for any appropriation or any other action by the German Parliament.

Understanding with the European Commission

In order to clarify that the Federal Republic's responsibility for KfW's obligations was and is compatible with EU law prohibitions against state aid, the German Federal Ministry of Finance and the European Commissioner for Competition held discussions which were formalized in an understanding reached on March 1, 2002. In the understanding with the European Commission, it was agreed that, in respect of the promotional activities for which KfW is responsible, KfW will continue to benefit from *Anstaltslast* and the Guarantee of the Federal Republic. The understanding acknowledged that KfW's role in providing financing for, in particular, SMEs, risk capital, environmental protection, technology/innovation, infrastructure and housing, as well as its cooperation with developing countries, is of a promotional nature and thus compatible with EU rules.

In the business sector of Export and Project Finance, the understanding with the European Commission required KfW to transfer to a legally independent subsidiary that portion of export finance and domestic and international project finance activities which the European Commission deemed to fall outside the scope of the promotional activities of KfW. The transfer of such activities was to be effected by December 31, 2007, and as from that date, KfW has not been permitted to fund the subsidiary at other than market rates of interest or to extend to the subsidiary any benefits of *Anstaltslast* or the Guarantee of the Federal Republic.

KfW continues to be permitted, however, to engage directly in the following promotional export and project finance activities:

- implementation of international promotional programs, such as the interest-rate subsidized CIRR (Commercial Interest Reference Rate) and ASU (Aircraft Sector Understanding) schemes, which are recognized as promotional activities in accordance with the Organization for Economic Cooperation and Development ("OECD") consensus;
- participation in syndicated financing activities outside the EU, the European Economic Area and countries holding the status of official candidate for EU membership, subject to certain conditions, and sole financing activities in countries in which sufficient sources of financing do not exist; and
- participation in projects in the interest of the EU that are co-financed by the European Investment Bank or similar European financing institutions.

Supervision and Regulation

Supervision

The Federal Ministry of Finance, acting in consultation with the Federal Ministry for Economic Affairs and Climate Action, exercises legal supervision (*Rechtsaufsicht*) over KfW, i.e., it supervises KfW's compliance with applicable laws and may adopt all necessary measures to ensure such compliance. Legal supervision primarily comprises supervision of compliance with the KfW Law and KfW's Bylaws, but also with all other applicable laws and regulations, except for certain provisions of bank regulatory law referenced in the following paragraph and described in "Regulation." The relevant Federal Ministers are represented on KfW's Board of Supervisory Directors, which supervises KfW's overall activities. See below "Management and Employees—Board of Supervisory Directors."

In addition to being subject to legal supervision by the Federal Ministries, in October 2013, KfW became subject to banking-specific supervision exercised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, or "BaFin"). This supervision was established by a ministerial regulation (*KfW–Verordnung*, or "KfW Regulation"), which implements an amendment to the KfW Law that became effective in July 2013. The KfW Regulation, while maintaining KfW's general exemption from bank regulatory law, specifies those provisions of bank regulatory law which are to apply to KfW by analogy and assigns the supervision of compliance with these provisions to BaFin. In exercising its supervision, BaFin cooperates with the Deutsche Bundesbank in accordance with normal bank supervisory procedures. For further details, see "Supervision and Regulation—Regulation."

In addition, to comply with the financial reporting and auditing standards generally applicable to banks in Germany, KfW, under the KfW Law, is subject to special auditing standards for government-owned entities set forth in the Budgeting and Accounting Act (*Haushaltsgrundsätzegesetz*). These special auditing standards require that KfW's annual audit, above and beyond its normal scope, cover the proper conduct of KfW's business by its management. The resulting auditor's report is to enable the Board of Supervisory Directors, the responsible Federal Ministries and the Federal Court of Auditors (*Bundesrechnungshof*) to form their own opinion and to take action if required.

Finally, as a government-owned entity, KfW is subject to audits by the Federal Court of Auditors (*Bundesrechnungshof*) with regard to its economical use of funds pursuant to the Budgeting and Accounting Act (*Haushaltsgrundsätzegesetz*).

Regulation

Overview of KfW's Regulatory Status

KfW is generally exempt from bank regulatory laws and regulations, as it qualifies neither as a "credit institution" or "financial services institution" within the meaning of the German Banking Act (*Gesetz über das Kreditwesen*, or "KWG"), nor as a "credit institution" within the meaning of relevant EU directives and regulations, including in particular the EU Capital Requirements Directive (Directive 2013/36/EU, as amended) ("CRD") and the EU Capital Requirements Regulation (Regulation (EU) No. 575/2013) ("CRR"). However, by operation of the KfW Regulation, which has been in effect since January 1, 2016, considerable portions of the KWG and the CRR, including relevant implementing rules and regulations, apply by analogy to KfW.

The KfW Regulation takes into account KfW's special status as an entity not generally engaged in deposit taking, characterized by a low-risk profile in its lending business and benefiting from the Guarantee of the Federal Republic. It therefore provides for certain modifications and exceptions in connection with the analogous application of the relevant rules and regulations.

The analogous application of EU and national bank regulatory law imposed by the KfW Regulation is without prejudice to KfW's status as a "public sector entity" within the meaning of article 4 paragraph 1 no. 8 of the CRR. This status confers certain advantages to KfW's refinancing activities given the fact that exposures to public sector entities held by banks are privileged as to capital requirements, large exposures limitations and liquidity measurement under EU

Directors, see "Management and Employees—Board of Supervisory Directors."

Since January 1, 2018, the bank regulatory requirements for remuneration policies set forth in Section 25a of the KWG and further specified in the German Remuneration Regulation for Credit Institutions (*Institutsvergütungsverordnung*, or "IVV") apply to KfW.

The capital adequacy regime set forth in part 2 titles I through III and part 3 titles I through VI of the CRR has become applicable to KfW by analogy virtually in its entirety with effect from January 1, 2016, including the calculation of regulatory own funds and own funds requirements on a consolidated basis. KfW is also subject to the capital buffers regime introduced by CRD and transposed into national law in Sections 10c through 10i of the KWG. In June 2017, KfW received approval from BaFin to calculate its regulatory capital requirements in accordance with the advanced IRBA for the vast majority of its portfolio as of June 30, 2017. According to article 92 of the CRR, KfW's total capital ratio amounted to 30.3% and its Tier 1 capital ratio amounted to 30.2%, in each case as of December 31, 2024 (not taking into account the interim profit of the second half of 2024)[3]. The increase of the total capital ratio and the Tier 1 capital ratio compared to December 31, 2023, when the total capital ratio and the Tier 1 capital ratio amounted to 27.9%, was mainly due to the consideration of the profit of the second half of 2023 and the first half of 2024 and to a reduced total risk exposure amount resulting from rating improvements as well as adjustments of the risk measurement procedures.

In connection with the application of the appropriate requirements of the capital adequacy regime, the overall capital requirement for KfW Group's total capital ratio as of December 31, 2024 was 15.6%, consisting of a total supervisory review and evaluation process capital requirement ("TSCR") of 11.5% plus a Capital Conservation Buffer of 2.5%, a buffer for Other Systemically Important Institutions (O-SIIs) in Germany of 1.0%, a systemic risk buffer of 0.02% for risk weighted assets in Norway, which was reciprocally introduced by BaFin in response to the imposition of such a risk buffer for German banks by the Norwegian Central Bank, and a Countercyclical Capital Buffer of 0.61%. The TSCR for KfW Group includes a supervisory review and evaluation process ("SREP") surcharge, which is generally meant to reflect the specific risk situation of an individual bank. In March 2023, BaFin confirmed KfW Group's SREP surcharge of 3.0%. On March 6, 2025, KfW Group's SREP surcharge was reduced to 2.0%. In addition, the TSCR for KfW Group includes an additional surcharge for certain findings from standard audits by Deutsche Bundesbank and BaFin. As of December 31, 2024, this surcharge amounted to 0.5% overall. This figure reflected a reduction in two steps, in March and July 2024, of the surcharge of 1.25% that had prevailed in 2023.

As of January 1, 2016, KfW, by analogy, became subject to the large-exposures regime of part IV of the CRR as supplemented by the KWG and relevant implementing rules and regulations. Under this regime, exposures to any one client or group of connected clients are limited to 25% of eligible own funds and exposures exceeding 10% of eligible own funds are subject to special internal monitoring requirements and a reporting obligation to the German bank supervisory authorities.

In addition, KfW has been applying the provisions concerning leverage ratio with effect from January 1, 2016 by analogy. Under this regime, the ratio of KfW's Tier 1 capital to the carrying value of assets and off-balance sheet exposures is calculated on a consolidated basis. The leverage ratio is monitored internally and has been part of the prudential requirements since June 2021.

According to a decision made by BaFin in December 2015, certain provisions of the CRR such as own funds requirements, large exposures and leverage need only be considered at the group level (i.e., on a consolidated basis) and not at the entity level.

Although it was already subject to the German Anti-Money Laundering Act (*Geldwäschegesetz*), on January 1, 2016 KfW also became subject to the provisions of the KWG concerning money laundering, terrorist financing and other criminal offences at the group and entity levels.

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[3] According to article 26(2) CRR.

The *Finanzmarktdigitalisierungsgesetz* (Financial Market Digitalization Act – FinmadiG) of December 27, 2024, which came into effect on December 30, 2024, amended the KfW Regulation. The amendment extended the regulatory framework to be complied with by KfW to include EU Regulation 2022/2554 on digital operational resilience in the financial sector (DORA).

Supervisory Structure and Enforcement Powers

The supervision of KfW's compliance with bank regulatory laws and regulations is assigned to BaFin in cooperation with Deutsche Bundesbank in accordance with BaFin's general risk-oriented supervisory review and evaluation process. In this context, Deutsche Bundesbank undertakes the ongoing audit and analysis of banks with regard to both their financial stability and the adequacy of their internal governance and risk-management systems. Deutsche Bundesbank receives and preprocesses relevant data, while final decision-making and the exercise of enforcement powers are reserved for BaFin.

For purposes of supervision, the KfW Regulation has subjected KfW by analogy to the reporting and information requirements generally applicable to banks in Germany, with the exception of the automated access to client account details, with effect from January 1, 2016. After a transition period agreed with the supervisory authorities, KfW implemented a fully-fledged regulatory reporting system as of January 1, 2020.

In addition, the KfW Regulation subjects KfW by analogy to certain enforcement powers of BaFin, which comprise, among other matters, the right to demand, under certain circumstances, increases of regulatory own funds and/or a reduction of regulatory risk, or to demand changes in the senior management of KfW.

Since KfW does not qualify as a regulated entity under national or EU bank regulatory law, KfW did not become subject to the changes in the national and EU bank supervisory structure that have taken effect in recent years. In particular, KfW is not subject to supervision by the ECB pursuant to Council Regulation (EU) No. 1024/2013 establishing the European Single Supervisory Mechanism ("SSM"). KfW IPEX-Bank was included in the ECB's comprehensive assessment of large banks conducted in 2014 in cooperation with national supervisory authorities of member states participating in the SSM. According to a decision of the ECB in September 2014, KfW IPEX-Bank did not qualify as a significant credit institution at that time. By legal notice dated November 11, 2024, KfW IPEX-Bank was informed it is now classified as a significant institution and therefore supervised directly by ECB from January 1, 2025 onwards. The primary reason for this change is the fact that, as of December 31, 2023, KfW IPEX-Bank's total assets (IFRS, before consolidation) had increased to EUR 32.8 billion. For more information on KfW IPEX-Bank, see "Business—Export and Project Finance (KfW IPEX-Bank)." For more information on the SSM, see "Federal Republic of Germany—Monetary and Financial System—Financial System—European Financial System—European System of Financial Supervision and European Banking Union."

Corporate Background

KfW was established in 1948 by the Administration of the Combined Economic Area, the immediate predecessor of the Federal Republic. Originally, KfW's purpose was to distribute and lend funds of the European Recovery Program (the "ERP"), which is also known as the Marshall Plan. Even today, several of KfW's programs to promote the German and European economies are supported using funds to subsidize interest rates from the so-called "ERP Special Fund." KfW has expanded and internationalized its operations over the past decades. In 1994, following the reunification of the Federal Republic and the former German Democratic Republic ("GDR"), KfW assumed the operations of the former central bank of the GDR (*Staatsbank*), which was located in Berlin, Germany.

In September 2001, KfW acquired DEG from the Federal Republic. DEG is a limited liability company that acts as the German development finance institution for the promotion of private enterprises in developing countries and emerging economies. For more information on DEG, see "Business—DEG—Deutsche Investitions- und Entwicklungsgesellschaft mbH."

objectives, see "Combined Management Report—Basic Information on KfW Group—Strategic Objectives 2028" included in Exhibit (e) to this annual report. Against this background, KfW supports the sustainability goals of the Federal Republic, the EU and the international community and is taking action to help implement the Federal Government's National Sustainable Development Strategy, to achieve the United Nations' Agenda 2030 objectives together with its Sustainable Development Goals ("SDGs") and to put the Paris Agreement into practice. In addition, the "Policy Statement of KfW and its Subsidiaries on Human Rights and its Human Rights Strategy" from 2023 reflects the crucial importance of human rights for all of KfW's activities. Apart from financing investments for a more sustainable economy, KfW, on its own initiative and in cooperation with other financial market participants, strives to set benchmarks and standards for credit and capital markets, to act as a driving force for national and international sustainability initiatives and to offer its expertise to political decision-makers in Germany, Europe and worldwide.

KfW's sustainability mission statement, which reflects a holistic approach to addressing the challenge of transitioning to a sustainable society, lays out the framework for KfW's five sustainability action areas: banking business, bank operation, sustainability management, sustainability communications and employee relations. For more information on KfW's approach to employee relations, see "Management and Employees—Employees."

Banking Business

In its financing activities, KfW focuses on the social and economic megatrends of "climate change and the environment," "globalization," "social change," as well as "digitalization and innovation." Due to the particular importance of the "climate change and the environment" megatrend, KfW has been aiming to maintain an environmental ratio of at least 38% for its new commitments since 2020 as part of its strategic management system. In 2024, the environmental ratio, adjusted for loan facilities related to the energy crisis, was 44% (compared to 45% in 2023). KfW's environmental ratio reflects the percentage of KfW's loan commitments for activities in the fields of climate protection (such as renewable energy, energy-efficient projects, sustainable mobility or climate change adaptation) and the protection of resources and environment (such as waste avoidance, wastewater treatment, air pollution control or noise protection) in relation to KfW's overall new loan commitments for a certain period. To qualify for the calculation of the environmental ratio, the loan commitments taken into account also have to fulfill certain minimum requirements, for example, in terms of CO_2 or energy reductions to be achieved by the projects which are financed with these commitments. Although KfW's domestic business faced declining commitments, e.g., relating to commercial climate and environment financing, the remaining business units were able to achieve their targets in terms of the adjusted environmental ratio. This balancing effect was mainly driven by a higher number of environmental-related commitments and a strengthened business focus in one of the business units. As a result, the ratio remained at a level similar to that of 2023 while meeting the strategic benchmark of at least 38%. In addition, KfW is committed to contributing to the achievement of each of the 17 SDGs, which are part of the United Nations' Agenda 2030 for Sustainable Development, under its promotional and financing mandate. To create transparency, KfW has developed a group-wide reporting method by mapping new commitments to the SDGs. While new commitments in 2024 contributed to all 17 SDGs, the most significant contributions were made to SDG 11 "Sustainable cities and communities", SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action."

In terms of customers, important target groups for KfW's activities include Germany's small- and medium-sized enterprises, private households, municipalities, developing countries, as well as export and project finance borrowers. KfW takes ecological and social factors into account in every financing decision based on specific sustainability guidelines, which are in place for all its business sectors. In the case of promotional and project financing in developing countries and emerging economies, as well as in all export and project finance activities around the world, KfW regularly applies internationally recognized environmental and social standards (Environmental and Social Impact Appraisal). KfW refuses to fund projects that could conceivably cause unacceptable environmental or social harm, and the group-wide Exclusion List of KfW Group applies to all new financing and promotional activities. In 2021, KfW introduced science-based sector guidelines in accordance with the targets of the Paris Climate Agreement as an additional element to steer KfW's new financing activities in particularly greenhouse-gas-intensive sectors. Initially, these Paris-compatible sector guidelines were aligned with the 1.65°C climate target. In 2022, KfW revised the sector guidelines to align with the 1.5°C climate target with the aim of providing even more targeted support for the transformation process towards greenhouse gas neutrality. The revised sector guidelines covering the sectors automotive, iron and steel production, building, power generation, aviation and shipping were implemented at the beginning of 2023. In December 2023, KfW introduced an additional sector guideline for the oil and gas sector.

The Combined Non-financial Report in accordance with the German Commercial Code (*Handelsgesetzbuch*) for KfW and KfW Group for the financial year 2024, which was published in April 2025, was prepared in accordance with the European Sustainability Reporting Standards (ESRS, Commission Delegated Regulation (EU) 2023/2772) for the first time, with the sole formal exemption of the publication in the combined management report (ESRS 1.110). Using the ESRS as the main framework for the preparation is voluntary for KfW Group for 2024 due to the delayed transposition of the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464) into German law.

Banking Operations

The regulatory framework applicable to KfW's activities explicitly includes compliance with legal rules and regulations relating to environmental, social and economic matters, as well as the prevention of money laundering, terrorist financing, corruption, fraud, breaches of data protection, insider trading and embargo provisions. In addition, as a public law institution, KfW adheres to the principles of the Federal Government's Public Corporate Governance Code. Furthermore, KfW is a corporate member of Transparency International and DEG represents KfW Group in its capacity as a supporting member of the Extractive Industries Transparency Initiative. While adverse environmental impacts caused by KfW's banking operations are limited, KfW strives to reduce the ecological footprint of its banking operations and compensates the remaining greenhouse gas emissions of KfW Group by purchasing high-value Clean Development Mechanism (CDM) credits on the market and discontinuing them for perpetuity. Among other matters, KfW's procurement guidelines require that suppliers and potential subcontractors comply with the prohibition of child and forced labor and afford protection against inhumane working conditions. Within the scope of possibilities provided by public procurement law, KfW includes social and ecological requirements in its contract conditions for Europe-wide tenders.

Sustainability Management System and Sustainability Communications

KfW's sustainability management system establishes responsibilities and procedures to further develop sustainability matters within KfW Group. Overall responsibility for the group's sustainability strategy and communication rests with KfW's Chief Executive Officer who is supported by KfW's Chief Sustainability Officer and sustainability officers and managers at the business sector, central unit and site levels. Specific sustainability guidelines for the business sectors and relevant central units set out detailed rules.

To ensure continuous progress of the group-wide sustainability commitment, beginning in 2023, KfW's strategic objectives have included as one of its key targets its ranking among the top three development and promotional banks within a peer group, which comprises the top 10 rated development and promotional banks across the peer groups of each of three ESG Rating agencies (ISS, MSCI & Sustainalytics).

KfW regularly interacts openly with its stakeholders about aspects of its business activity related to sustainability with a view to refining its own sustainability goals and enabling stakeholders to address relevant topics. In this context, KfW's sustainability reporting, which also fulfills statutory requirements, and KfW's Sustainability Portal are important communication channels.

Financial Statements and Auditors

The consolidated financial statements of KfW included in Exhibit (e) to this annual report have been prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) of the German Commercial Code (*Handelsgesetzbuch*) and supplementary provisions of the KfW Law. IFRS differs in certain significant respects from accounting principles generally accepted and financial reporting practices followed in the United States ("U.S. GAAP"), and, as a result, KfW's consolidated financial statements included in Exhibit (e) to this annual report may differ substantially from financial statements prepared in accordance with U.S. GAAP.

accepted auditing standards ("U.S. GAAP") or U.S. attestation standards. Therefore, Deloitte does not provide any opinion on such examination, on the combined management report or on the financial statements included in Exhibit (e) to this annual report in accordance with U.S. GAAP or U.S. attestation standards. A reprint of the auditor's report can be found starting on page 171 of Exhibit (e) to this annual report.

- Export and Project Finance (KfW IPEX-Bank);
- KfW Entwicklungsbank (KfW Development Bank);
- DEG; and
- Financial Markets.

The following table sets forth the relative size of each of the business sectors in terms of commitments for each of the years indicated.

PROMOTIONAL BUSINESS VOLUME BY BUSINESS SECTOR*

	Year ended December 31		Year to Year
	2024	2023	% change
	(EUR in millions)		(in %)
SME Bank & Private Clients (*Mittelstandsbank & Private Kunden*)	35,816	39,117	-8
Customized Finance & Public Clients (*Individualfinanzierung & Öffentliche Kunden*)	41,570	35,852	16
KfW Capital	1,590	2,129	-25
Export and Project Finance (KfW IPEX-Bank)	23,916	24,152	-1
KfW Entwicklungsbank (KfW Development Bank)	7,839	9,040	-13
DEG	2,470	1,869	32
Financial Markets	0	480	-100
Total promotional business volume (1) (2)	**112,831**	**111,312**	**1**

* Amounts in the table may not add up due to rounding differences.

(1) Total promotional business volume for the full year ended December 31, 2024 has been adjusted for commitments of EUR 369 million, compared to EUR 1.3 billion for the corresponding period in 2023, made by KfW IPEX-Bank relating to export and project finance and refinanced under certain promotional programs of SME Bank.

(2) Commitments represent the volume of funds committed for loans and other business transactions (with the exception of global funding facilities and program-based global loans to *Landesförderinstitute*) in the relevant period, including amounts to be disbursed in future periods, and do not include amounts disbursed in the relevant period pursuant to commitments made in prior periods. In the case of global funding facilities and program-based global loans to the *Landesförderinstitute*, commitments represent the actual volume of funds disbursed in the relevant period.

	% of total	
SME Bank & Private Clients	47%	23%
Customized Finance & Public Clients	18%	2%
Export and Project Finance	15%	16%
Financial Markets	10%	8%
KfW Entwicklungsbank	7%	3%
DEG	2%	8%
KfW Capital	0%	2%
Total (in EUR billions)	**643.2**	**20.9**

(1) The balance of economic capital required relates to group functions. The economic capital required has been calculated based on a solvency level of 99.90%. For more information concerning economic capital required of KfW Group, see "Combined management report—Risk report—Risk management approach of KfW Group (overview)—Internal capital adequacy assessment process—Economic risk-bearing capacity" included in Exhibit (e) to this annual report.

Domestic Promotional Business

General

To support the economic and policy objectives of the Federal Government, KfW offers a broad range of financing programs in Germany and, to a limited extent, elsewhere in Europe, as well as grants funded from the federal budget for domestic promotional purposes. KfW's main domestic finance activities are conducted by the business sectors SME Bank & Private Clients, Customized Finance & Public Clients, and by KfW Capital. Certain further promotional activities undertaken in connection with KfW's green bond portfolio and ABS portfolio targeting the domestic market are reported under the Financial Markets business sector.

Under the KfW Law, KfW must generally involve banks or other financing institutions when granting financing. Therefore, KfW involves commercial banks in the handling of its loans by extending loans to commercial banks, which, in turn, on-lend the funds to the ultimate borrowers. To a limited extent, however, KfW is allowed to grant financing directly to ultimate borrowers (e.g., for the financing of municipalities). By lending to commercial banks, KfW, in principle, insulates itself from credit exposure to ultimate borrowers and gains the benefit of the commercial banks' knowledge of their customers as well as their administrative and servicing expertise. KfW monitors its exposures to, and the credit standing of, each bank or other financing institution to which it lends. As of December 31, 2024, KfW had extended loans to approximately 150 commercial banks in its domestic business sectors. In 2024, 60% (2023: 60%) of KfW's total interbank exposure (exposure at default) was attributable to KfW's ten largest banking group counterparties. Most of this exposure relates to KfW's on-lending business, while the portion deriving from other business transactions – including derivatives, securities, money market and global loan transactions – is much more limited.

KfW offers two different models for processing KfW loans to commercial banks. KfW's traditional and most important model for handling its lending business is based on individual loan applications by each borrower within the framework of specified loan or mezzanine capital instruments. Under the other model, KfW extends global funding facilities and program-based global loans to *Landesförderinstitute*, as well as non-program-based global loans to selected financial institutions in Germany and Europe.

Individual Loans

KfW defines detailed formal eligibility requirements for each individual loan that it extends to a commercial bank, as well as for each loan the commercial bank on-lends to the ultimate borrower under each of KfW's lending programs. Borrowers generally do not apply directly to KfW for a loan, but rather may only apply for a KfW loan through a commercial bank. This intermediate bank appraises the financial and business situation of the applicant, takes collateral for the loan and assumes liability for repayment to KfW. KfW loans on-lent by commercial banks are normally are offered exclusively via the online platform. All intermediate banks have access to the online platform and use it for their application processes.

KfW applies either a fixed-rate pricing model or a risk-adjusted pricing model to the loans it grants. Under the fixed-rate pricing model, the commercial banks to which KfW lends are permitted to on-lend these funds at fixed spreads over the applicable interest rate payable to KfW. This fixed-rate pricing model is applied to housing investment and some lending programs for start-up financing. It is also applied to education lending programs. Under the risk-adjusted pricing model, KfW establishes pricing categories based on a combination of the borrower's creditworthiness and the collateral securing the loan. Under each lending program, KfW sets maximum interest rates for each pricing category. The on-lending banks assess the risk profile of the ultimate borrower and the collateral securing the loan to determine the applicable pricing category for each loan and the applicable maximum interest rate for the pricing category. KfW's role in the pricing process is limited to verifying that banks derive the appropriate maximum interest rate from the ultimate borrower's creditworthiness and the collateral provided.

Under KfW's traditional SME lending programs, the on-lending banks are liable to KfW and bear the risk of customer default as described above. In recent years, KfW has constantly been reworking and renewing its SME financing programs to increase its support for SMEs. Under some of those lending programs, to which the risk-adjusted pricing model applies, KfW offers the option of a partial exemption from liability to on-lending banks. If the on-lending bank applies for an exemption from liability, KfW bears the risk not retained by the bank and the risk margin is shared pro rata between KfW and the bank. The risk-adjusted pricing model applies to most of SME Bank & Private Clients lending programs. In addition, mezzanine capital offered by SME Bank & Private Clients and its special programs for investments by micro-enterprises are designed so that KfW assumes direct exposure to the credit risk of the ultimate borrowers, which in turn is covered or compensated in different ways: by means of risk premiums included in the interest rate charged to the ultimate borrowers, or by means of guarantees from the Federal Government.

Global Loans and Global Funding Facilities

Global loans and global funding facilities differ from KfW's individual loans primarily in terms of simplified processing, the lack of a requirement for formal loan approval by KfW with respect to each individual ultimate borrower and, in general, a higher degree of flexibility for the on-lending *Landesförderinstitute* and selected financial institutions. KfW expects the receiving institutions to on-lend funds within a reasonable period of time. In contrast to KfW's individual loans, global loans and global funding facilities offer greater loan-structure flexibility. As a result, these instruments, when compared with KfW's traditional lending programs, carry lower administrative costs for both KfW and the on-lending institutions. Accordingly, ultimate borrowers generally benefit from favorable interest rates.

KfW offers different kinds of global loans and global funding facilities: program-based global loans and global funding facilities to *Landesförderinstitute* and non-program-based global loans to selected financial institutions in Germany and Europe. Most *Landesförderinstitute* are independent public law institutions and benefit from explicit statutory guarantees by the respective Land. Each *Landesförderinstitut* is responsible for promotional matters within its federal state.

Landesförderinstitute use KfW's program-based global loans to finance specified investments relating to SMEs, housing projects and municipal infrastructure projects in their respective Land within the framework of cooperative loan programs of the respective *Landesförderinstitut* and KfW. The conditions of each cooperative loan program are required to comply with the conditions of the relevant KfW program. The funds to *Landesförderinstitute* are generally extended in the form of lump sums, which are then broken down and granted to ultimate borrowers as individual loans.

Moreover, KfW extends global funding facilities exclusively to *Landesförderinstitute* for their own promotional funding purposes, thus offering flexibility with respect to the use of funds extended in their promotional business without a direct link to any of KfW's lending programs.

In 2023 KfW launched a new type of global loans to *Landesförderinstitute,* the RegioInnoGrowth ("RIG") loans. These loans, which are part of the Future Fund (*Zukunftsfonds*)/ERP, are intended to provide equity and equity-like capital to start-ups and growth-oriented SMEs with innovative business models.

Special Federal Mandates by the Federal Government

Against the background of Russia's invasion of Ukraine, which led to further increases in energy prices and highlighted Germany's dependency on energy imports from Russia, the Federal Government requested that KfW engage in a number of activities under Special Federal Mandates with full protection of KfW. These activities aim to stabilize and secure the energy supply in Germany, strengthen the resilience of Germany's economy and are thus in the public interest as required by the KfW Law. These activities are being carried out at the Federal Republic's economic risk.

KfW's activities under Special Federal Mandates are of an unplanned nature and do not change KfW's consistent strategic focus on sustainability targets in its banking business. They must therefore be clearly distinguished from KfW's promotional activities as a digital transformation and promotional bank of the Federal Government and the Länder. As of December 31, 2024, these activities, which were mainly conducted in 2022, in particular comprised support measures for systemically important companies in the energy sector that were significantly impacted by the supply reductions and significantly higher gas and electricity prices resulting from Russia's invasion of Ukraine. Debt financing has been committed for gas replacement purchases, to cover short-term liquidity requirements within the scope of "margining" (i.e., the provision of collateral that is mandatory when trading in energy) and to finance the procurement of natural gas for the fulfilment of certain statutorily required levels of natural gas reserves in natural gas storage facilities throughout Germany. As of December 31, 2023, these activities by KfW had led to commitments of EUR 11.5 billion and disbursements to EUR 8.4 billion, whereas as of December 31, 2024, commitments and disbursements had declined to EUR 8.5 billion and EUR 4.6 billion, respectively. KfW has also been mandated to engage in equity financing, see "Strategic Shareholdings—KfW's Shareholdings Pursuant to Special Federal Mandates of the Federal Government—German LNG Terminal GmbH" below.

Furthermore, at the end of 2022, the Federal Government mandated KfW to act as paying agent in connection with compensatory payments to utility companies for loss of revenues owed to such companies by the Federal Government in connection with government support measures aimed at reducing the burden of high energy costs for end consumers of natural gas and district heating. KfW's role in making the compensatory payments is strictly limited to the payments' disbursement, with the Federal Government providing KfW with the funds necessary to make such payments in advance. Commitments in this context amounted to EUR 13.7 billion in 2023 and EUR 0.7 billion in 2024.

In the aggregate, activities under Special Federal Mandates due to Russia's invasion of Ukraine have led to commitments in an aggregate amount of EUR 9.2 billion in 2024 (EUR 25.2 billion in 2023).

Against this background, in November 2022, the German Economic Stabilization Fund (*Wirtschaftsstabilisierungsfonds – WSF*) was authorized to provide loans to KfW to cover KfW's refinancing needs stemming from its support of companies in the energy sector under Special Federal Mandates with unallocated funds from the WSF's credit authorization of up to EUR 100 billion, which was granted to KfW in March 2020 in the context of the COVID-19 pandemic with a view to refinancing KfW's commitments under the KfW Special Program. In addition, the WSF was authorized to provide financing to KfW under a EUR 200 billion credit authorization, which it has been granted to cover funding requirements in connection with a EUR 200 billion protective shield announced by the Federal Government in September 2022, to the extent that KfW is mandated by the Federal Government in connection with the protective shield. Refinancing through the WSF in 2022 and 2023 relating to the support of companies in the energy sector amounted to EUR 19.8 billion and EUR 4.9 billion, respectively. KfW did not enter into any new refinancing transactions with the WSF during 2024. The WSF is administered by the Federal Finance Agency (*Bundesfinanzagentur*) and its refinancing is ensured by the Federal Finance Agency, as part of the Federal Government's established money and capital market approach to financing the Federal Budget, and the Federal Government's special funds.

Depending on further developments with respect to Russia's invasion of Ukraine, the Federal Government may in principle request KfW to engage in further activities under Special Federal Mandates at any time.

each of the years indicated.

SME BANK & PRIVATE CLIENTS COMMITMENTS*

	Year ended December 31, 2024	2023	Year to Year % change
	(EUR in billions)		(in %)
SME Bank	**13.4**	**20.4**	*-34*
Start-up financing and general investment	6.5	7.7	*-15*
Innovation	1.5	1.5	*3*
Environmental investment	5.4	11.2	*-52*
Private Clients	**22.4**	**18.8**	*19*
Housing investment programs	6.4	4.6	*39*
Education programs	1.6	1.9	*-16*
Environmental investment	14.4	12.3	*17*
Total commitments (1)	**35.8**	**39.1**	***-8***

* Amounts in the table may not add up due to rounding differences.

(1) Commitments represent the volume of funds committed for loans and other business transactions (with the exception of program-based global loans to *Landesförderinstitute*) in the relevant year, including amounts to be disbursed in future years, and do not include amounts disbursed in the relevant year pursuant to commitments made in prior years. In the case of program-based global loans to the *Landesförderinstitute*, commitments represent the actual volume of funds disbursed in the relevant period.

The commitment volume in SME Bank in 2024 decreased compared to 2023. This development was mainly due to a lower demand for renewable energies and energy efficiency/CO_2 reduction loans. The lower demand can be attributed to persistently weakened economic conditions and EU state aid regulations, which placed certain restrictions on KfW's ability to offer interest conditions below the EU reference rate. In contrast, commitments. in the Climate-friendly Construction program and federal funding for efficient buildings (including the new subsidy for heating system replacement) were higher than in the previous year.

In 2024, commitments in Environmental investment for Private Clients increased compared to 2023.

SME Bank

According to a representative KfW survey in the German SME sector, known as KfW SME Panel, Germany had an estimated 3.8 million SMEs (defined for the purposes of the survey as companies with an annual group turnover of up to EUR 500 million) in 2023.

SME Bank primarily offers loan programs. Under some loan programs, SME Bank offers a partial exemption from liability to on-lending banks. If an on-lending bank applies for an exemption from liability, KfW bears the risk not retained by the bank and the risk margin is shared pro rata between KfW and the bank.

SME Bank also extends mezzanine capital in the form of unsecured subordinated loans, which contain equity-like elements, combining characteristics of debt and equity capital. In these financings, on-lending banks are not liable to SME Bank for the subordinated loans. The interest rate of these loans takes into account the prevailing rates in the capital markets as well as the borrower's credit standing and collateral securing the loans. The borrower's creditworthiness is first assessed by the on-lending bank. However, as KfW assumes the credit risk of the loan, it reserves the right to review and, if necessary, to revise the on-lending bank's assessment by applying KfW's own rating standards.

Digitalization program being the main contributor, amounted to EUR 1.5 billion in 2024, remaining remained stable compared to 2023.

Environmental Investment Programs

SME Bank finances environmental protection projects, in particular for measures aiming at increasing energy and resource efficiency, reducing greenhouse gas emissions, or intensifying the use of renewable energy sources. Commitments under SME Bank's environmental investment programs decreased significantly by EUR 5.9 billion to EUR 5.4 billion in 2024 compared to EUR 11.2 billion in 2023, with demand for renewable energy programs declining to EUR 7.0 million in 2024 compared to EUR 5.5 billion in 2023. The decline in demand for renewable energy programs was mainly due to increased material costs, supply chain issues and a lack of funding opportunities due to the currently high ECB reference interest rate. KfW's SME Climate Protection Facility *(KfW Klimaschutzoffensive für Unternehmen)* continued to contribute to the overall growth in commitments under the SME Bank's environmental investment programs in 2024. Commitments rose to EUR 1.6 billion in 2024 compared to EUR 1.5 billion in 2023.

Private Clients

Housing Investment Programs

Housing investment programs in Private Clients provide funds for the promotion of home ownership and the accessibility to or within existing homes. Some of these programs are promoted by federal grants or subsidized through interest rate reductions paid for by federal funds. Commitments in 2024 increased to EUR 6.4 billion from EUR 4.6 billion in 2023, of which EUR 5.3 billion (2023: EUR 4.2 billion) were granted for home ownership promotion programs.

Education Programs

Private Clients supports students and employees in higher education and advanced occupational training with direct loans. Some of these programs are covered by a credit guarantee of the Federal Government and Länder. In 2024, KfW's commitments decreased to EUR 1.6 billion (2023: EUR 1.9 billion). Commitments under the KfW Student Loan Program amounted to EUR 0.2 billion in 2024 (2023: EUR 0.3 billion).

Environmental Investment Programs

The environmental investment programs increased to EUR 14.4 billion in 2024 compared to EUR 12.3 billion in 2023. This increase occurred despite a reorganization of the promotion guidelines in 2023 that generally applied stricter criteria for these programs. These criteria primarily reflected higher energy requirements and a greater emphasis on greenhouse gas emissions in the lifecycle of buildings. The main reason for the increase in environmental investment programs in 2024 was the new subsidy for heating system replacement.

Customized Finance & Public Clients

KfW's Customized Finance & Public Clients (*Individualfinanzierung & Öffentliche Kunden*) business sector provides individual financing solutions for municipal and social infrastructure projects, offers corporate loans and project financing and grants global funding instruments to the *Landesförderinstitute* and other financial institutions.

Global funding facilities to *Landesförderinstitute* (1)	2,811	3,668	*-23*
Program for the refinancing of export loans	760	774	*-2*
Global loans to selected financial institutions	325	700	*-54*
Total commitments (2)	**41,570**	**35,852**	***16***

* Amounts in the table may not add up due to rounding differences.

(1) Including global loans to *Landesförderinstitute* to support start-ups and small enterprises through RIG loans.

(2) Commitments represent the volume of funds committed for loans and other business transactions (with the exception of global funding facilities and program-based global loans to *Landesförderinstitute*) in the relevant period, including amounts to be disbursed in future periods, and do not include amounts disbursed in the relevant period pursuant to commitments made in prior periods. In the case of global funding facilities and program-based global loans to the *Landesförderinstitute*, commitments represent the actual volume of funds disbursed in the relevant period.

Commitments in the business sector Customized Finance & Public Clients amounted to EUR 41.6 billion in 2024. This figure, an increase from EUR 35.9 billion in 2023, includes prolongations of commitments made in connection with Special Federal Mandates to secure Germany's energy supply and to support the phased development of a national hydrogen core network by financing an amortization account, in line with Germany's national hydrogen strategy through 2032. It also includes commitments for compensatory payments disbursed by KfW as paying agent under government support measures aimed at mitigating high energy costs. With regard to the core business, commitments decreased from EUR 10.7 billion to EUR 8.4 billion. In addition, the volume of global funding facilities decreased to EUR 4.2 billion in 2024, compared to EUR 5.1 billion in 2023.

Municipal Infrastructure Programs

Customized Finance & Public Clients provides financing for investments in municipal and social infrastructure, either as direct loans to municipalities (i.e., local and municipal authorities and municipal special-purpose associations) or through KfW's ordinary on-lending scheme involving commercial banks. The latter is used for infrastructure investments by private companies that are majority-owned by municipal authorities and social investments made by non-profit organizations. Some of the municipal infrastructure programs are subsidized by federal funds. In total, commitments for municipal infrastructure programs decreased significantly by EUR 14.2 billion to EUR 4.6 billion in 2024 from EUR 18.8 billion in 2023. This decrease was due to KfW's role as paying agent in the context of government support measures to mitigate high energy costs, which began in January 2023. For more information, see "Domestic Promotional Business—KfW measures to mitigate the economic impact in Germany of Russia's invasion of Ukraine—Special Federal Mandates by the Federal Government."

Global Loans and Global Funding Facilities

The following table shows Customized Finance & Public Clients' commitments* designated to global loans and global funding facilities for each of the years indicated:

	Year ended December 31,		Year to Year
	2024	2023	% change
	(EUR in millions)		(in %)
Global funding facilities to *Landesförderinstitute* (1)	2,811	3,668	*-23*
Program-based global loans to *Landesförderinstitute*	1,076	760	*42*
Non program-based global loans to selected financial institutions in Germany and Europe	325	700	*-54*
Total commitments (2)	**4,212**	**5,128**	***-18***

* Amounts in the table may not add up due to rounding differences.

(1) Including global loans to *Landesförderinstitute* to support start-ups and small enterprises through RIG loans.

The decrease in Global Funding Facilities to *Landesförderinstitute* was due to lower refinancing demands by *Landesförderinstitute* in the first half of 2024, driven by higher market volatility in light of increasing interest rates and weakened economic performance.

Program for the Refinancing of Export Loans

Customized Finance & Public Clients offers commercial banks long-term refinancing of export loans covered by an official export credit guarantee of the Federal Government referred to as "Hermes Cover." These guarantees are managed by Euler Hermes Aktiengesellschaft ("HERMES") on behalf and for the account of the Federal Government. For more information on HERMES, see "Export and Project Finance (KfW IPEX-Bank)—Business." In 2024, KfW made commitments of EUR 0.8 billion (2023: EUR 0.8 billion) under this program.

Corporate Loans and Project Finance

Customized Finance & Public Clients provides corporate loans, project financing and some equity financing. Excluding commitments of EUR 32.5 billion under Special Federal Mandates—EUR 24 billion of which were in support of the development of a national hydrogen core network and EUR 8.5 billion of which were in connection with the support of companies in the energy sector—KfW's commitments in corporate loans and project financing in 2024 were characterized by a normalized credit demand.

Special Federal Mandates by the Federal Government

The Federal Government requested KfW to support the construction of a national hydrogen core network by financing an amortization account under Special Federal Mandates with full protection of KfW. On November 26, 2024, KfW committed a EUR 24 billion credit line to finance the amortization account. The core network itself is privately financed. Due to an initially low number of users, a gap between high investment costs and low revenues from network fees is expected during the early ramp-up phase. The amortization account is intended to bridge this gap. If more users are connected to the network at a later stage and the revenue from network fees surpasses the costs for network expansion and operation, the accrued deficit in the amortization account will be offset; and the credit is scheduled to be repaid by 2055 at the latest.

KfW Capital

KfW Capital, KfW's venture capital subsidiary, was incorporated as a legally independent entity on August 31, 2018. KfW Capital's general partner, KfW Capital Verwaltungs GmbH, is wholly-owned by KfW Capital and was incorporated on August 9, 2018. KfW acts as the limited partner and ultimately is the sole owner of KfW Capital. In the course of 2021, KfW Capital obtained a license as a Class 2 investment firm, i.e., a medium-sized investment firm (*Mittleres Wertpapierinstitut*) pursuant to the German Securities Institution Act (*Wertpapierinstitutsgesetz*, WpIG), the German law based on the EU Investment Firm Directive 2019/2034 (IFD) and Investment Firm Regulation 2019/2033 (IFR). As a medium-sized investment firm, KfW Capital is subject to this specific regulatory regime.

The original business objective of KfW Capital was to invest in German and European venture capital and venture debt funds with the aim of improving access to capital for innovative technology-oriented growth companies in Germany through professionally managed funds with a minimum fund size of EUR 50 million. In addition, the Emerging Manager Facility, under which KfW Capital invests government funds from the Future Fund (*Zukunftsfonds*) in funds managed by diverse management teams, now targets funds with fund sizes below EUR 50 million. At present, KfW Capital only invests in funds and does not invest directly in companies. For the coming years, the targeted average investment volume is around EUR 400 million per year. KfW Capital intends to invest up to a maximum of EUR 75 million into a fund's capital and to acquire a maximum of 19.99% of a fund's capital and voting rights (in case of the Emerging Manager Facility and the ERP/*Zukunftsfonds* Growth Facility, KfW Capital can acquire a maximum of 25% of a fund's capital and voting rights). Since 2021, KfW Capital has also been mandated on behalf of the Federal Government to promote future technologies through the Future Fund (*Zukunftsfonds*). Under the Future Fund, KfW Capital invests its own funds at its own risk ("Future Fund KfW Capital") as well as government funds on a fiduciary basis ("Future Fund Federal Republic").

KfW Capital Commitments*

	Year ended December 31, 2024	2023	Year to Year % change
	(EUR in millions)		(in %)
High-Tech Start-up Fund	1	1	*0*
ERP Venture Capital Fund Investments	202	246	*18*
Future Fund KfW Capital	179	225	-20
of which ERP/Zukunftsfonds Growth Facility	*119*	*181*	*-34*
of which Wachstumsfonds Deutschland I	*0*	*0*	*0*
of which Green Transition Facility	*60*	*44*	36
Future Fund Federal Republic	1,209	1,657	-27
of which GFF EIF Growth Facility	*233*	*594*	*61*
of which HTGF Opportunity	*500*	*0*	>100
of which Deep Tech Climate Fonds	*430*	*215*	*>100*
of which Emerging Manager Facility	*7*	*0*	*>100*
of which ERP/Zukunftsfonds Growth Facility (Opportunity Funds)	*39*	*0*	*>100*
of which Wachstumsfonds Deutschland I	*0*	*48*	*-100*
of which European Tech Champions Initiative (ETCI)	*0*	*800*	-100
Total commitments (1)	1,590	2,129	-25

* Amounts in the table may not add up due to rounding differences.

(1) Commitments represent the volume of funds committed for loans and other business transactions in the relevant year, including amounts to be disbursed in future years, and do not include amounts disbursed in the relevant year pursuant to commitments made in prior years.

Export and Project Finance (KfW IPEX-Bank)

Corporate Background

KfW IPEX-Bank conducts export and project finance activities which the European Commission deemed to fall outside the scope of KfW's promotional activities directly and on its own behalf, while it conducts the promotional export and project finance activities in its own name on behalf of KfW on a trust basis. KfW provides funding for KfW IPEX-Bank at market rates based on the ratings assigned to KfW IPEX-Bank by international rating agencies. As of January 1, 2008, and in accordance with the understanding reached between the European Commission and the Federal Republic, KfW IPEX-Bank commenced operations as a legally independent entity wholly-owned by KfW. For more information, see "General—Relationship with the Federal Republic—Understanding with the European Commission."

Total assets of KfW IPEX-Bank (IFRS, before consolidation) amounted to EUR 38.3 billion as of December 31, 2024 (December 31, 2023: EUR 32.8 billion). Total outstanding loans and guarantees (including promotional activities) for KfW's business sector Export and Project Finance amounted to EUR 65.6 billion as of December 31, 2024 (December 31, 2023: EUR 59.4 billion). KfW IPEX-Bank is headquartered in Frankfurt am Main, Germany, and maintains a branch office in London, United Kingdom, a subsidiary in Singapore and representative offices in eight locations outside Germany. As of December 31, 2024, KfW IPEX-Bank employed 1,002 persons, excluding managing directors but including temporary personnel (December 31, 2023: 932).

In 2022, KfW IPEX-Bank Asia Ltd, a wholly-owned subsidiary of KfW IPEX-Bank, commenced its business activities in Singapore with a share capital of SGD 16.5 million under a merchant bank license issued by the Monetary Authority of Singapore (MAS). IPEX Asia Ltd. is fully consolidated under the existing profit transfer agreement between KfW IPEX-Bank and KfW Beteiligungsholding GmbH, a wholly-owned subsidiary of KfW, described below.

European Financial System—European System of Financial Supervision and European Banking Union.

KfW IPEX-Bank (controlled company; including its fully consolidated subsidiary IPEX Asia Ltd.) signed a profit transfer agreement with KfW Beteiligungsholding GmbH (controlling company) in order to form a corporate income tax (CIT) fiscal unity. Under this profit transfer agreement, KfW IPEX-Bank is required to transfer its entire annual profit under applicable German commercial law to KfW Beteiligungsholding GmbH effective from the end of the fiscal year ended December 31, 2016.

Business

KfW IPEX-Bank focuses on supporting the internationalization and the competitiveness of internationally active German and European companies and offers project, export and trade financing. It provides medium and long-term investment and export financing in the form of amortizing loans, guarantees or leasing financing as well as project, object and acquisition financing. KfW IPEX-Bank also offers derivative instruments to allow its clients to hedge interest and currency risk and instruments for short-term trade financing, such as participations in letters of credit.

With the consent of the Federal Government, KfW delegated the mandate of the management of the Shipping CIRR Program and the ERP (European Recovery Program) Export Financing Program to KfW IPEX-Bank. Both programs are executed by KfW IPEX-Bank, applying strict ethical walls. The programs offer fixed interest rate loans to buyers based on the CIRR (Commercial Interest Reference Rate), which is a minimum interest rate prescribed by the OECD for officially supported financings in order to ensure competitive neutrality. The Shipping CIRR Program is open to banks financing ships built in German shipyards and offers a refinancing option through KfW. The ERP Export Financing Program supports lending for German exports to emerging and developing countries combined with fixed refinancing through KfW. These loans are supported through the ERP. In the past, lending of CIRR based loans in the ERP Program was provided through KfW IPEX-Bank and via AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung, both as lenders of record.

Since January 2017, all banks eligible for buyer credit cover (Hermes cover) may directly apply to the ERP Export Financing Program.

KfW, on behalf of the Federal Ministry for Economic Affairs and Energy (now named Federal Ministry for Economic Affairs and Climate Action), has launched the Africa CIRR export financing program ("Africa CIRR"). The program aims to strengthen economic cooperation with Africa. Specifically, Africa CIRR is designed to support loans to finance large-volume German exports and to promote the economy in African buyer countries. All credit institutions eligible to apply for buyer credit cover from the Federal Republic (so-called Hermes cover) are eligible for the Africa CIRR. The Federal Republic mandated KfW and KfW designated KfW IPEX-Bank to administer the program.

KfW IPEX-Bank's principal customers are German and European companies (and their customers) with international operations and larger medium-sized companies in basic and manufacturing industries as well as in the retail, health, telecommunications, power/renewables, water, shipping, aviation, rail, transport and social infrastructure sectors. In 2022, the KfW IPEX-Bank Management Board together with KfW, its sole shareholder, decided to implement an organizational repositioning within its business model. Following the technical implementation of this decision, the seven sectors in place until December 31, 2023, have been grouped into four future-oriented sectors: (1) the energy sector aiming at the transformation of the energy industry, primarily via wind power, solar energy and hydrogen, as well as water and waste management infrastructure; (2) the mobility sector striving for the transformation of the maritime and aviation industries, as well as climate-friendly mobility and transport; (3) the infrastructure sector supporting the roll-out of digital infrastructure, charging infrastructure, grid-based energy infrastructure, air and sea ports, as well as the construction industry, among others; and (4) the industry & commerce sector for metal and mining, commodity trading, financial institutions, and the automotive industry and retail, among others. In addition, KfW IPEX-Bank will continue to provide structured financing for exports and infrastructure, as well as financing for global climate change mitigation and raw materials supplies in Europe. The sectoral repositioning described above took effect as of January 1, 2024, and KfW IPEX-Bank's commitments have been reported accordingly since the first quarter of 2024.

through risk-participations, for which KfW IPEX-Bank pays a fee to the bank assuming the risk. KfW IPEX-Bank is eligible to act as on-lending bank under certain of KfW's promotional programs. In 2024, KfW IPEX-Bank refinanced loan commitments for export and project finance under KfW's promotional programs in an amount of EUR 0.4 billion (2023: EUR 1.3 billion).

From time to time, KfW IPEX-Bank also enters into framework loan agreements with non-German banks, which enable such banks to extend loans to their customers for the purpose of importing equipment from German or other European exporters. Because the amounts of individual loans are usually small, the related transaction costs are relatively high. The framework agreements help to reduce these transaction costs.

Loans extended by KfW IPEX-Bank are usually secured by collateral and often benefit from a payment guarantee or other security arrangement. Loans extended to finance direct investments may benefit from an investment guarantee against political risk by the Federal Republic if the host country risk is assessed to be substantial.

A portion of export finance loans extended by KfW IPEX-Bank is guaranteed by the Federal Republic through HERMES, the official German export credit insurer. HERMES insurance covers up to 95% – in some instances even up to 100% – of KfW IPEX-Bank's export and project finance business risk, so that the risk of the portion covered is the equivalent of the Federal Government's risk. HERMES also provides coverage for related deliveries from other, mainly European, countries provided that they do not exceed a certain portion of the total delivery for which an export finance loan was extended. Furthermore, KfW IPEX-Bank's financing frequently benefits from a guarantee by a foreign export credit agency or a government instrumentality in the buyer's country.

For borrowers in other European and OECD countries where the country risk is not considered high, KfW IPEX-Bank has been increasingly extending loans on the basis of ordinary banking collateral (e.g., mortgages on aircraft or ships) without seeking the benefit of HERMES or similar coverage. In addition, even when HERMES coverage is sought, KfW IPEX-Bank often extends loans on which the insured portion is less than 95%. As of December 31, 2024, outstanding loans and guarantees (including promotional activities) outside Germany for KfW's business sector Export and Project Finance amounted to EUR 48.7 billion, of which EUR 7.6 billion, or 16%, were export finance loans which are fully or partly guaranteed by HERMES.

Commitments

The following table shows commitments in KfW's business sector Export and Project Finance for each of the years indicated:

EXPORT AND PROJECT FINANCE COMMITMENTS*

	Year ended December 31,				Year to Year
	2024		2023		% change
	(EUR in millions)	(in % of total)	(EUR in millions)	(in % of total)	(in %)
Commercial business	18,098	*76*	17,470	*72*	*4*
Promotional business (conducted on behalf of KfW)	5,818	*24*	6,683	*28*	*-13*
Total commitments (1)	**23,916**	***100***	**24,152**	***100***	***-1***

* Amounts in the table may not add up due to rounding differences.

(1) Commitments represent the volume of funds committed for loans and other business transactions in the relevant year, including amounts to be disbursed in future years, and do not include amounts disbursed in the relevant year pursuant to commitments made in prior years.

Commitments by Sector

The following table shows KfW IPEX-Bank's total commitments* for the years indicated and commitments by sector for 2024:

	Year ended December 31, 2024	2023	Year to Year % change
	(EUR in millions)		(in %)
Mobility	7,219	n.a.	*n.a.*
Industries and Commerce	5,698	n.a.	*n.a.*
Infrastructure	5,055	n.a.	*n.a.*
Energy	4,400	n.a.	*n.a.*
CIRR scheme for bank refinancing (Ship + Africa + ERP finance)	1,543	851	*81*
Total commitments	**23,916**	**24,152**	***-1***

* Amounts in the table may not add up due to rounding differences.

n.a. = not available

Due to the sectoral repositioning described above, prior year numbers by sector are not available.

Sustainability-linked projects created numerous financing opportunities for KfW IPEX-Bank, e.g., energy transition projects and digital infrastructure innovation projects. Commitments (excluding those under the CIRR scheme for bank refinancing) amounted to EUR 22.4 billion in 2024. The highest commitment volumes were achieved in the Mobility sector with EUR 7.2 billion, Industries and Commerce with EUR 5.7 billion, followed by Infrastructure with EUR 5.1 billion and Energy with EUR 4.4 billion. For a description of the re-grouping of KfW IPEX-Bank's sectors with effect from January 1, 2024, see "—Business" above.

Commitments under the CIRR scheme for bank refinancing increased slightly in 2024 to EUR 1.5 billion (2023: EUR 0.9 billion).

Commitments by Geographic Area

In 2024, KfW IPEX-Bank's commitments were reported for the following three regions: (1) Germany; (2) Europe (excluding Germany, but including Russia and Turkey); and (3) the rest of the world. In 2024, KfW IPEX-Bank's commitments for project and export financing (excluding the CIRR scheme for bank refinancing) within Germany increased to EUR 7.5 billion from EUR 6.0 billion in 2023. In 2024, commitments in Europe (excluding Germany, but including Russia and Turkey) decreased to EUR 8.0 billion from EUR 8.9 billion in 2023. KfW IPEX-Bank's commitments in the rest of the world decreased to EUR 6.9 billion in 2024 compared to commitments of EUR 8.4 billion in 2023. Commitments under the CIRR scheme for bank refinancing (2024: EUR 1.5 billion; 2023: EUR 0.9 billion) are trans-regional.

Trade finance	*1,644*	*1,270*	*29*
Revolving credit facilities for cash drawings	*3,066*	*2,480*	*24*
Guarantees	*1,721*	*1,557*	*11*
Lease finance	*222*	*290*	*-24*
Project finance (1)	4,555	6,575	*-31*
Acquisition finance (1)	509	396	*28*
Asset finance (1)	744	139	*>100*
Loans to funds	0	101	*-100*
CIRR scheme for bank refinancing (ship + ERP + Africa)	1,543	851	*81*
Total commitments	**23,916**	**24,152**	***-1***

* Amounts in the table may not add up due to rounding differences.

(1) The product categories project finance, asset finance and acquisition finance may also include loans, guarantees, lease finance or revolving credit facilities that are not attributed to any sub-category under the corporate transactions product category.

Funding

The funds for KfW IPEX-Bank's commitments are mainly provided by KfW through borrowings in the capital markets. KfW provides funding to KfW IPEX-Bank's international project and export finance business at market rates based on the ratings assigned to KfW IPEX-Bank by international rating agencies. For those areas of export finance which the European Commission has deemed to fall within the scope of the promotional activities of KfW, funds from the ERP Special Fund may also be used to subsidize interest rates. In 2024, EUR 16 million of loan disbursements were supported by the ERP Special Fund (2023: EUR 18 million).

The terms of export and project finance loans funded in the capital markets are based on the cost of funds to KfW, plus a margin intended to cover the administrative cost of the loan, the credit risk and a return on capital. Because the Federal Republic is a member of the OECD, loans financed with funds from the ERP Special Fund or under the CIRR scheme for the shipping industry are required to comply with OECD regulations, which provide for minimum interest rates and maximum credit periods. Margins on these loans are generally intended to cover all the risks of such loans as well as administrative costs and a return on capital. In addition, KfW IPEX-Bank charges customary banking fees for reserving and providing financing and for processing. Loans denominated in currencies other than euros are hedged through matched funding or other mechanisms.

KfW Entwicklungsbank (KfW Development Bank)

Under the brand name KfW Entwicklungsbank, KfW acts as the Federal Republic's international development bank, extending loans and disbursing grants mainly to foreign public sector borrowers and recipients. In 2024, approximately 37% of these loans and grants were refinanced from federal budget funds provided to KfW. All of KfW's international development activities are made according to instructions from the Federal Government or, in the case of mandates, i.e., grants funded by governmental or supranational entities and distributed using KfW's expertise and channels, from the respective donor. Mandates and all funds from the Federal Government involved in loan commitments and grants do not, by their nature, appear on KfW's consolidated statement of financial position.

KfW extends financial cooperation (*Finanzielle Zusammenarbeit,* "FZ") loans in three ways:

- Traditional Financial Cooperation Loans (*FZ-Standardkredite*), extended for the account of the Federal Republic;
- Financial Cooperation Development Loans (*FZ-Entwicklungskredite*), in which KfW offers its own funds as an additional source of financing. For these loans, federal budget funds at low interest rates or grant funds are combined with funds from KfW that are refinanced in the capital markets. As of December 31, 2024, approximately 98% of outstanding commitments refinanced with KfW funds were guaranteed either by a special guarantee facility of the Federal Republic or by export credit agencies. Interest rates and related terms of Financial Cooperation Development Loans are significantly more favorable to the borrower than market terms and, therefore, meet the requirements for recognition as official development assistance ("ODA"); and
- Financial Cooperation Promotional Loans (*FZ-Förderkredite*), funded solely through funds raised by KfW in the capital markets. These loans may meet the requirements for recognition as ODA as they offer more favorable terms to the borrower than market terms. As of December 31, 2024, approximately 87% of outstanding Financial Cooperation Promotional Loans were guaranteed by a special guarantee facility of the Federal Republic.

Financial cooperation loans and grants are disbursed according to the progress of the relevant project, and KfW monitors the utilization of funds to ensure compliance with the provisions of the loan or grant agreement.

The following table shows KfW Entwicklungsbank's commitments for each of the years indicated:

KFW ENTWICKLUNGSBANK COMMITMENTS*

	Year ended December 31, 2024	Year ended December 31, 2023	Year to Year % change
	(EUR in millions)		(in %)
Loan commitments	4,690	5,290	*—11*
of which federal funds	*238*	*372*	*—36*
of which KfW's funds refinanced in the capital markets	*4,452*	*4,918*	*—9*
Grant commitments	2,680	3,375	*—21*
Mandates	469	375	*25*
Total commitments	**7,839**	**9,040**	***—13***

* Amounts in the table may not add up due to rounding differences.

Total commitments of KfW Entwicklungsbank decreased by 13% to EUR 7.8 billion in 2024 from EUR 9.0 billion in 2023. The relative share of loan commitments that were refinanced in the capital markets increased to 95% in 2024, from 93% in 2023.

In 2024, Asia accounted for 21% of KfW Entwicklungsbank's commitments (2023: 22%); Sub-Saharan Africa accounted for 26% (2023: 29%); Middle East/North Africa accounted for 19% (2023: 15%); Europe/Caucasus accounted for 16% (2023: 19%); Latin America accounted for 13% (2023: 13%); and trans-regional commitments accounted for 5% (2023: 3%).

The following table shows KfW Entwicklungsbank's commitments* by sector for each of the years indicated and as a percentage of its total commitments:

	Year ended December 31, 2024		2023		Year to Year % change
	(EUR in millions)	(in % of total)	(EUR in millions)	(in % of total)	(in %)
Economic infrastructure	2,635	*34*	3,738	*41*	*-30*
Social infrastructure	3,836	*49*	2,825	*31*	*36*
Financial sector	662	*8*	832	*9*	*-20*
Production sector	363	*5*	303	*3*	*20*
Others (1)	343	*4*	1,341	*15*	*-74*
Total commitments	**7,839**	***100***	**9,040**	***100***	***-13***

* Amounts in the table may not add up due to rounding differences.

(1) Consists mainly of commitments made for multi-sector projects and emergency assistance in crisis situations.

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

DEG, a German limited liability company, is a legally independent entity founded in 1962. DEG is based in Cologne, Germany. In 2001, KfW acquired DEG from the Federal Republic. Since then, KfW has been DEG's sole shareholder and DEG has been fully consolidated in KfW's consolidated financial statements. As of December 31, 2024, DEG maintained 12 representative offices in developing countries or emerging economies. In 2024, DEG employed an average of 753 persons (2023: 724). As of December 31, 2024, DEG's total assets (IFRS, before consolidation) amounted to EUR 9.2 billion (2023: EUR 8.3 billion).

Serving public policy objectives of the Federal Government, DEG has been granted a favorable tax status under which only part of DEG's activities is subject to CIT. DEG does not distribute profits but instead re-channels them into new investments.

DEG's obligations do not benefit from the Guarantee of the Federal Republic or from *Anstaltslast*, and while DEG's indebtedness is reflected in KfW's consolidated statement of financial position, its debt represents obligations of DEG and not of KfW. KfW and DEG have a refinancing agreement in place, pursuant to which KfW acts as sole issuer in the capital markets and provides DEG with mid- and long-term capital market funds according to DEG's capital needs. In addition, internal agreements have been reached concerning the respective fields of business activities, the mutual use of offices abroad, joint public relations activities and joint usage of several information technology services.

The following table shows DEG's commitments for each of the years indicated:

DEG COMMITMENTS*

	Year ended December 31, 2024	2023	Year to Year % change
	(EUR in millions)		(in %)
Loans	1,918	1,277	*50*
Equity participations	417	476	*-12*
Mezzanine financing	135	116	*17*
Total commitments	**2,470**	**1,869**	***32***

* Amounts in the table may not add up due to rounding differences.

Financial Markets

KfW's Financial Markets business sector comprises the group's treasury activities, including its funding activities and its financial asset management. Furthermore, this business sector manages KfW's asset-backed securities ("ABS") as well as KfW's green bond portfolio, which are all part of KfW's promotional activities, as well as other capital markets-related activities currently consisting of privatization initiatives relating to Deutsche Telekom AG ("Deutsche Telekom") and Deutsche Post AG ("Deutsche Post").

Funding

KfW's principal sources of funds are the international financial markets and public funds, with the majority of lending in its business sectors being financed from funds raised by KfW in the international financial markets. KfW Group's consolidated balance sheet total assets at December 31, 2024 amounted to EUR 545.4 billion. EUR 493.0 billion, or 90.4% of this amount, was financed through borrowings (i.e., from financial market funds or public funds). In addition, as of December 31, 2024, KfW had EUR 22.9 billion in liabilities held in trust (for which the Federal Government mostly provides the funding and assumes all risks), which do not appear on KfW's consolidated statement of financial position. In line with the focus on mid-term and long-term loans within its loan portfolio resulting from its promotional business, as of December 31, 2024, 81% of KfW's consolidated total borrowings outstanding had remaining maturities of one year or more.

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Capital-Market Funding. KfW's capital-market funding policy pursues a dual objective: to achieve the most favorable terms possible for funds raised in the capital markets; and to minimize, to the extent practicable, the effects of changes in interest rates and foreign exchange rates mainly through interest rate and currency risk hedging instruments and, to a more limited extent, by matching funding liabilities with loan assets. In order to achieve favorable terms for funds raised, KfW maintains an active presence in all major capital markets and utilizes a broad range of funding instruments in various currencies, covering a wide range of maturities.

KfW's capital-market funding instruments comprise four categories of instruments: bonds issued under KfW's benchmark programs (in euro or U.S. dollar, under KfW's European medium-term note program or its SEC-registered debt shelf); bonds publicly placed outside the benchmark programs; bonds sold in "private placements," a term KfW uses in the commercial sense to refer to sales to a specific investor or a limited number of investors; and "green bonds", which comprise bonds from any of the first three categories, the proceeds of which are linked to investments financed by KfW currently in the project categories Renewable Energy, Green Buildings (formerly Energy Efficiency), Clean Transportation, Biodiversity and Climate Protection Programme for Corporates. In 2024, benchmark bonds accounted for a funding volume of EUR 50.2 billion, or 64%, of KfW's total capital-market funding, while bonds placed publicly outside the benchmark programs accounted for EUR 10.7 billion, or 14%. The volume of bonds sold in private placements and of green bonds amounted to EUR 4.9 billion, or 6%, and EUR 12.2 billion, or 16%, respectively. Total capital-market funding in 2024 amounted to EUR 78.1 billion (2023: EUR 90.2 billion). With respect to refinancing its funding requirements resulting from the KfW Special Program and from its support of companies in the energy sector under Special Federal Mandates, KfW has had access to an additional source of financing through the German Economic Stabilization Fund (*Wirtschaftsstabilisierungsfonds* – WSF). Refinancing through the WSF in 2023 totaled EUR 6.9 billion, of which EUR 2.0 billion related to the KfW Special Program and EUR 4.9 billion related to the support of companies in the energy sector, whereas in 2024, KfW did not use the WSF for refinancing.

KfW expects its volume of long-term funding to be raised in the capital markets in 2025 to be in a range of EUR 65 billion to EUR 75 billion, of which EUR 10 billion are expected to be green bonds.

In 2024, KfW conducted seven new bond issuances as well as 12 re-openings (18 transactions in total in 2024) in an aggregate principal amount of EUR 37 billion under its euro benchmark program. Also in 2024, KfW conducted four new bond issuances in an aggregate principal amount of USD 16 billion under its U.S. dollar benchmark program.

KfW's Benchmark Bond Issuances In 2024

	Aggregate principal amount in billions	Maturity at issuance (in years)	Interest rate in % per annum
KfW U.S. $-Benchmark I/2024	USD 5.0	5	4.000
KfW U.S. $-Benchmark II/2024	USD 5.0	3	4.375
KfW U.S. $-Benchmark III/2024	USD 3.0	2	5.000
KfW U.S. $-Benchmark IV/2024	USD 3.0	3	3.500
KfW Euro-Benchmark (Dual Tranche I/2024)	EUR 6.0	3	2.375
KfW Euro-Benchmark (Dual Tranche I/2024)	EUR 3.0	10	2.625
KfW Euro-Benchmark (Dual Tranche II/2024)	EUR 4.0	7	2.750
KfW Euro-Benchmark IV/2024	EUR 5.0	5	2.625
KfW Euro-Benchmark V/2024	EUR 4.0	3	2.750
KfW Euro-Benchmark VI/2024	EUR 3.0	7	2.500
KfW Euro-Benchmark IV/2023 (re-opening)	EUR 1.0	2	2.875
KfW Euro-Benchmark IV/2020 (re-opening)	EUR 1.0	3	0.000
KfW Euro-Benchmark (Dual Tranche II/2024, re-opening)	EUR 1.0	15	0.875
KfW Euro-Benchmark V/2023 (re-opening)	EUR 1.0	4	3.125
KfW Euro-Benchmark II/2024 (re-opening)	EUR 1.0	10	2.625
KfW Euro-Benchmark I/2024 (re-opening)	EUR 1.0	3	2.375
KfW Euro-Benchmark IV/2023 (re-opening)	EUR 1.0	2	2.875
KfW Euro-Benchmark IV/2020 (re-opening)	EUR 1.0	3	0.000
KfW Euro-Benchmark I/2019 (re-opening)	EUR 1.0	5	0.750
KfW Euro-Benchmark IV/2024 (re-opening)	EUR 1.0	5	2.625
KfW Euro-Benchmark II/2024 (re-opening)	EUR 1.0	10	2.625
KfW Euro-Benchmark V/2024 (re-opening)	EUR 1.0	3	2.750

	EUR in billions	In % of total
Euro (EUR)	48.1	*61.6*
U.S. dollar (USD)	19.3	*24.8*
Pound sterling (GBP)	6.8	*8.8*
Australian dollar (AUD)	1.7	*2.1*
Norwegian krone (NOK)	0.5	*0.7*
Other currencies (1)	1.6	*2.0*
Total	**78.1**	***100***

* Amounts in the table may not add up due to rounding differences.
(1) CNY, HKD and SEK.

In connection with its green bond issuances, KfW has a Green Bond Framework in place that reflects international best practices and is aligned with the 2021 edition of the "Green Bond Principles" (including June 2022 Appendix 1) supported by the International Capital Market Association ("ICMA"). In December 2023, KfW published an updated Green Bond Framework on its website, which is applicable to issuances of green bonds by KfW from January 1, 2024 onwards. Under the updated Green Bond Framework, the proceeds from such green bond issuances may be linked to promotional loan programs and to financing provided by KfW in the context of international cooperation and project and export finance in the eligible project categories Renewable Energy, Green Buildings (formerly Energy Efficiency), Clean Transportation, Biodiversity and Climate Protection Programme for Corporates. Through its green bond issuances, KfW aims to broaden its investor base by addressing socially responsible investors and to enhance the capital markets' infrastructure for financing environmental projects that have the reduction of greenhouse gas emissions as their common objective. Net proceeds from the sale of its green bonds and requests for disbursements under the eligible environmental projects are tracked by KfW in an appropriate manner. KfW provides investors with information regarding the use of proceeds in terms of disbursements on a regular basis on its website. Unless otherwise indicated, information available on, or accessible through, KfW's website is not incorporated herein by reference. In 2024, KfW conducted 8 new green bond issuances in 7 currencies as well as one re-opening. In total, green bonds accounted for net proceeds of EUR 12.2 billion, or 15.7%, of KfW's total capital-market funding.

The most important sources of capital-market funding for KfW are bond and note issuances followed by promissory note loans. As of December 31, 2024, the amount of outstanding bonds and notes issued by KfW totaled EUR 423.0 billion, representing a EUR 8.4 billion increase from EUR 414.6 billion outstanding as of December 31, 2023.

Of outstanding borrowings, promissory note loans continue to be KfW's second most important capital-market funding instrument, with a book value of EUR 26.0 billion as of December 31, 2024. Of this amount, EUR 25.1 billion was recognized as financial liabilities at amortized cost (of which EUR 1.1 billion as liabilities to banks and EUR 24.0 billion as liabilities to customers) and EUR 0.9 billion was recognized as financial liabilities at fair value (of which EUR 0.2 billion as liabilities to banks and EUR 0.7 billion as liabilities to customers). The decrease in the book value of promissory note loans from EUR 40.2 billion in 2023 to EUR 26.0 billion in 2024 is largely due to decreased refinancing via the WSF. Promissory note loans are a special instrument of the German capital markets, under which the lending entity (generally a bank, insurance company or public pension fund) receives a certificate evidencing its

Currency	Number of transactions	Interest type	Average interest rate in % per annum (1) (2)	Years of issue	Maturities	Average years to maturity (2)	Aggregate principal amount outstanding in applicable currency	Aggregate principal amount outstanding in EUR (3)
AUD	15	FIXED	3.71	2014-2024	2025-2034	2.35	16,700,000,000.00	9,957,071,309.33
CAD	6	FIXED	2.61	2005-2023	2025-2037	1.87	3,202,200,000.00	2,142,226,384.80
CHF	2	FIXED	2.55	2005-2007	2025-2037	2.85	1,305,000,000.00	1,386,527,836.80
CNY	16	FIXED	2.64	2021-2024	2025-2027	1.30	13,014,000,000.00	1,716,139,411.60
EUR	406	FIXED	1.11	1999-2024	2025-2053	4.53	315,948,638,337.51	315,948,638,337.51
EUR	15	FLOATING	3.43	2004-2023	2025-2034	3.19	1,056,656,499.38	1,056,646,499.38
GBP	23	FIXED	3.13	2000-2024	2025-2037	2.71	28,006,803,000.00	33,776,505,704.43
HKD	15	FIXED	3.73	2023-2024	2025-2027	1.57	4,075,000,000.00	505,044,245.59
JPY	5	FIXED	2.29	2006-2008	2026-2038	4.75	136,290,000,000.00	835,827,302.83
JPY	82	FLOATING	4.58	2002-2019	2025-2049	13.35	34,400,000,000.00	210,965,228.85
MXN	1	FIXED	4.40	2021	2025	0.56	1,000,000,000.00	46,402,850.99
NOK	15	FIXED	3.72	2004-2024	2025-2036	3.20	32,900,000,000.00	2,789,317,507.42
NZD	2	FIXED	2.13	2018-2021	2028	3.40	190,000,000.00	102,525,361.54
PLN	24	FIXED	0.51	2006-2021	2025	0.48	610,423,938.00	142,789,225.33
SEK	10	FIXED	2.00	2011-2024	2025-2031	3.53	16,900,000,000.00	1,474,823,283.01
USD	53	FIXED	2.96	2002-2024	2025-2046	3.18	89,068,626,035.71	85,733,589,407.75
USD	1	FLOATING	6.19	2023	2026	1.83	500,000,000.00	481,278,275.10
ZAR	16	FIXED	7.30	2020-2022	2028-2031	4.86	3,741,000,000.00	190,684,445.53
Total	**685**					**4.05**		**458,497,002,677.80**

(1) Interest rate of floating rate note means the applicable interest rate as of December 31, 2024. For floating rate notes with interest rates that are fixed in arrears, the latest fixed interest rate was used. Zero coupon bonds are included in the calculation with their average effective interest rates.

(2) Averages have been calculated on a capital-weighted basis taking into account the aggregate principal amount outstanding in euro.

(3) Conversion into euro at the spot rate using the ECB reference rates on December 31, 2024.

Money-Market Funding. KfW issues commercial paper under two commercial paper programs: the EUR 90 billion multicurrency commercial paper program and the USD 30 billion commercial paper program. As of December 31, 2024, KfW Group's commercial paper outstanding totaled EUR 32.5 billion (December 31, 2023: EUR 37.7 billion).

grants to foreign public sector borrowers and recipients in developing countries and emerging economies. Federal budget funds constituted approximately 37% of the sources of funding for KfW Entwicklungsbank's commitments in 2024. Funds from the Federal Government involved in loan commitments and grants of KfW Entwicklungsbank do not, by their nature, appear on KfW's consolidated statement of financial position. For more information see "KfW Entwicklungsbank (KfW Development Bank)."

Derivatives

KfW generally enters into derivatives transactions for hedging purposes in connection with its financing and funding activities. Accordingly, a substantial majority of its derivatives are interest- or currency-related derivatives. KfW Group does not enter into derivatives for trading purposes and does not facilitate the purchase of derivatives on behalf of any entities outside the group through brokerage or similar agency activities.

The following tables provide detailed information on the group's derivatives exposures:

KFW GROUP'S DERIVATIVES EXPOSURE *

	Notional value As of December 31,		Fair value As of December 31, 2024		Fair value As of December 31, 2023	
	2024	2023	Positive	Negative	Positive	Negative
	(EUR in millions)		(EUR in millions)		(EUR in millions)	
Interest-related derivatives	675,658	662,522	2,807	6,559	3,861	7,417
Currency-related derivatives (1)	150,258	156,750	6,854	2,710	3,799	4,590
Credit derivatives as protection buyer	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total derivatives (2)(3)	**825,916**	**819,271**	**9,661**	**9,269**	**7,660**	**12,007**
Embedded derivatives accounted for separately	—	—	87	5	106	6
Total balance sheet items "derivatives designated for hedge derivatives"	**825,916**	**819,271**	**9,748**	**9,275**	**7,766**	**12,013**

* Amounts in the table may not add up due to rounding differences.

(1) Includes cross-currency swaps.

(2) Includes derivative financial instruments which are offered by KfW's wholly-owned subsidiary KfW IPEX-Bank to its customers as hedging instruments in connection with, and related to, financing in the context of its export and project financing activities. In order to hedge the risk arising from these derivative transactions, KfW IPEX-Bank enters into hedging transactions with KfW. In the context of centralizing and aggregating market-facing hedging activities within the group at the parent level, KfW, in turn, hedges itself with corresponding offsetting transactions in the market to the extent necessary. These risk-mitigating hedging transactions entered into by KfW are also disclosed.

(3) Includes derivative contracts in closed risk positions entered into in connection with Special Federal Mandates.

	As of December 31, 2024	As of December 31, 2023
	(EUR in millions)	
Total positive fair value before netting	**9,748**	**7,660**
Total positive fair value after netting (1)	**8,061**	**6,598**
Collateral received	7,692	6,359
of which cash collateral	*7,692*	*6,359*
Total positive fair value after netting and collaterals	**369**	**239**

(1) Presents the effects of netting agreements that do not fulfill the offsetting criteria under IFRS. Due to the strict criteria for offsetting financial instruments under IAS 32, KfW Group's consolidated statement of financial position does not reflect any netting effects with respect to its derivatives.

40.6 billion). See “Combined management report—Economic report—Development of net assets of KfW Group” included in Exhibit (e) to this annual report for more information concerning securities and investments. EUR 35.6 billion, or 82%, of all securities and investments were held in the form of fixed-income securities for liquidity purposes in KfW’s liquidity portfolio. Equity participations held directly or indirectly by KfW amounted to EUR 5.1 billion. The remaining securities and investments were securities held as a surrogate for loans or as equity investments in the context of KfW Group’s promotional business (e.g., KfW’s green bond portfolio, KfW’s ABS portfolio, or DEG’s direct investments).

Liquidity Portfolio

KfW pursues a conservative liquidity management strategy. For this purpose, KfW holds financial assets in its liquidity portfolio in an amount of EUR 35.6 billion as of December 31, 2024 (December 31, 2023: EUR 34.1 billion). The bulk of securities held in this portfolio is denominated in euro. KfW purchases medium-term securities issued by banks, primarily covered bonds (*Pfandbriefe*), bonds of public sector issuers and supranational institutions or agencies as well as ABS and ABCP investments. The bulk of euro-denominated bonds included in KfW’s liquidity portfolio is eligible as collateral with the ECB and enables KfW to enter into repurchase agreements in refinancing operations within the European System of Central Banks via the Deutsche Bundesbank. For financial reporting purposes, securities denominated in U.S. dollar or GBP were converted into euro at the currency exchange rate as of December 31, 2024. In addition to these securities, as of December 31, 2024, KfW held money-market assets (overnight and term loans as well as reverse repurchase transactions) for liquidity management purposes in an amount of EUR 26.6 billion (December 31, 2023: EUR 20.7 billion).

As a signatory to the United Nations-supported “Principles for Responsible Investment” (PRI), KfW is committed to managing its liquidity portfolio in a sustainable manner. KfW uses exclusion criteria for its liquidity portfolio that are based on the exclusion list of KfW Group. ESG risks are evaluated in a structured manner using an ESG risk profile tool and taken into account in the internal rating process.

Equity Investments and Shares in Non-Consolidated Subsidiaries

The portfolio of equity investments and shares in non-consolidated subsidiaries increased by EUR 0.6 billion to EUR 5.1 billion in 2024 (December 31, 2023: EUR 4.5 billion). This increase was due to portfolio growth at KfW Capital and DEG.

Green Bond Portfolio

As of December 31, 2024, the promotional green bond portfolio volume amounted to EUR 2.1 billion (December 31, 2023: EUR 2.4 billion). KfW’s promotional green bond activities ended as of December 31, 2023. The remaining outstanding portfolio volume will decrease gradually with amortizations.

ABS Portfolio

As of December 31, 2024, the promotional ABS portfolio volume amounted to EUR 5 million (December 31, 2023: EUR 17 million). KfW’s capital markets-based promotional activities for SMEs ended as of December 31, 2019. The remaining outstanding portfolio volume will decrease gradually with amortizations.

Privatization Initiatives

The Federal Government mandated KfW to take measures with respect to the privatization of Deutsche Telekom and Deutsche Post.

to institutional investors on June 6, 2024.

As of December 31, 2024, KfW's total ownership interest in Deutsche Post amounted to approximately 203.9 million ordinary shares compared to December 31, 2023 with approximately 253.9 million ordinary shares. This represented a stake of approximately 17.0% in Deutsche Post (December 31, 2023: 20.5%). On February 9, 2024, KfW sold 50 million shares of Deutsche Post AG on the basis of an accelerated bookbuild offering to institutional investors.

Given the agreement with the Federal Government described above, KfW's holdings in shares of Deutsche Post and Deutsche Telekom are presented on KfW's consolidated statement of financial position as Financial Assets at Fair Value, which are classified as "Loans and advances to customers – FVM."

Loan Facility to Greece Mandated by the Federal Government

KfW supports the Federal Republic in conducting EU-wide financial support measures for Greece. In 2010, the Federal Government gave KfW a Special Federal Mandate to participate in a loan facility to Greece on behalf of the Federal Republic. All risks resulting from this loan facility are covered by a guarantee of the Federal Republic. As of December 31, 2024, the total amount outstanding of this loan to Greece amounted to EUR 9.1 billion (December 31, 2023: EUR 11.4 billion).

Strategic Shareholdings

KfW manages a number of direct and indirect strategic shareholdings, which include wholly-owned subsidiaries as well as shareholdings in other companies taken in the ordinary course of KfW's business as well as a number of investments made in companies pursuant to Special Federal Mandates.

KfW's Subsidiaries and Other Shareholdings

KfW's most important strategic shareholdings are DEG (100%) and KfW Capital (100%), which are both directly held by KfW, as well as KfW IPEX-Bank GmbH (100%), which is held indirectly via KfW's wholly-owned subsidiary KfW Beteiligungsholding GmbH. For a description of these entities and their operations, see "KfW Capital", "Export and Project Finance (KfW IPEX-Bank)" and "DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH" above.

Furthermore, KfW directly holds stakes in Finanzierungs- und Beratungsgesellschaft mbH (100%), tbg Technologie-Beteiligungs-Gesellschaft mbH (100%), Berliner Energieagentur GmbH (25%), Elia Group (0.25%), True Sale International GmbH (7.7%) and the European Investment Fund (2.3%). In June 2019, KfW participated in a capital increase of Elia System Operator SA/NV and acquired a 0.25% stake in the company at its own risk. Elia System Operator SA/NV was renamed Elia Group SA/NV in 2023 and is the 100% holding company of Eurogrid International NV/SA which holds 80% of Eurogrid GmbH. For information on KfW's 20% shareholding in Eurogrid GmbH, see "— KfW's Shareholdings Pursuant to Special Federal Mandates of the Federal Government—50Hertz Transmission GmbH".

KfW's Shareholdings Pursuant to Special Federal Mandates of the Federal Government

KfW's investments in Airbus SE, 50Herz Transmission GmbH, CureVac N.V., HENSOLDT AG ("Hensoldt"), TransnetBW GmbH and German LNG Terminal GmbH, as well as KfW's investments in Deutsche Telekom and Deutsche Post (see "Financial Markets—Privatization Initiatives"), were made pursuant to a Special Federal Mandate in accordance with article 2 paragraph 4 of the KfW Law, which authorizes the Federal Government to direct KfW to take measures in connection with matters in which the Federal Republic has an interest. These investments were made at the Federal Republic's economic risk and the opportunities and risks of these investments lie with the Federal Republic.

group (now Mercedes-Benz Group) of its stake in EADS in December 2012, the Federal Government, which regards the ownership structure of EADS as a matter of strategic national interest, agreed on a revised government shareholding agreement with EADS, France and Spain, which allows the Federal Government to directly or indirectly own an equity stake of up to 12% in EADS. In this context, the Federal Government mandated KfW to directly or indirectly acquire and hold an equity stake of up to 12% in EADS on behalf of the Federal Republic.

At the beginning of April 2013, France, Germany and Spain entered into a supplemental shareholders' agreement, which provided for the dissolution of the Dedalus consortium and for KfW and the remaining investors to hold their respective equity stakes in EADS directly and indirectly through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("GZBV"). At the end of 2013, GZBV increased its equity stake in EADS by buying approximately 1.87 million shares. In 2015, EADS transformed its legal form into a European company (*Societas Europaea*) and changed its legal name to Airbus Group SE. In April 2017, following approval by the annual general meeting, the legal name was changed into Airbus SE. As of December 31, 2023, KfW held, through GZBV, an equity stake of approximately 9.1% in Airbus SE. Together with the other investors' interests in GZBV, GZBV held a total equity stake of 10.82% in Airbus SE.

50Hertz Transmission GmbH

In July 2018, the Federal Government gave KfW a Special Federal Mandate to acquire a 20% shareholding in Eurogrid International CVBA/SCRL ("Eurogrid International", now Eurogrid International SA/NV). The transaction closed in August 2018. Under the mandate, all economic risks resulting from KfW's investment are covered by a guarantee of the Federal Republic. At the time of the acquisition, Eurogrid International indirectly held all shares in the German transmission systems operator 50Hertz Transmission GmbH via its wholly-owned subsidiary Eurogrid GmbH.

In June 2019, KfW swapped its 20% equity stake in Eurogrid International for a 20% equity stake in Eurogrid GmbH in accordance with the Special Federal Mandate. This share swap was executed to simplify the holding structure. KfW's stake in Eurogrid GmbH is now held via Selent Netzbetreiber GmbH, a wholly-owned subsidiary of KfW. The German transmission system operator 50Hertz Transmission GmbH is a wholly-owned subsidiary of Eurogrid GmbH, incorporated in Berlin, Germany.

In July 2022, the Federal Government gave KfW a further Special Federal Mandate to contribute an amount of EUR 50 million via KfW's wholly-owned subsidiary Selent Netzbetreiber GmbH into the capital reserves of Eurogrid GmbH. The amount was provided to Eurogrid GmbH on August 5, 2022.

In July 2023, the Federal Government gave KfW a further Special Federal Mandate to contribute an amount of EUR 24 million via KfW's wholly-owned subsidiary Selent Netzbetreiber GmbH into the capital reserves of Eurogrid GmbH. This amount was provided to Eurogrid GmbH on August 9, 2023.

In July 2024, the Federal Government gave KfW a further Special Federal Mandate to contribute, via KfW's wholly-owned subsidiary Selent Netzbetreiber GmbH, EUR 120 million into the capital reserves of Eurogrid GmbH. This amount was provided to Eurogrid GmbH on August 23, 2024.

Each of the July 2022, July 2023 and July 2024 Special Federal Mandates was made pursuant to and in accordance with the original Special Federal Mandate of July 2018.

CureVac N.V.

In June 2020, the Federal Government gave KfW a Special Federal Mandate to make an investment of approximately EUR 300 million through the acquisition of a stake in biopharmaceutical company CureVac AG ("CureVac"). CureVac is a German stock corporation under German law with its registered seat in Tübingen, Germany, which focuses on the research and development of medicines based on messenger ribonucleic acids (mRNA). The investment occurred at the end of July 2020. In August 2020, CureVac B.V., a private company with limited liability

Special Federal Mandate, pursuant to and in accordance with the original Special Federal Mandate of March 2021, to acquire new shares in Hensoldt's capital increase announced on December 7, 2023, pro-rata to their 25.1% shareholding.

TransnetBW GmbH

In November 2023, the Federal Government gave KfW a Special Federal Mandate to acquire a 24.95% stake in TransnetBW GmbH held by EnBW Übertragungsnetz Immobilien GmbH & Co. KG ("UENI"). At the time of the acquisition, UENI directly held all shares in the German transmission systems operator TransnetBW GmbH. KfW's stake in TransnetBW GmbH is held via Expand Netzbetreiber GmbH, a wholly-owned subsidiary of KfW.

German LNG Terminal GmbH

In August 2022, the Federal Government gave KfW a Special Federal Mandate to acquire a 50.0% equity participation in German LNG Terminal GmbH ("GLNG") and to provide subsequent pro rata payments to the capital reserve of GLNG. To this end, KfW has entered into a share purchase agreement and a shareholders' agreement with Gasunie LNG Holding B.V. and GBV Zweiunddreißigste Gesellschaft für Beteiligungsverwaltung mbH, a wholly owned subsidiary of RWE AG, regarding the equity participation and subsequent pro rata payments to the capital reserve. GLNG is a project company that is developing a liquefied natural gas (LNG) import facility in Brunsbüttel, Germany. The closing of the transaction took place in July 2023.

Total borrowings	492,983
Equity	
Paid-in subscribed capital (2)	3,300
Capital reserve	8,447
Reserve from the ERP Special Fund	1,191
Retained earnings	26,552
Fund for general banking risks	0
Revaluation reserve	83
Total equity	39,573
Total capitalization	**532,556**

(1) Includes long-term and short-term borrowings from the ERP Special Fund of EUR 342 million.

(2) KfW's equity capital, 80% of which is held by the Federal Republic and the remaining 20% by the Länder, amounted to EUR 3,750 million in 2024, of which EUR 3,300 million has been paid in pro rata by the Federal Republic and the Länder.

the responsibility for actions taken by the Executive Board.

The following biographical information on the current members of the Executive Board includes their dates of birth, the year in which they were appointed, their terms of office, their current positions and their areas of responsibility.

For information on the remuneration of the Executive Board, see note 68 to the financial statements included in Exhibit (e) to this annual report.

Stefan Wintels

Date of birth: November 17, 1966

Stefan Wintels joined KfW's Executive Board as Co-CEO in October 2021 and became the sole CEO in November 2021. He is in charge of the General Secretariat, Group Communications, Internal Auditing, Financial Markets, Group Development and Economics, as well as Legal Affairs. Mr. Wintels was appointed until September 2029.

Prior to joining KfW, Mr. Wintels worked at Citigroup for 20 years from 2001 to 2021 in various leadership roles. Most recently, he was the Global Co-Head Financial Institutions Group and a member of the Global BCMA Executive Committee. Before that, he was Vice Chairman of Citigroup in Germany, Citi's Chief Country Officer for Germany as well as Chief Executive Officer of Citigroup Global Markets Europe AG until March 2020.

Stefan Wintels began his professional career in 1994 at Deutsche Bank AG and left in 2001 as Managing Director at Deutsche Bank's Corporate Development / Group Strategy Department.

He received a Master's degree in Business Administration from the Technische Universität Berlin and participated in the second year of a two year MBA program at the University of Illinois, Urbana-Champaign.

Stefan Wintels also chairs the supervisory board of KfW Capital, Frankfurt am Main, Germany. In addition, he is a member of the supervisory boards of Deutsche Post AG, Bonn, Germany and of Deutsche Telekom AG, Bonn, Germany.

Katharina Herrmann

Date of birth: October 27, 1968

Katharina Herrmann joined KfW as General Manager in April 2022 and became a member of KfW's Executive Board in April 2023. She is in charge of KfW's Domestic Promotional Business (Individual Financing Solutions & Public Clients, SME Bank & Private Clients), Digital Sales & Client Services and KfW Capital. Ms. Herrmann was appointed until April 2026.

Prior to joining KfW she was Head of Platforms and New Business at ING-DiBa AG, Frankfurt am Main, Germany, as well as Global Head of Platforms and Beyond Banking at ING Group, Amsterdam, Netherlands. During her time at ING from 1998 until 2021 Ms. Herrmann held various leadership positions. From 1996 until 1998 Ms. Herrmann worked as a Specialist in Marketing at COMMERZBANK AG, Frankfurt am Main, Germany. In 1995 she started her professional career at Nassauische Sparkasse, Wiesbaden, Germany, where she worked in junior and senior positions in marketing.

Katharina Herrmann studied business administration and graduated as Diplom-Betriebswirtin (FH) at the University of Applied Sciences Wiesbaden, Germany (comparable to Master of Business Administration), including several months of study abroad (European Business Studies) at Nottingham Trent University, United Kingdom.

position until July 2018.

Ms. Kehr is also a member of the supervisory board of Deka Bank Deutsche Girozentrale, Frankfurt am Main, Germany.

Christiane Laibach

Date of birth: November 9, 1961

Christiane Laibach joined KfW's Executive Board in June 2021. She leads the international financing activities consisting of KfW Entwicklungsbank and the two affiliates KfW IPEX GmbH (Export and Project Finance) and KfW DEG mbH. Ms. Laibach was appointed until May 2027.

Prior to joining KfW's Executive Board she was member of DEG's Management Board for six years, the last year as CEO. From 2008 to 2015 she was part of KfW-IPEX Bank's Management Board, including Chief Risk and Financial Officer. She has been holding leadership positions at KfW Group for 25 years after having joined in 1990, including as global head of aviation for seven years.

Ms. Laibach holds a Master's degree in Economics from University of Mainz, Germany, and completed the Executive Management Program at Wharton Business School, Philadelphia, USA.

Ms. Laibach also chairs the supervisory board of KfW IPEX GmbH. Further, she serves as first deputy chair of the supervisory board of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, Germany.

Bernd Loewen

Date of birth: October 23, 1965

Bernd Loewen joined KfW as a member of KfW's Executive Board in July 2009. He is in charge of Finance, Human Resources, Central Services as well as Organization and Consulting. Mr. Loewen acts as Chief Financial Officer of KfW after initially running both the risk and finance departments at KfW up to the separation of the CRO and CFO functions as of January 1, 2016. Mr. Loewen was appointed until June 2027.

After graduating with a Business Administration degree from the University of Muenster, Germany, he started his professional career at an auditing firm and completed the tax consultant exam. Subsequently, Mr. Loewen joined the Corporate Development department at COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany, before moving on to Equity Derivatives Trading. From 2002 onwards, Bernd Loewen worked as Co-Managing Director at Commerz Capital Markets Corporation, a subsidiary of COMMERZBANK Aktiengesellschaft, in New York, USA. In 2005, he was appointed Member of the Management Board of mBank (formerly BRE Bank SA), a Polish subsidiary of COMMERZBANK Aktiengesellschaft and relocated from New York to Warsaw, Poland.

Mr. Loewen is also a member of the supervisory board of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, Germany.

Dr. Stefan Peiß

Date of Birth: April 30, 1969

Dr. Stefan Peiß became a member of KfW's Executive Board in January 2016. He is in charge of Credit Risk Management, Risk Controlling and Compliance, and he acts as Chief Risk Officer of KfW. Dr. Peiß was appointed until December 2029.

Board of Supervisory Directors

The Board of Supervisory Directors generally has 37 members and consists of the Federal Minister of Finance; the Federal Minister for Economic Affairs and Climate Action; the Federal Minister for Foreign Affairs; the Federal Minister of Food and Agriculture; the Federal Minister of Transport and Digital Infrastructure; the Federal Minister for Economic Cooperation and Development; the Federal Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection; seven members appointed by the Bundesrat; seven members appointed by the Bundestag; five representatives of commercial banks; two industry representatives; one representative each of the local municipalities, agricultural, skilled crafts, trade and housing sectors; and four representatives of the trade unions. The representatives of the commercial banks, industry, the local municipalities, agricultural, skilled crafts, trade and housing sectors, and the trade unions are appointed by the Federal Government after consultation with their constituencies.

The Federal Minister of Finance and the Federal Minister for Economic Affairs and Climate Action serve as Chairman and Deputy Chairman of the Board of Supervisory Directors on a year-by-year rotating basis, with the former chairing for the year 2025. The term of office of all Federal Ministers on KfW's Board of Supervisory Directors corresponds to their term of office as Federal Minister of such Federal Ministry, while the other members of the Board of Supervisory Directors are personally appointed for a term of three years.

The Board of Supervisory Directors supervises the overall conduct of KfW's business and the administration of its assets. It may give the Executive Board general directives. In particular, the Board of Supervisory Directors (via its Risk and Credit Committee) generally must approve, among other things, loans to members of management bodies (*Organkredite*), short-term financing, loan commitments to a single borrower exceeding EUR 50 million for non-investment grade or unrated borrowers, certain unsecured loans and loan commitments exceeding EUR 100 million to investment grade borrowers. The Board of Supervisory Directors may reserve the right to approve other transactions or types of transactions. However, it is not authorized to represent KfW or to commit funds on KfW's behalf.

KfW's Board of Supervisory Directors' committee structure comprises a Presidial and Nomination Committee (*Präsidial- und Nominierungsausschuss*), a Remuneration Committee (*Vergütungskontrollausschuss*), a Risk and Credit Committee (*Risiko- und Kreditausschuss*) and an Audit Committee (*Prüfungsausschuss*). The Presidial and Nomination Committee is responsible for dealing with legal and administrative matters as well as fundamental business and corporate policy issues. It may make decisions on the Board of Supervisory Directors' behalf in urgent matters (*Eilentscheidung*). Additionally, it regularly assesses the Executive Board and the Board of Supervisory Directors, provides recommendations for suitable candidates to the Executive Board and may assist the responsible federal agencies in appointing members to the Board of Supervisory Directors. The Remuneration Committee is responsible for dealing with the systems of remuneration for the Executive Board and KfW employees and their consequences for KfW's risk, capital and liquidity management and advises the Presidial and Nomination Committee with respect to the remuneration paid to the members of the Executive Board. The Risk and Credit Committee advises the Board of Supervisory Directors regarding, in particular, the current and future overall risk tolerance and strategy of KfW. It is responsible for approving loans and equity investments at the operational level that exceed certain thresholds as set forth in KfW's Bylaws, as well as for authorizing the issuance of debt securities, borrowings in foreign currencies and swap transactions. The Audit Committee monitors in particular the accounting process and the effectiveness of the risk management system, especially the internal control system and the internal audit system. It monitors the performance of the audits of the annual financial statements and the timely correction of any errors identified by the auditor. Furthermore, the Audit Committee provides recommendations to the Board of Supervisory Directors regarding the approval of the annual unconsolidated financial statements and the adoption of the annual consolidated financial statements. The Presidial and Nomination Committee and the Remuneration Committee will generally be chaired by the Chairperson of the Board of Supervisory Directors. The Risk and Credit Committee and the Audit Committee will generally be chaired by a representative of the banking sector.

Stefan Evers	Mayor and Senator for Finance of the State of Berlin; appointed by the Bundesrat
Yasmin Fahimi	Chair of the Confederation of German Trade Unions (DGB), representative of the trade unions
Robert Feiger	Chair of the Federal Executive Committee of the IG Bauen-Agrar-Umwelt Trade Union (IG Bau); representative of the trade unions
Dr. Heiko Geue	Minister of Finance of the State of Mecklenburg-Vorpommern; appointed by the Bundesrat
Tanja Gönner	CEO and Director General of the Federation of German Industries (BDI); representative of the industry
Olav Gutting	Member of Parliament; appointed by the Bundestag
Dr. Robert Habeck	Federal Minister for Economic Affairs and Climate Action; Deputy Chair in 2025
Gerald Heere	Minister of Finance of the State of Lower Saxony; appointed by the Bundesrat
Marion Höllinger	Member of the Board of Directors of the Association of German Banks (BdB); representative of the commercial banks
Verena Hubertz	Member of Parliament; appointed by the Bundestag
Harald Hübner	Ministerial Director at the Bavarian State Ministry of Finance and Regional Identity; appointed by the Bundesrat
Dr. Dirk Jandura	President of the Federation of German Wholesale, Foreign Trade and Services (BGA); representative of the wholesale and foreign trade sector
Andrea Kocsis	Deputy Chair of ver.di — United Services Trade Union; representative of the trade unions
Stefan Körzell	Member of the Executive Board of the German Confederation of Trade Unions (DGB); representative of the trade unions
Dr. Jörg Kukies	Federal Minister of Finance; Chair in 2025

Dr. Marcus Optendrenk	Minister of Finance of the State of North Rhine-Westphalia; appointed by the Bundesrat
Dr. Bettina Orlopp	Chair of the Board of Managing Directors of Commerzbank AG; representative of the mortgage banks
Cem Özdemir	Federal Minister of Food and Agriculture
Christian Piwarz	State minister of finance of the State of Saxony; appointed by the Bundesrat
Daniel Quinten	Member of the Board of Managing Directors of the National Association of German Cooperative Banks (BVR); representative of the cooperative banks
Prof. Dr. Ulrich Reuter	President of the German Savings Banks Association (DSGV); representative of the savings banks
Dr. Thorsten Rudolph	Member of Parliament; appointed by the Bundestag
Joachim Rukwied	President of the German Farmers' Association (DBV); representative of the agricultural sector
Frank Schäffler	Member of Parliament; appointed by the Bundestag
Jan Wenzel Schmidt	Member of Parliament; appointed by the Bundestag
Svenja Schulze	Federal Minister for Economic Cooperation and Development
Holger Schwannecke	Secretary General of the German Confederation of Skilled Crafts (ZDH); representative of the skilled crafts sector
Dr. Kai H Warnecke	President Haus & Grund Germany; representative of the housing sector
Dr. Volker Wissing	Federal Minister for Digital and Transport

For information concerning the remuneration of the Board of Supervisory Directors, see note 68 to the financial statements included in Exhibit (e) to this annual report.

and staff functions.

KfW Group has defined employee relations as one of its key sustainability action areas and attaches great importance to treating its employees with respect and appreciation. Because KfW recognizes that its success is based on its skilled and motivated staff, employer attractiveness, including by achieving top positions in the main employer rankings, has been defined as one of the key targets within KfW Group's strategic objectives. KfW believes that a fair remuneration system, group-wide diversity and equal opportunities for the professional development of all employees, irrespective of gender, origin, ethnicity, religion, disability, age, sexual identity or social background, provide a solid basis for achieving this target. KfW emphasizes the importance of achieving target quotas for women in leadership positions and a good work-life balance. As a future-oriented organization, KfW offers a variety of part-time work and mobile work options as well as professional development and training opportunities and supports responsible health management.

For more information concerning KfW Group's employees, see note 67 to the financial statements included in Exhibit (e) to this annual report.

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4 These figures are adjusted compared to the employee figures included in our consolidated financial statements as of and for the year ended December 31, 2024. Due to the adjustment, the figures for the year 2023 are not fully comparable with the corresponding figures published in previous reports filed by KfW.

The Federal Republic is situated in central Europe and comprises an area of approximately 358,000 square kilometers (about 138,000 square miles). According to a first estimate of the Federal Statistical Office, approximately 83.6 million people were living in Germany at the end of 2024, which represents a slight increase of approximately 100,000 people compared to the end of 2023. These population figures are extrapolated from figures from the 2022 census, published on June 25, 2024. As a result of the 2022 census, the population figure as of May 15, 2022, was revised downward by approximately 1.3 million, from 84.0 million (based on the 2011 census) to 82.7 million inhabitants. Net immigration (defined as immigration minus emigration) was the sole cause of population growth in 2024. According to the first estimate, in 2024 between 400,000 and 440,000 more people came to Germany than left the country. Thus, net immigration fell by at least 34% in 2024 compared to 2023 (662,964 people) and was at the level of the years 2016 to 2019 (average of 410,000 people). According to preliminary figures, this development is due to lower net immigration primarily from Syria, Afghanistan, Türkiye and member states of the European Union ("EU"). In contrast, as in all years since German reunification in 1990, more people died than were born in 2024, which had a dampening effect on population growth. In 2024, the number of births fell by around 2.5% compared to 2023 and is expected to be between 670,000 and 690,000 (2023: 692,989), whereas the number of deaths decreased by around 2.5% to approximately 1.00 million (2023: 1.03 million), resulting in a birth deficit (difference between births and deaths) between 310,000 and 330,000. At the end of 2023, approximately 17.5% of the total population was concentrated in metropolitan areas with more than 500,000 inhabitants; the largest of these areas were (in descending order) Berlin, Hamburg, Munich, Cologne and Frankfurt am Main.

Sources: Statistisches Bundesamt, Bundesländer mit Hauptstädten nach Fläche, Bevölkerung und Bevölkerungsdichte am 31.12.2023 (Dezember 2024) (https://www.destatis.de/DE/Themen/Laender-Regionen/Regionales/Gemeindeverzeichnis/Administrativ/02-bundeslaender.html); Statistisches Bundesamt, Bevölkerung im Jahr 2024 um 100 000 Menschen gewachsen, press release of January 23, 2025 (https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/01/PD25_030_124.html); Zensus 2022, Zensus 2022: 82,7 Millionen Einwohnerinnen und Einwohner, press release of June 25, 2024 (https://www.zensus2022.de/DE/Aktuelles/PM_Zensus_2022_Bevoelkerungszahl_Ergebnisveroeffentlichung.html); Statistisches Bundesamt, Städte (Alle Gemeinden mit Stadtrecht) nach Fläche, Bevölkerung und Bevölkerungsdichte am 31.12.2023 (Dezember 2024) (https://www.destatis.de/DE/Themen/Laender-Regionen/Regionales/Gemeindeverzeichnis/Administrativ/05-staedte.html).

40-60	26.8	27.3	27.7	28.1	28.4
60-80	22.6	22.2	22.0	21.8	21.7
80 and more	7.2	7.2	7.3	7.1	6.8
Growth rate			(percentage change on the previous year)		
Total population	0.4	1.3	0.1	0.0	0.2
Under 20	0.5	2.8	0.6	0.0	0.2
20 – 40	0.6	1.6	-0.3	-0.5	0.1
40-60	-1.3	-0.3	-1.3	-1.1	-1.1
60-80	2.1	2.3	0.9	0.5	0.4
80 and more	0.5	0.0	3.0	4.5	5.4

(1) Based on census reference date of May 9, 2011.
Source: Statistisches Bundesamt, Bevölkerung, Bevölkerungsstand, Bevölkerung nach Altersgruppen (ab 2011) (https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Bevoelkerungsstand/Tabellen/liste-altersgruppen.html).

Without the surplus resulting from net immigration, the total population would have decreased every year since German reunification in 1990 because more people died than were born in each year. These developments are expected to continue, together with the continued aging of the population. According to the 15th coordinated population projection of the Federal Statistical Office published in December 2022 and covering the period until 2070, the number of people of retirement age (which will be 67 years from 2031 onwards) or over in Germany will rise by roughly 4 million to at least 20 million by the mid-2030s. The number of people of working age (20 to 66 years), which currently comprises 51.4 million people, will decrease by between 1.6 and 4.8 million in the next 15 years, which may result in a downward pressure on Germany's growth potential in the long term. The number of those aged 80 or over will remain relatively stable until the middle of the 2030s, amounting to between 5.8 and 6.7 million. Subsequently, this elderly population is expected to increase massively, along with the related need for long-term care. If net immigration remains at the level of the past decade of about 400,000 persons per year on average, roughly 90 million people would live in Germany in 2070. However, with a low level of net immigration of 180,000 people per year, the population would decrease to 75 million people in 2070.

Sources: Statistisches Bundesamt, Bevölkerung im Jahr 2024 um 100 000 Menschen gewachsen, press release of January 23, 2025 ((https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/01/PD25_030_124.html); Federal Statistical Office, 4 million more people aged 67 or over will live in Germany in 2035, press release of December 2, 2022 (https://www.destatis.de/EN/Press/2022/12/PE22_511_124.html; German version: https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/12/PD22_511_124.html).

Government

The Federal Republic is a federated republic whose constitution is codified in the *Grundgesetz* of 1949. The capital of the Federal Republic is Berlin. The Federal Republic consists of 16 federal states (Länder). The Länder have legislative sovereignty over matters not expressly reserved to the legislative, executive and judicial bodies of the Federal Republic.

The *Grundgesetz* provides for a Federal President (*Bundespräsident*), two Houses of Parliament (the Bundestag and the Bundesrat, the latter consisting of representatives of the 16 Länder governments), a Chancellor (*Bundeskanzler*) and a Federal Constitutional Court (*Bundesverfassungsgericht*). The Chancellor heads the Federal Government (*Bundesregierung*), consisting of the Chancellor and the Federal Ministers. The *Bundespräsident* acts as head of state.

General elections for the Bundestag are generally held every four years on the basis of an electoral system of proportional representation. The most recent general election to the 21st Bundestag was held approximately seven months earlier than initially planned on February 23, 2025, following the termination of the previous governing coalition and the decision of the *Bundespräsident* to dissolve the 20th Bundestag at the proposal of the *Bundeskanzler* on December 27, 2024.

the Christian Social Union (CSU), the Alternative for Germany (AfD), the Social Democratic Party (SPD), the Greens (Bündnis 90/Die Grünen); the Left-Wing Party (Die Linke) and the Südschleswigscher Wählerverband (SSW), which participates in the distribution of seats of the Bundestag as a party representing the Danish minority in Federal State of Schleswig-Holstein, to which the five percent of the votes cast or three direct mandates threshold for participation in the Bundestag does not apply.

Since 1949, the Federal Republic has been governed by ten Chancellors over 21 electoral periods. The most recent general election, held on February 23, 2025, resulted in a coalition between CDU/CSU and SPD. On May 6, 2025 the Bundestag elected Friedrich Merz (CDU) Chancellor for the first time.

Sources: "Verantwortung für Deutschland" – Koalitionsvertrag zwischen CDU, CSU und SPD (https://www.spd.de/regierungsbildung); Deutscher Bundestag, Friedrich Merz mit 325 Stimmen zum Bundeskanzler gewählt (https://www.bundestag.de/dokumente/textarchiv/2025/kw19-de-kanzlerwahl-1062470)

The following table shows the results of the five most recent general elections for the Bundestag.

ELECTION RESULTS TO THE GERMAN BUNDESTAG

	2025 Elections		2021 Elections		2017 Elections		2013 Elections		2009 Elections	
	% of Votes	Seats	% of Votes	Seats	% of Votes	Seats	% of Votes	Seats	% of Votes	Seats
CDU/CSU	28.6	208	24.2	197	33.0	246	41.5	311	33.8	239
AfD	20.8	152	10.4	83	12.6	94	4.7	—	—	—
SPD	16.4	120	25.7	206	20.5	153	25.7	193	23.0	146
Bündnis 90/Die Grünen	11.6	85	14.7	118	8.9	67	8.4	63	10.7	68
Die Linke	8.8	64	4.9	39	9.2	69	8.6	64	11.9	76
SSW(1)	0.2	1	0.1	1	—	—	—	—	—	—
FDP	4.3	—	11.4	91	10.7	80	4.8	—	14.6	93
Others	9.4	—	8.6	—	5.0	—	6.2	—	6.0	—
Total		**630**		**735**		**709**		**631**		**622**

(1) SSW (*Südschleswigscher Wählerverband*), representing the Danish minority in the federal state of Schleswig-Holstein, is exempt from the five percent of the votes cast or three direct mandates threshold for representation in the Bundestag.

Sources: The Federal Returning Officer, Bundestag election 2025 (https://www.bundeswahlleiterin.de/en/bundestagswahlen/2025/ergebnisse/bund-99.html); The Federal Returning Officer, Bundestag Election 2021 (Repeat election in parts of Berlin on 11 February 2024), Results (https://www.bundeswahlleiterin.de/en/info/presse/mitteilungen/bundestagswahl-2021/52_21_endgueltiges-ergebnis.html);The Federal Returning Officer, Bundestag election 2017, Results (https://www.bundeswahlleiterin.de/bundestagswahlen/2017/ergebnisse/bund-99.html); The Federal Returning Officer, Bundestag election 2013, Results, Germany (http://www.bundeswahlleiterin.de/en/bundestagswahlen/2017/ergebnisse/bund-99.html); The Federal Returning Officer, Bundestag election 2009, Election to the 17th German Bundestag on 27 September 2009 (https://www.bundeswahlleiterin.de/en/bundestagswahlen/2009.html).

International Organizations

In addition to the EU, the Federal Republic is a member of various major multilateral institutions, including the United Nations, the International Monetary Fund ("IMF"), the International Bank for Reconstruction and Development and the International Development Association, the Council of Europe, the Organization for Economic Cooperation and Development and the North Atlantic Treaty Organization ("NATO"). Furthermore, the Federal Republic is a signatory to the General Agreement on Tariffs and Trade and a member of the World Trade Organization ("WTO"). It is also a shareholder of, among others, the European Investment Bank ("EIB"), the European Bank for Reconstruction and Development, the Asian Infrastructure Investment Bank and the European Atomic Energy Community.

While Türkiye is a key strategic partner of the EU on issues including migration, security, counter-terrorism, and the economy, accession negotiations with Türkiye have not progressed in recent years. In December 2023 the European Council decided to open accession negotiations with the candidate country Ukraine. In March and June 2024 accession negotiations with the candidate countries Bosnia and Herzegovina and Moldova were started. In addition, in 2023 Georgia was granted candidate status by the European Council, on the understanding that it will take relevant steps, as set out in the European Commission recommendation dated November 2023. Kosovo applied for EU membership in December 2023.

The European Commission adopted in November 2024 the Growth Plan for the Western Balkans to accelerate the accession process of the Western Balkans. In October 2024, the European Commission approved Reform Agendas of Albania, Kosovo, Montenegro, North Macedonia and Serbia, which qualified these countries for the Growth Plan's benefits ahead of their full integration into the EU.

Sources: European Union, Principles, countries, history, History of the EU (https://european-union.europa.eu/principles-countries-history/history-eu_en); European Union Principles, countries, history, History of the EU, History of the European Union 1945-59 (https://european-union.europa.eu/principles-countries-history/history-eu/1945-59_en); European Union, Principles, countries, history, EU countries (https://european-union.europa.eu/principles-countries-history/eu-countries_en#the-27-member-countries-of-the-eu); Statistical Office of the European Communities, Total population (https://ec.europa.eu/eurostat/databrowser/view/tps00001/default/table?lang=en);European Commission, Enlargement Policy (https://neighbourhoodenlargement.ec.europa.eu/enlargement-policy_en), European Commission, Enlargement, Bosnia and Herzegovina (https://enlargement.ec.europa.eu/enlargement-policy/bosnia-and-herzegovina_en), European Commission, Enlargement, Kosovo (https://enlargement.ec.europa.eu/enlargement-policy/kosovo_en), European Commission, Enlargement Policy, Growth Plan for the Western Balkans (https://enlargement.ec.europa.eu/enlargement-policy/growth-plan-western-balkans_en).

Political Integration

The EU is based on treaties that are binding agreements between the EU Member States and have been approved voluntarily and democratically by all EU Member States. The treaties set out the EU's objectives, the rules governing the EU institutions, the way decisions are taken and the relationship between the EU and the EU Member States. Treaties are amended from time to time to make the EU more efficient and transparent, to prepare for the accession of candidate countries as new EU Member States and to introduce new areas of cooperation. Under the treaties currently in place, EU institutions can adopt legislation, which, depending on the subject matter, either becomes directly applicable law or requires further implementation by the EU Member States.

The EU's three main institutions are the Council of the EU (representing the governments of the EU Member States) (the "Council"), the Parliament (elected by and representing the citizens of the EU Member States) and the European Commission (the executive body of the EU). In addition, the European Council, which consists of the heads of state or government of the EU Member States, the European Council President and the President of the European Commission, defines the EU's overall political direction and priorities. It is not one of the EU's legislating institutions, but rather sets the EU's policy agenda, traditionally by adopting conclusions during European Council meetings which identify issues of concern and actions to take.

Article 50 of the Treaty on European Union provides for a mechanism for the voluntary and unilateral withdrawal of an EU Member State from the EU. Pursuant to Article 50, the withdrawal process is initiated by a notification from the EU Member State wishing to withdraw to the European Council. The EU treaties cease to apply to an EU Member State from the later of the date of entry into force of an agreement setting out arrangements for the EU Member State's withdrawal, or within two years of the notification of the withdrawal. The European Council may, in agreement with the EU Member State concerned, unanimously decide to extend the period beyond two years.

EU Sanctions. Restrictive measures, also known as sanctions, are an essential tool of the EU's Common Foreign and Security Policy. All restrictive measures adopted by the EU are fully compliant with its obligations under international law, including those pertaining to human rights and fundamental freedoms. The first step in adopting restrictive measures is through a proposal by the High Representative of the Union for Foreign Affairs and Security Policy. After this, the Common Foreign and Security Policy Council resolves on any restrictive measures by way of a territorial integrity, sovereignty and independence. The lists of sanctioned persons and entities are kept under constant review and are subject to periodic renewals by the Council. The economic sanctions, which target exchanges with Russia and Belarus in specific economic sectors, include restricted access to EU capital markets for certain Russian banks and companies, a ban on transactions with the Russian Central Bank and the Central Bank of Belarus, a ban of a number of Russian and Belarusian banks from the SWIFT messaging network, a prohibition on the provision of euro-denominated banknotes to Russia and Belarus, a prohibition on the provision of crypto-wallets to Russia, a ban on coal and other solid-fossil-fuel imports from Russia, a price cap related to the maritime transport of crude oil and petroleum products, a ban on use of EU airspace and EU airports by Russian-owned, Russian-registered or Russian-controlled aircraft, a ban on exports to and imports from Russia of raw materials, goods and technology in various sectors, a ban on exports to Russia of dual-use goods, an export and import ban on arms and a prohibition on the provision of certain services to Russia or Russian persons, including the provision of software for the management of enterprises. The EU has introduced a ban on access to EU ports for vessels to prevent the circumvention of sanctions.

Sources: European Commission, Europe in 12 lessons by Pascal Fontaine (https://op.europa.eu/en/publication-detail/-/publication/a5ba73c6-3c6a-11e8-b5fe-01aa75ed71a1); EUR-Lex, Treaties currently in force (https://eur-lex.europa.eu/collection/eu-law/treaties/treaties-force.html); European Council, Council of the European Union, The European Council ((https://www.consilium.europa.eu/en/european-council/) EUR-Lex, Consolidated versions of the Treaty on European Union, Article 50 (https://eur-lex.europa.eu/eli/treaty/teu_2016/art_50/oj); European Council, Council of the European Union, Policies, Why the EU adopts sanctions, accessed on May 3, 2025 (https://www.consilium.europa.eu/en/policies/why-sanctions/); European Council, Council of the European Union, Policies, EU sanctions against Russia (https://www.consilium.europa.eu/en/policies/sanctions-against-russia/); European Council, Council of the European Union, Policies, 16th package of sanctions on Russia's war of aggression against Ukraine: EU lists additional 48 individuals and 35 entities (https://www.consilium.europa.eu/en/press/press-releases/2025/02/24/16th-package-of-sanctions-on-russia-s-war-of-aggression-against-ukraine-eu-lists-additional-48-individuals-and-35-entities/); European Council, Council of the European Union, Policies, EU sanctions against Belarus (https://www.consilium.europa.eu/en/policies/sanctions-against-belarus/).

Economic Integration

From its inception, the EU has had the fundamental objective, in line with its predecessors, of economic integration of its member states. After a long process, a single market that provides for the free movement of goods and services, persons and capital among the EU Member States was established as of January 1, 1993. The integration of the EU Member States' economies and the completion of a single market are also promoted by a European competition policy, which aims at creating a level-playing field for EU Member States' companies, thereby promoting economic efficiency, and by a European consumer policy. In addition, various liberalization and harmonization measures are being implemented, for example in the telecommunication and energy sectors. In the financial sector, the single market has been fostered by providing for the free movement of capital and the freedom to perform banking services throughout the EU under the "single passport," which enables financial institutions to provide financial services throughout the EU based on a single license obtained in one EU Member State. The EU promotes economic integration with regional aid, which is designed to focus development efforts on certain disadvantaged regions and sections of population of the EU. Another important policy area for the EU has been agriculture and fisheries.

State Aid. EU Member States may generally only grant state aid to companies within the narrow framework of the EU's regulations and procedures on state aid in order to safeguard a level playing field within the single market. To enable EU Member States to support their national economies in mitigating the impact of the Russia's war of aggression against Ukraine, the European Commission adopted the temporary framework for state aid measures ("Temporary Crisis and Transition Framework") in March 2022. This framework has been amended and extended several times. The framework provides for several types of aid that may be granted by the EU Member States. The allowance for the provision of liquidity support in the form of state guarantees and subsidized loans, which help ensure that sufficient liquidity remains available to businesses, expired in December 2023. Pursuant to the framework, EU Member States are still permitted to compensate companies for the additional costs incurred due to exceptionally high gas and electricity prices, to incentivize the reduction of electricity consumption and to grant limited amounts of aid to companies affected by the current crisis until June 30, 2024. The Commission prolonged the support for the agricultural and fisheries sector until December 31, 2024. In addition, EU Member States may grant support to foster the transition to a net-zero economy until December 31, 2025. In particular, state aid may be granted to accelerate the roll-out of renewable energy, including renewable energy storage and renewable heat technologies, and to decarbonize industrial production processes.

recovery instrument (the “EU Recovery Instrument”) amounts up to EUR 807 billion (in current prices), which is specifically aimed at addressing the socioeconomic consequences of the COVID-19 pandemic. Together with the EUR 64.6 billion to finance EU priorities, this allows the EU to provide an unprecedented amount of approximately EUR 2.07 trillion to help repair the economic and social damage caused by the COVID-19 pandemic in Europe and support the transition towards a modern and more sustainable Europe, including the green and digital transitions. Following Russia’s invasion of Ukraine, the EU budget was used to provide emergency assistance and support in Ukraine and in the EU Member States, and to alleviate the humanitarian consequences of the war.

The most important component of the EU Recovery Instrument is the Recovery and Resilience Facility (“RRF”), with up to EUR 650 billion (in current prices) in loans and grants available to support reforms and investments undertaken by the EU Member States. The balance of the funds under the EU Recovery Instrument is being employed through existing EU instruments and assistance programs. To access the RRF, EU Member States are required to submit national recovery and resilience plans which are assessed by the European Commission and then approved by the Council of the EU on a case-by-case basis. After a prefinancing of 13% of the total support available to the relevant EU Member State, an EU Member State may request further disbursements up to twice a year upon reaching certain agreed milestones and targets. As of March 2025, the European Commission had disbursed EUR 306.2 billion to EU Member States under the RRF, thereof EUR 197.5 billion in the form of grants and EUR 108.7 billion in the form of loans. In February 2023, the European Parliament and the Council adopted an amending regulation to include REPowerEU chapters in the RRF. The purpose of REPowerEU is to strengthen the strategic autonomy of the EU by diversifying its energy supplies and ending its dependency on Russian fossil fuel imports. EU Member States may add a new REPowerEU chapter to their national recovery and resilience plans, in order to finance key investments and reforms that will help achieve the REPowerEU objectives. To this end the RRF financial envelope has been increased by EUR 20.0 billion for new grants. The RRF provides EUR 250.4 billion of funding for the REPowerEU Plan, which amounts to a great part of its funding. The 2025 EU budget, which was adopted by the Council and the European Parliament in November 2024, amounts to EUR 199.4 billion in commitment appropriations and EUR 155.2 billion in payment appropriations.

To implement the EU Recovery Instrument, the EU’s Own Resources Decision, which defines how the EU budget is financed and was adopted by the Council on December 14, 2020, pursuant to the special legislative procedure applicable thereto, was ratified by all EU Member States in accordance with their own constitutional requirements. Under the Own Resources Decision, the European Commission is authorized, on an exceptional basis, to temporarily borrow up to EUR 750 billion (in 2018 prices) on the capital markets. In June 2023, the Commission proposed to amend the Own Resources Decision to include revenues from emissions trading, resources generated via the carbon border adjustment mechanism, which aims to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries, and temporary statistical own resources based on company profits. The amended Own Resources Decision (“The next generation of EU own resources”) is pending approval by the Council. In 2024, the Commission raised EUR 138.1 billion via long-term EU bonds. While the proceeds from the EU bonds mainly benefited the EU Recovery Instrument, EUR 13.1 billion were used for the disbursement under the Ukraine facility. At the end of 2024, the overall outstanding amount of EU bonds reached EUR 578.2 billion, of which EUR 68.2 billion were raised through NextGenerationEU green bonds. In addition, as of December 31, 2024, EUR 23.1 billion of short-term debt in EU bills was outstanding. The European Commission has announced plans to issue long-term EU bonds in an amount of EUR 160 billion in 2025, to be complemented by short-term EU bills.

Plan for Europe (https://commission.europa.eu/strategy-and-policy/recovery-plan-europe_en); European Council, Council Decision (EU, Euratom) 2020/2053 (https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020D2053); European Commission, Questions and Answers: An adjusted package for the next generation of own resources (https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_3329); European Commission, Revenue, The next generation of EU own resources (https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/revenue/next-generation-eu-own-resources_en); European Commission, Recovery and Resilience Scoreboard(https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html); European Commission, Business, Economy, Euro, Economic recovery, Recovery and Resilience Facility (https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en); European Commission, Mid-Term Evaluation of the Recovery and Resilience Facility, February 2024 (https://economy-finance.ec.europa.eu/document/download/85f0c9e6-6832-4d07-abf3-2a9280ff7cc8_en?filename=ip269_en.pdf); European Council, Council of the European Union, EU recovery plan: Council adopts REPowerEU, press release of February 21, 2023 (https://www.consilium.europa.eu/en/press/press-releases/2023/02/21/eu-recovery-plan-council-adopts-repowereu/); European Commission, REPowerEU (https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowereu-affordable-secure-and-sustainable-energy-europe_en); European Council, Council of the European Union, EU budget for 2025 (https://www.consilium.europa.eu/en/policies/eu-annual-budget/2025-budget/); Official Journal of the European Union, Definitive adoption (EU, Euratom) 2025/31 of the European Union's annual budget for the financial year 2025 (https://eur-lex.europa.eu/eli/budget/2025/31/oj); European Commission, Half-yearly report on the implementation of borrowing, debt management and related lending operations pursuant to Article 13 of Commission Implementing Decision C(2023)8010, July 7, 2024 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0369); European Commission, Half-yearly report on the implementation of borrowing, debt management and related lending operations pursuant to Article 13 of Commission Implementing Decision C(2023)8010, March 12, 2025 (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0070).

Trade. The EU is responsible for trade matters with third-party countries. In the area of trade in goods, the EU has exclusive competence. Furthermore, the EU's responsibilities also cover trade in services, the commercial aspects of intellectual property (such as patents), public procurement and foreign direct investment, whereas in the case of portfolio investments, investment protection and investment dispute settlement, the competence is shared between the EU and the EU Member States. In particular, the EU is responsible for negotiating and concluding international trade agreements as well as identifying trade barriers and unfair trade practices by trading partners and adopting appropriate countermeasures. Trade agreements are negotiated by the European Commission upon authorization of the Council. Once the European Commission completes negotiations, the Council and the European Parliament examine the final negotiated agreement and decide whether or not to approve it. Trade agreements regulating areas of mixed responsibility between the EU and the EU Member States can only be concluded after ratification by all EU Member States. As part of the EU's response to Russia's Invasion of Ukraine the EU has imposed comprehensive economic sanctions, including trade restrictions. For more information on the trade restrictions, see "Political Integration—EU Sanctions". In December 2024, the European Commission reached a political agreement with the MERCOSUR countries Argentina, Brazil, Paraguay and Uruguay on increasing bilateral trade and investment by lowering tariff and non-tariff trade barriers, by creating more stable and predictable rules for trade and investment, and by fostering the sustainable development of both regions in terms of climate change and social standards. MERCOSUR represents a significant market for the EU, with exports amounting to EUR 84 billion and EU investments totaling EUR 340 billion. Ratification of the agreement is pending. The European Union and the United States have the world's largest bilateral trade, with trade in goods and services of EUR 1.3 trillion (in 2023). US President Trump is focusing on an "America First" trade policy and has introduced restrictive trade policy measures. Though the EU prefers a negotiated solution, it may respond with countermeasures.

Sources: European Commission, EU trade relationships by country/region, Making trade policy (https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/making-trade-policy_en); Federal Ministry for Economic Affairs and Climate Action, Trade Policy, Fostering international trade and reducing barriers (https://www.bmwk.de/Redaktion/EN/Dossier/trade-policy.html); European Commission, Trade and Economic Security, EU-Mercosur agreement (https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en); European Commission, Trade and Economic Security , Questions and answers on the EU-Mercosur partnership agreement (https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_6245); European Commission, Trade and Economic Security, United States (https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en); European Commission, Memo on EU countermeasures on US tariffs, EU countermeasures on US steel and aluminum tariffs explained (https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_750); The White House, President Donald J. Trump on Trade, Fact Sheet, February 13, 2025 (https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-announces-fair-and-reciprocal-plan-on-trade/); European Commission, Statement on the US reciprocal tariff policy, press release from February 14, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/statement_25_515).

EU Response to the Energy Crisis. Since the fall of 2022, and significantly exacerbated by Russia's invasion of Ukraine, Europe has been facing an unprecedented energy crisis involving hikes in energy prices and disruptions to energy supply. In response, the EU Member States implemented several measures on the national and supranational levels to ensure affordable and competitive energy for EU consumers, increase the EU's energy security and preparedness in the event of emergencies, and strengthen the energy resilience and autonomy of EU Member States. In early 2022, the heads of the EU Member States had jointly decided to phase out the EU's dependency on Russian fossil (https://www.consilium.europa.eu/en/policies/energy-prices-and-security-of-supply); European Commission, Energy, Actions and measures of energy supply (https://energy.ec.europa.eu/topics/markets-and-consumers/actions-and-measures-energy-prices_en#accelerating-renewables-permitting); European Commission sets intermediate gas storage filling targets for 2025 to ensure secure supplies and market stability, press release of November 29, 2024 (https://energy.ec.europa.eu/news/commission-sets-intermediate-gas-storage-filling-targets-2025-ensure-secure-supplies-and-market-2024-11-29_en).*

European Defense. The changed security situation in Europe at the beginning of 2025 prompted the EU to strengthen its defense capabilities and enhance the readiness of the European defense industry over the long term. In March 2025 the European Commission and the High Representative for Foreign Affairs published a White Paper for European Defense that sets out a vision to significantly foster European defense readiness. The White Paper is backed by the ReArm Europe Plan/Readiness 2030. The Plan outlines measures for mobilizing up to EUR 800 billion to support the defense investments of EU Member States. For creating a fiscal space of up to EUR 650 billion on the EU Member State level the Commission called for a coordinated activation of the national escape clause. See "EU Economic Governance – Stability and Growth Pact". A proposed new EU financial instrument called Security Action for Europe ("SAFE") is supposed to provide EU Member States with up to EUR 150 billion of loans backed by the headroom of the EU budget. The funds will be raised by the EU on capital markets to offer EU Member States loans with advantageous financing terms. In addition, private capital will be mobilized by accelerating the Savings and Investment Union and through the European Investment Bank to support the European rearmament.

Sources: European Commission, Future of European Defense, Acting on defence to protect Europeans (https://commission.europa.eu/topics/defence/future-european-defence_en); European Commission, Press statement by President von der Leyen on the defence package, press release from March 4, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/statement_25_673); European Commission, Commission unveils Savings and Investments Union strategy to enhance financial opportunities for EU citizens and businesses, press release from March 19, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/ip_25_802).

Monetary Integration

The Federal Republic is a signatory to and has ratified the Treaty on European Union of February 1992 (also known as the "Maastricht Treaty"). The Maastricht Treaty was the basis for the establishment of the European Economic and Monetary Union ("EMU"). The EMU led, in turn, to the adoption of irrevocable conversion rates between the euro and the national currencies of the initial participating member states on December 31, 1998, and the introduction of the euro as the single European currency in the euro area on January 1, 1999. On January 1, 2002, banknotes and coins denominated in euro were introduced as legal tender to replace the national currencies in the twelve member states forming the euro area at that time (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain). Slovenia, Malta, Cyprus, Slovakia, Estonia, Latvia, Lithuania and Croatia subsequently joined the euro area.

The ECB was established on June 1, 1998, as part of the European System of Central Banks ("ESCB"). According to the Maastricht Treaty, the primary objective of the ESCB is to maintain price stability. Without prejudice to the objective of price stability, the ESCB supports the general economic policies of the EU. See "— Monetary and Financial System" for more information on the ECB and ESCB as well as on the European financial system. The Eurosystem, consisting of the ECB and the national central banks of those EU Member States whose currency is the euro ("Euro Area Member States"), assumed sole responsibility for the monetary policy in the euro area on January 1, 1999.

Sources: European Union, Principles, countries, history, Principles and values, Founding agreements, Treaty on European Union – Maastricht Treaty (https://european-union.europa.eu/principles-countries-history/principles-and-values/founding-agreements_en); European Central Bank, About us, Our history, arts and culture, Our history, Economic and Monetary Union (EMU) (https://www.ecb.europa.eu/ecb/history-arts-culture/history/emu/html/index.en.html); European Central Bank, The euro, Our money (https://www.ecb.europa.eu/euro/intro/html/index.en.html); European Central Bank, Monthly Bulletin, 10th Anniversary of the ECB (https://www.ecb.europa.eu/pub/pdf/other/10thanniversaryoftheecbmb200806en.pdf).

growth. Under the new framework, EU Member States are given a timeframe within which, through a combination of fiscal adjustment, growth-enhancing reforms and priority investments, their debt level is to be put on a sufficiently downward path. The SGP reference values of 3% for the GDP budget deficit and 60% for the GDP debt level remain in force. The new rules were adopted by the Parliament on April 23, 2024 and by the Council of the EU on April 29, 2024. They came into effect with their publication in the Official Journal of the EU on April 30, 2024.

During 2024, fiscal surveillance was based on the country-specific recommendations issued in Spring 2023, in accordance with the rules of the SGP currently in effect.

The new framework requires EU Member States to set up a medium-term fiscal-structural plan for the next four or five years, the so-called adjustment period is extendable to up to seven years. The net expenditure path is intended to be the single operational indicator for the national plans. After the initial submission of the medium-term fiscal structural plans, the plans will be assessed by the European Commission and endorsed by the Council. Every April, EU Member States will be required to submit a progress report on the medium-term structural plan, which replaces the Stability and Convergence Programmes of the SGP. In addition, to ensure the coordination of fiscal policies among Euro Area Member States, governments are required by European economic governance rules to submit their draft budgetary plans for the following year to the European Commission by October 15 of each year. The European Commission will then assess whether the Members States' draft budgetary plans are consistent with their net expenditure paths, pursuant to the new regulation.

The preventive arm of the SGP binds EU Member States to their commitments towards sound fiscal policies. In this respect the new framework introduces risk-based surveillance which differentiates between EU Member States and their fiscal situation. For EU Member States with a government deficit greater than 3% of GDP or a public debt level greater than 60% of GDP, the European Commission will issue a country-specific "reference trajectory" and a corresponding level of the structural primary balance to be reached by the end of the adjustment process. This primary structural balance target is defined as the cyclically adjusted general government balance net of temporary measures and net of interest expenditure. Quantitative safeguards are intended to ensure declining debt and to provide a safety margin below the Maastricht Treaty deficit reference value of 3% of GDP in order to create fiscal buffers. Thus, the new rules replace the 1/20 debt reduction requirement for EU Member States with a debt level above 60% of GDP.

The corrective arm of the SGP consists of the excessive deficit procedure ("EDP"). The EDP ensures the correction of excessive budget deficits (defined as a deficit greater than 3% of GDP), excessive public debt levels (defined as a debt ratio greater than 60% of GDP without an adequate diminishing trend) or excessive control account deviations (defined as deviations from the "reference trajectory" in the EU Member State's net expenditure). EU Member States that fail to respect the SGP's preventive or corrective rules may ultimately face sanctions. For Euro Area Member States, these could take the form of warnings and financial sanctions including fines. In addition, all EU Member States could face a suspension of commitments or payments from the EU's structural and investment funds if they fail to abide by the corrective rules. The SGP contains rules for exceptional situations. In particular, in case of an unusual event outside the control of the EU Member State concerned, which has a major impact on the financial position of its general government, or in periods of severe economic downturn for the euro area or the EU as a whole, upon proposal of the European Commission and endorsement of the Council, EU Member States are allowed to depart from the budgetary requirements that would normally apply, provided that this does not endanger fiscal sustainability in the medium-term. When applied in the case of a severe economic downturn for the euro area or the EU as a whole, this rule is referred to as the "general escape clause."

The "general escape clause" under the SGP was deactivated at the end of 2023, after having been activated in March 2020 to permit EU Member States to deal adequately with the effects of the COVID-19 pandemic and extended in May 2022 after Russia's invasion of Ukraine created downside risks to economic activity. As of March 2025, Belgium, France, Italy, Malta, Poland, Slovakia, Hungary and Romania are subject to an ongoing excessive deficit procedure.

coordination of economic policies and the multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52023PC0240); European Commission, Vade Mecum on the Stability & Growth Pact 2019 edition, pages 25 and 44 (https://economy-finance.ec.europa.eu/system/files/2019-04/ip101_en.pdf); European Commission, Fiscal policy guidance for 2024: Promoting debt sustainability and sustainable and inclusive growth, press release of March 8, 2023 (https://ec.europa.eu/commission/presscorner/detail/%20en/ip_23_1410); European Commission, Economy and Finance, Economic and fiscal governance, Stability and Growth Pact (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact_en); European Commission, Economy and Finance, Economic and fiscal governance, Stability and Growth Pact, Annual draft budgetary plans (DBPs) of euro area countries (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries_en); European Commission, Economy and Finance, Economic and fiscal governance, Stability and Growth Pact, The preventive arm (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/preventive-arm_en); European Commission, Economy and Finance, Economic and fiscal governance, Stability and Growth Pact, The corrective arm / Excessive Deficit Procedure (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/corrective-arm-excessive-deficit-procedure_en); European Council, Council of the European Union, Statement of EU ministers of finance on the Stability and Growth Pact in light of the COVID-19 crisis, press release of March 23, 2020 (https://www.consilium.europa.eu/en/press/press-releases/2020/03/23/statement-of-eu-ministers-of-finance-on-the-stability-and-growth-pact-in-light-of-the-covid-19-crisis/); European Commission, 2022 European Semester—Spring Package, Communication from the Commission of May 23, 2022 (https://commission.europa.eu/system/files/2022-05/2022_european_semester_spring_package_communication_en.pdf); European Parliament, New EU fiscal rules approved by MEPs, press release of April 23, 2024 (https://www.europarl.europa.eu/news/en/press-room/20240419IPR20583/new-eu-fiscal-rules-approved-by-meps); European Council, Council of the European Union, Economic governance review: Council adopts reform of fiscal rules, press release of April 29, 2024 (https://www.consilium.europa.eu/en/press/press-releases/2024/04/29/economic-governance-review-council-adopts-reform-of-fiscal-rules/); EUR-Lex, Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (https://eur-lex.europa.eu/eli/reg/2024/1263/oj); EUR-Lex, Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (https://eur-lex.europa.eu/eli/reg/2024/1264/oj); EUR-Lex, Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (https://eur-lex.europa.eu/eli/dir/2024/1265/oj); European Commission, Commission unveils the White Paper for European Defence and the ReArm Europe Plan/Readiness 2030, press release of March 19, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/ip_25_793); European Commission, Communication from the Commission (https://defence-industry-space.ec.europa.eu/document/download/a57304ce-1a98-4a2c-aed5-36485884f1a0_en?filename=Communication-on-the-national-escape-clause.pdf).*

Macroeconomic Imbalance Procedure. Established in 2011, the macroeconomic imbalance procedure ("MIP") is a surveillance mechanism for the EU and the EU Member States that aims to identify potential economic risks early on, prevent the emergence of harmful macroeconomic imbalances and correct any existing excessive imbalances. EU Member States' medium-term fiscal-structural plans described above under "—Stability and Growth Pact" are required to ensure the delivery of investments and reforms to correct the imbalances identified under the MIP. The preventive arm of the procedure relies on an early warning system that uses a scoreboard of indicators and in-depth country reviews. This preventive arm allows the European Commission and the Council to provide preventive recommendations to the respective EU Member State at an early stage. In case of an EU Member State with excessive macroeconomic imbalances, the corrective arm may open an excessive imbalance procedure, under which the EU Member State concerned will have to submit a revised fiscal-structural plan and regular progress reports. The enforcement regime within the corrective arm comprises the option of imposing financial sanctions for Euro Area Member States, including fines of up to 0.1% of such Euro Area Member State's GDP, if a Euro Area Member State repeatedly does not comply with its obligations.

In the 2024 surveillance cycle, nine EU Member States, including Germany, were found to be experiencing imbalances or excessive imbalances. Consequently, during the 2025 surveillance cycle, these EU Member States, and additionally Estonia will be subject to an in-depth review in the context of the MIP (see also "—Stability and Growth Pact" and "—The Economy—International Economic Relations—Germany's Current Account Surplus and the Macroeconomic Imbalance Procedure").

Sources: European Commission, Economy and Finance, Economic and fiscal governance, Macroeconomic Imbalance Procedure, Dealing with macroeconomic imbalances (https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/macroeconomic-imbalance-procedure/dealing-macroeconomic-imbalances_en); European Commission, Publications, 2025 European Semester: Alert Mechanism report (https://commission.europa.eu/publications/2025-european-semester-alert-mechanism-report_en); European Commission, Regulation of the European Parliament and the Council on the effective coordination of economic policies and the multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52023PC0240).

had outstanding loans to Ireland, Portugal and Greece of approximately EUR 167 billion. Debt securities issued by the EFSF to finance these loans are backed by irrevocable and unconditional guarantees and over-guarantees extended by the Euro Area Member States. The Federal Republic accounts for approximately 29% of the guarantees according to the contribution key. The EFSF will be dissolved and liquidated when all financial assistance provided to Euro Area Member States and all funding instruments issued by the EFSF have been repaid in full.

Sources: European Commission, Economy and Finance, EU financial assistance, How is financial assistance provided?(https://economy-finance.ec.europa.eu/eu-financial-assistance/how-financial-assistance-provided_en); European Commission, Economy and Finance, EU financial assistance, Euro area countries, European Financial Stabilisation Mechanism (EFSM) (https://economy-finance.ec.europa.eu/eu-financial-assistance/euro-area-countries/european-financial-stabilisation-mechanism-efsm_en); European Commission, Economy and Finance, EU financial assistance, Euro area countries, European Financial Stability Facility (EFSF) (https://economy-finance.ec.europa.eu/eu-financial-assistance/euro-area-countries/european-financial-stability-facility-efsf_en); European Stability Mechanism, Financial Assistance, Programme Database, Programme Overview (https://www.esm.europa.eu/financial-assistance/programme-database/programme-overview); European Stability Mechanism, Explainers, Guarantees by EFSF Countries (https://www.esm.europa.eu/about-us/explainers#guarantees-by-efsf-countries).

European Stability Mechanism. Since October 2012, the European Stability Mechanism ("ESM"), which was established as an intergovernmental organization under public international law by the Euro Area Member States, has been assisting in preserving the financial stability of the EMU. As of July 1, 2013, it assumed the tasks fulfilled by the EFSF and the EFSM and is currently the primary support mechanism for Euro Area Member States experiencing or threatened by severe financing problems, if such assistance is deemed essential to safeguard financial stability in the euro area as a whole. The ESM issues bonds or other debt instruments on the financial markets to raise capital to provide assistance, subject to certain conditions, to Euro Area Member States. Unlike the EFSF, which is based upon guarantees by Euro Area Member States, the ESM has total subscribed capital of EUR 708.5 billion provided by Euro Area Member States, which provides it with a lending capacity of EUR 500 billion. EUR 81 billion of the ESM's subscribed capital is in the form of paid-in capital with the balance of EUR 627.5 billion being callable capital. The contribution of each Euro Area Member State is based on the paid-in capital for the ECB. On this basis, the Federal Republic's contribution amounts to approximately 27% of the aggregate contributions to the ESM. The Federal Republic contributed approximately EUR 22 billion of paid-in capital to the ESM.

Financial assistance from the ESM is activated upon a request from a Euro Area Member State to the chairperson of the ESM's board of governors and is provided subject to strict conditions appropriate to the instrument chosen. The initial instruments available to the ESM have been modeled upon those available to the EFSF and include the extension of loans to a Euro Area Member State in financial difficulties, interventions in the primary and secondary debt markets, action based on a precautionary program, and the extension of loans to governments, or since December 2014 directly to affected financial institutions, for the purposes of recapitalizing financial institutions. Each instrument is to be linked to a memorandum of understanding which sets forth the conditions for financial support as well as the monitoring and surveillance procedures established to ensure the Euro Area Member State is progressing towards financial stability. In principle, decisions under the ESM are taken by mutual agreement. However, in the event that the European Commission and the ECB conclude that an urgent decision related to financial assistance is needed because the financial and economic sustainability of the euro area is threatened, the mutual agreement rule is replaced by a qualified majority of 85%. Given its voting rights of approximately 27%, the Federal Republic may veto any decision even under the emergency voting rule. As of March 2025, the ESM had loans in an aggregate principal amount of approximately EUR 78 billion outstanding to Spain, Cyprus and Greece.

Sources: European Stability Mechanism, Who we are, History (https://www.esm.europa.eu/about-us/history); European Commission, Economy and Finance, EU financial assistance, Euro area countries, European Stability Mechanism (ESM) (https://economy-finance.ec.europa.eu/eu-financial-assistance/euro-area-countries/european-stability-mechanism-esm_en); European Stability Mechanism, Who we are (https://www.esm.europa.eu/about-us#headline-who_we_are); European Stability Mechanism, Explainers, The ESM, Capital Structure (https://www.esm.europa.eu/about-us/explainers#capital-structure); European Stability Mechanism, Explainers, The ESM, Basic information (https://www.esm.europa.eu/about-us/explainers#basic-information); European Stability Mechanism, Financial Assistance, Financial assistance instruments, Lending toolkit (https://www.esm.europa.eu/financial-assistance/lending-toolkit); European Stability Mechanism, Explainers, Lending, Policy conditions attached to loans (https://www.esm.europa.eu/about-us/explainers#are-policy-conditions-always-tied-to-esm-loans-); European Stability Mechanism, Explainers, The ESM, ESM decision making (https://www.esm.europa.eu/about-us/explainers#esm-decision-making); European Stability Mechanism, Financial Assistance, Programme Database, Programme Overview (https://www.esm.europa.eu/financial-assistance/programme-database/programme-overview).

On January 27 and February 8, 2021, the Euro Area Member States signed an agreement amending the treaty establishing the ESM. The reform establishes a common backstop to the Single Resolution Fund ("SRF") in the form of a credit line from the ESM to replace the direct recapitalization instrument for financial institutions, providing a financial safety net for bank resolutions in the European banking union (the "Banking Union"), which will help to protect financial stability (see "—Monetary and Financial System—Financial System—European Financial System—

Area Member States with sound fundamentals that could be affected by an adverse shock beyond their control in order to safeguard the financial stability of the euro area as a whole. The eligibility criteria for granting a precautionary credit line were tightened accordingly. If a Euro Area Member State meets certain quantitative benchmarks and complies with qualitative conditions related to EU surveillance, it is eligible to request a precautionary credit line based on a letter of understanding. Access to the credit line shall be discontinued, however, if the Beneficiary Member State ("BMS") no longer respects the eligibility criteria. If the non-compliant BMS has drawn funds from the credit line, an additional margin will be imposed. The reformed ESM Treaty will come into force once it has been ratified by the parliaments of all Euro Area Member States.

Sources: ESM, About us, ESM Reform (https://www.esm.europa.eu/about-esm/esm-reform); ESM, About ESM, ESM Treaty Reform—Explainer (https://www.esm.europa.eu/about-esm/esm-treaty-reform-explainer#ui-id-5); European Union, Economic and Financial Committee, EFC Sub-Committee On EU Sovereign Debt Markets, Collective Action Clauses in the Euro area, "Single-limb" CAC (https://economic-financial-committee.europa.eu/efc-sub-committee-eu-sovereign-debt-markets/collective-action-clauses-euro-area_en?prefLang=de); European Union, Terms of Reference of the 2022 CAC (https://economic-financial-committee.europa.eu/system/files/2021-04/EA%20Model%20CAC%20-%20Draft%20Terms%20of%20Reference.pdf); ESM, ESM Treaty Reform – Explainer (https://www.esm.europa.eu/about-us/esm-reform/esm-treaty-reform-explainer); European Council, Council of the European Union, Documents & Publications, Agreement Amending the Treaty Establishing the European Stability Mechanism (ESM) (https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2019035&DocLanguage=en).

Statistical Standards

Statistical Standard for the National Accounts

Since August 2014, the Federal Statistical Office has been calculating the German national accounts in accordance with the European System of National and Regional Accounts 2010 (ESA 2010) which, in turn, is based on the System of National Accounts (SNA 2008) of the United Nations. In 2024, a major revision of the National Accounts, harmonized Europe-wide, took place in Germany. The main purpose of the revision was to refine results by introducing new data sources, a new classification of private consumption expenditure and new calculation methods. The entire national accounting system was reviewed and revised and, where necessary, new findings were integrated into the calculations. To avoid breaks in time series, the results for Germany were recalculated from 1991 onwards. The revised results were published for the first time in July 2024.

Sources: Statistisches Bundesamt, National Accounts, ESA 2010 methods and sources for the German GNI and its components, published on April 6, 2022 (https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Publications/Downloads-National-Accounts-Domestic-Product/esa-2010-methods.pdf?blob=publicationFile); Statistisches Bundesamt, National accounts, domestic product, Major Revision of National Accounts 2024 (https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/InfoRevision2024.html).

Statistical Standard for the Balance of Payments

Since July 2014, the methodological concept of the German balance of payments statistics follows the sixth edition of the Balance of Payments and International Investment Position Manual ("BPM6"), the revised standard of the IMF. The application of BPM6 is binding for EU Member States by virtue of a regulation adopted by the European Commission. Balance of payments data since 1971 have been recalculated in accordance with BPM6.

Source: Bundesbank, Statistics, External Sector, Balance of Payments, Methodological notes (https://www.bundesbank.de/en/statistics/external-sector/balance-of-payments/methodological-notes-794532).

Statistical Disclosure Standards of the International Monetary Fund

Since February 2015, the Federal Republic meets the Special Data Dissemination Standard Plus ("SDDS Plus") of the IMF relating to coverage, periodicity and timeliness of economic data. The SDDS Plus was created in 2012 as an extension of the existing Special Data Dissemination Standard. By providing comparable economic and financial data, it is designed to improve the transparency of the financial sector and its international interdependencies, and thus contributes to the identification of risks at an early stage. Although adherence by member countries to the SDDS Plus is voluntary, it carries a commitment requiring members to observe the standard and to provide certain information to the IMF about their practices in disseminating economic and financial data.

Source: Bundesbank, Statistics, Set of indicators, SDDS Plus (Special Data Dissemination Standard) (https://www.bundesbank.de/en/statistics/sets-of-indicators/sdds-plus/sdds-plus-795798).

Key Economic Figures

The German economy is one of the world's largest economies, with an annual GDP of EUR 4,305.3 billion in 2024. In 2024, price-adjusted GDP decreased by 0.2% against the backdrop of Russia's ongoing invasion of Ukraine. Compared to the level of 1991, which represents the first full year after German reunification on October 3, 1990, price-adjusted GDP increased by 48.3%. Productivity gains contributed to the growth in price-adjusted GDP since 1991, given that price-adjusted GDP per employee has risen by 25.1% since 1991. In calculating price-adjusted GDP, the Federal Statistical Office (Statistisches Bundesamt) uses a chain index based on the previous year's prices. In 2024, the GDP per capita at current prices was EUR 50,819 while the GDP per person employed at current prices was EUR 93,426.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 1.1 and 1.4.

As in many advanced economies, the services sector of the Federal Republic has become the largest contributor to GDP (in terms of gross value added). In 2024, services accounted for 70.6% of gross value added, measured at current prices, compared to 62.2% in 1991. The two most important subsectors were "trade, transport, accommodation and food services," accounting for 16.4% in 2024, compared to 16.1% in 1991, and "public services, education, health," accounting for 20.1% of gross value added in 2024, compared to 16.3% in 1991. The production sector (excluding construction) generated 23.1% of gross value added compared to 30.6% in 1991. Construction contributed 5.4% to gross value added in 2024, compared to 6.0% in 1991, and agriculture, forestry and fishing accounted for 0.9% of gross value added in 2024, compared to 1.2% in 1991.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Table 2.1.

In 2024, private final consumption expenditure totaled 52.8%, gross capital formation amounted to 21.0% and government final consumption expenditure equaled 22.3%, in each case of GDP at current prices. Exports and imports of goods and services accounted for 42.1% and 39.8% of GDP at current prices, respectively. In 2022, Germany's trade surplus decreased substantially because of the deterioration of terms of trade as a result of Russia's invasion of Ukraine. In 2023, the trade surplus rebounded substantially and was almost as high as in 2021. In 2024, the trade balance (according to national accounts) showed a surplus equal to 3.9% of GDP (2023: 4.0% of GDP).

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Table 3.1.

In the spring of 2022, virtually all COVID-19 protection measures were lifted. This contributed to the recovery of the German economy.

However, Russia's invasion of Ukraine at the end of February 2022 and the subsequent extreme rise in energy prices and its knock-on effects on consumer price inflation have dampened economic activity in Germany. In 2024, annual price-adjusted GDP was 0.2% lower than in 2023. Household final consumption expenditure increased by a price-adjusted 0.2% compared to 2023. Exports decreased by 1.1%, while imports increased by 0.2%, all on a price-adjusted basis. Accordingly, the growth contribution of net exports was -0.6 percentage points. Gross fixed capital formation decreased by 2.7%, in price-adjusted terms. Government final consumption expenditure increased by 3.5% on a price-adjusted basis.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 1.1, 3.2., 3.5., 3.17.

The annual average rate of registered unemployment (as computed under the "national definition" of the Federal Employment Agency (Bundesagentur für Arbeit)) increased from 5.7% in 2023 to 6.0% in 2024. Based on the internationally comparable method of calculation promulgated by the International Labour Organization ("ILO"), which is referred to as the "ILO definition," the annual average unemployment rate increased from 2.8% in 2023 to 3.2% in 2024. For an explanation of the differences between the national definition and the ILO definition, see "—Employment and Labor." Inflation as measured by the percentage change in the national consumer price index ("CPI") decreased to 2.2% in 2024, compared to 5.9% in 2023. General government gross debt stood at EUR 2,688.9 billion at year-end 2024, compared to EUR 2,632.1 billion at year-end 2023.

(EUR in billions, unless otherwise indicated)

GDP - at current prices	4,305.3	4,185.6	3,953.9	3,676.5	3,449.6
(change from previous year in %)	2.9	5.9	7.5	6.6	-2.4
GDP - price-adjusted, chain-linked index (2020=100), not adjusted for calendar effects	104.6	104.8	105.1	103.7	100.0
(change from previous year in %)	-0.2	-0.3	1.4	3.7	-4.1
GDP - price-adjusted, chain-linked index (2020=100), adjusted for calendar effects	104.6	104.8	104.9	103.4	99.8
(change from previous year in %)	-0.2	-0.1	1.5	3.6	-4.5
Unemployment rate (ILO definition) (in %)(1)	3.2	2.8	2.9	3.3	3.3
Inflation (year-to-year change in the consumer price index (CPI) in %)	2.2	5.9	6.9	3.1	0.5
Balance of payments - current account	246.7	232.8	152.0	254.4	218.0
General government gross debt(2)	2,688.9	2,632.1	2,570.8	2,503.7	2,347.8

(1) Unemployed persons, available and seeking work.

(2) Definition according to Maastricht Treaty.

Sources: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 - 4. Vierteljahr 2024 (February 2025), Tables 1.1 and 1.11; Statistisches Bundesamt, Consumer price indices, Consumer price index - overall index and by 12 divisions, Change on previous year (https://www.destatis.de/EN/Themes/Economy/Prices/Consumer-Price-Index/Tables/Consumer-prices-12-divisions.html#242118); Deutsche Bundesbank, Balance of payments statistics, 14-03-2025, Table I. Major items of the balance of payments (https://www.bundesbank.de/resource/blob/810958/da8cfebd71cf676ea6ee3046fd5f9fb2/472B63F073F071307366337C94F8C870/i-wichtige-posten-data.pdf); Deutsche Bundesbank, Statistics, General government debt as defined in the Maastricht Treaty - Germany - overall (https://www.bundesbank.de/dynamic/action/en/statistics/time-series-databases/time-series-databases/745582/745582?listId=www_v27_web011_21a&tsId=BBGFS1.A.BJ9059&dateSelect=2023).

Economic Outlook

The German economy continues to experience difficult times: uncertainty has increased significantly around the world as a result of trade conflicts and the tariff-policy by the United States. This has led to turbulence on international financial markets and a deterioration in global growth prospects. The German economy, which already suffers from reduced competitiveness, is affected by weaker global growth. In its Spring Forecast published on April 24, 2025, the Federal Government projects German price-adjusted GDP to stagnate in 2025 (0.0%) and to grow by 1.0% in 2026. Positive impulses are expected from 2026 onwards as a result of increases in public spending due to the Special Infrastructure Fund and the exemption of defense spending above 1% of GDP from the national debt brake.

Against the backdrop of the stagnation and somewhat less favorable financing conditions, gross fixed capital formation is likely to remain subdued in 2025 (+0.4%) and then increase more strongly in 2026 (+3.2%), also on the back of increased public capital formation. In the case of private consumption, the decline in domestic political uncertainty and the rise in real incomes should ensure gradual increases (2025: +0.2%; 2026: +0.8%). Exports are expected to decline by 2.2% in 2025 given tariff uncertainties and a marked negative carry-over effect from 2024 while imports are expected to rise by 1.8% on the back of more robust domestic demand. This results in a negative growth contribution from net exports of 1.6 percentage points in 2025. As exports are projected to recover (+1.3%) while imports continue to grow (+2.1%), the resulting growth contribution from net exports is set to be markedly less negative in 2026 (-0.3 percentage points).

The inflation rate, as measured by the percentage change of the national consumer price index compared to the previous year, is expected to average 2.0% in 2025, a further decrease compared to the previous year (2024: +2.2%). It is assumed that inflation-dampening factors will retain the upper hand over the remainder of this year. For 2026, an annual average inflation rate of 1.9% is expected.

General Economic Policy

The Federal Government is focusing on a wide range of supply-side policy measures to strengthen the competitiveness, resilience, and growth potential of the German economy. All policies also aim for a transformation towards carbon-neutral prosperity. According to the coalition agreement of May 5, 2025, the new Federal Government plans to introduce an incentive for investment in the form of a declining balance depreciation of 30% on equipment investments for the years 2025 to 2027. Additionally, the corporate tax rate is planned to be reduced in five annual steps by one percentage point each, starting in 2028. To strengthen private investment activity, the tax conditions for investment have been improved through more generous depreciation and loss offsetting options. To support innovative capacity, the research allowance has been expanded and access to and utilization of data for research and innovation has been facilitated with sector-specific regulations. In order to noticeably reduce excessive bureaucracy, practice checks have been established as a new instrument of regulation and the Bureaucracy Relief Act IV has come into force with numerous simplifications. In order to improve the investment environment, the federal and state governments are also working together on the digitalization of administration and on the implementation of more efficient planning and approval procedures, as set forth in the Pact for Germany (*Deutschland-Pakt*). As part of its Skilled Labor Strategy, new measures have been implemented to increase the supply of labor by making Germany more attractive to qualified workers from abroad. To make greater use of its domestic potential, the Federal Government's activities aim to employ currently unemployed persons and improve employment incentives and opportunities. To incentivize overtime work, bonuses for overtime beyond the collectively agreed full-time hours are intended to be tax-exempt according to the coalition agreement. Moreover, working is intended to be made more attractive for older persons through an exemption from income tax of up to EUR 2,000 in pay per month for persons who have reached statutory retirement age and continue to work voluntarily (*Aktivrente*). In the wake of the energy price crisis, the Federal Government has stabilized the energy supply across all energy sources; it has rapidly reduced barriers to the expansion of renewable energies and grid infrastructure with a large number of legislative proposals and taken the first steps towards modernizing the electricity system. In addition, the Federal Government has relieved the burden on the manufacturing industry with several measures embedded in the electricity price package and incentivized investment in key technologies. In Germany and the EU, key steps have been taken towards a climate-neutral economy. The coalition agreement of May 5 includes several measures to reduce energy prices for industry and private households. In addition, the new Federal Government plans tax support for the sale and use of electric vehicles.

Recognizing climate protection as a fundamental global challenge, Germany was among the 197 states at the World Climate Conference in Paris in 2015 committed to limiting global warming to well below 2°C, preferably to 1.5°C, and to achieving greenhouse gas neutrality worldwide by the second half of the century. At the national level, the Federal Climate Protection Act (*Bundes-Klimaschutzgesetz*, "KSG") provides the central legal framework for climate protection policy in Germany. In terms of greenhouse gas reduction targets, the KSG prescribes a reduction target of at least 65% for 2030 compared to 1990 levels, an interim reduction target of at least 88% for 2040 and greenhouse gas neutrality by 2045; after 2050, negative emissions are to be achieved across all sectors. To this end, Germany has adopted a climate protection program for the period until 2030. The program provides for measures in all sectors and consists of four elements: a more comprehensive pricing of CO2, support programs and further incentives for CO2 savings, relief for citizens and the economy, and regulatory measures that will demonstrate their effectiveness by 2030 at the latest. Moreover, the Federal Government has helped to accelerate modernization processes in energy intensive sectors by reducing economic uncertainties through supplementary measures, such as carbon contracts for difference (*Klimaschutzverträge*), i.e., contracts that aim to compensate companies in energy- intensive industries for additional cost arising in connection with climate-friendly projects compared to conventional processes, or financial support for specific projects, e.g. for the production and use of hydrogen.

Russia's invasion of Ukraine has underscored the need for the EU and its Member States to adjust their economic and financial policies to current geopolitical developments and to prevent risks arising from economic dependencies. Germany, together with other Member States, has been working for years to strengthen EU-wide technological sovereignty. For example, several important projects in the common European interest have been launched to strengthen individual key technologies. Within the framework of the European Chips Act, the Federal Government has been laying an important foundation for expanding research and development, as well as production capacities, in semiconductor decided to reform its constitutional budget rule known as the "debt brake" (*Schuldenbremse*), including the establishment of the Special Infrastructure Fund (*Sondervermögen Infrastruktur*), which is exempt from the debt brake. For further information on the reform see"—Public Finance—Germany's Constitutional Budget Rule."

The reform ensures rapid and sustained investment in national security in response to geopolitical challenges. Infrastructure is also an essential, quasi-complementary factor in connection with the very rapid and comprehensive upgrading of defense capabilities. Above all, however, infrastructure is a key location factor that significantly influences the competitiveness and medium-term growth prospects of an economy. The establishment of the Special Infrastructure Fund for the modernization of Germany's infrastructure ensures a long-term financing basis for public investments in Germany. To allow for the rapid deployment of new funds, the new Federal Government also aims to accelerate the planning and approval processes for defense and infrastructure projects.

Sources: Deutscher Bundestag, 20. Wahlperiode, Gesetzentwurf der Fraktionen der SPD und CDU/CSU, Entwurf eines Gesetzes zur Änderung des Grundgesetzes, Drucksache 20/15096, 10.03.2025 (https://dserver.bundestag.de/btd/20/150/2015096.pdf); Deutscher Bundestag, 20. Wahlperiode, Beschlussempfehlung und Bericht des Haushaltsausschusses (8.Ausschuss) a) zu dem Gesetzentwurf der Fraktionen der SPD und CDU/CSU – Drucksache 20/15096 – Entwurf eines Gesetzes zur Änderung des Grundgesetzes (Artikel 109, 115 und 143h) b) zu dem Gesetzentwurf der Fraktion BÜNDNIS 90/DIE GRÜNEN – Drucksache 20/15098 – Entwurf eines Gesetzes zur Änderung des Grundgesetzes (Artikel 109 und 115) c) zu dem Gesetzentwurf der Fraktion der FDP – Drucksache 20/15099 – Entwurf eines Gesetzes zur Errichtung eines Verteidigungsfonds für Deutschland und zur Änderung des Grundgesetzes (Artikel 87a), Drucksache 20/15117, 16.03.2025 (https://dserver.bundestag.de/btd/20/151/2015117.pdf); Deutscher Bundestag, Haushalt, Mehrheit für Reform der Schuldenbremse: 512 Abgeordnete stimmen mit Ja (https://www.bundestag.de/dokumente/textarchiv/2025/kw12-de-sondersitzung-1056916); Bundesrat, Bundesrat KOMPAKT Das Wichtigste zur Sitzung, Ausgewählte Tagesordnungspunkte der 1052. Sitzung am 21.03.2025, Bundesrat macht Weg frei für Sondervermögen und Lockerung der Schuldenbremse (https://www.bundesrat.de/DE/plenum/bundesrat-kompakt/25/1052/1052-pk.html).

For further information on the Federal Republic's fiscal situation and prospects, see "—Public Finance—Germany's General Government Deficit/Surplus and General Government Gross Debt" and "—Public Finance—Fiscal Outlook." For information on government measures to stabilize Germany's financial system, see "—Monetary and Financial System—Financial System—German Financial System." For information on government budgets, see "—Public Finance."

Gross Domestic Product

The following tables show the structure of the Federal Republic's GDP at current prices by use and origin for each of the years indicated along with changes over the respective preceding period.

STRUCTURE OF GDP — USE

	2024	2023	2022	2021	2020	2024	2023	2022	2021
	(EUR in billions)					(change in %)			
Domestic uses	4,139.3	4,017.9	3,855.1	3,486.8	3,265.2	3.0	4.2	10.6	6.8
Final private consumption	2,271.8	2,205.6	2,075.1	1,840.8	1,748.8	3.0	6.3	12.7	5.3
Final government consumption	961.3	905.2	869.8	820.2	769.0	6.2	4.1	6.1	6.6
Gross fixed capital formation	898.0	899.9	858.3	779.2	736.5	-0.2	4.9	10.1	5.8
Machinery and equipment	264.8	275.7	263.0	235.4	223.1	-3.9	4.8	11.7	5.5
Construction	464.7	466.1	446.5	404.1	385.2	-0.3	4.4	10.5	4.9
Other products	168.4	158.0	148.8	139.7	128.2	6.6	6.2	6.5	9.0
Change in inventories (1)	8.2	7.2	52.0	46.6	10.9	—	—	—	—
Net exports (1)	166.0	167.7	98.7	189.7	184.4	—	—	—	—
Exports	1,812.5	1,816.6	1,810.1	1,568.3	1,351.2	-0.2	0.4	15.4	16.1
Imports	1.646.5	1,649.0	1,711.4	1,378.6	1,166.8	-0.1	-3.6	24.1	18.2
Gross domestic product	**4,305.3**	**4,185.6**	**3,953.9**	**3,676.5**	**3,449.6**	**2.9**	**5.9**	**7.5**	**6.6**

(1) Percentage changes are not presented due to the potentially changing signs of these net positions.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 3.1 and 3.9.

Information and communication	188.2	180.1	167.1	168.1	154.3	4.5	7.8	-0.6	9.0
Financial and insurance services	145.1	140.9	133.2	139.4	128.4	3.0	5.8	-4.4	8.6
Real estate activities	385.5	370.7	346.8	342.5	333.2	4.0	6.9	1.3	2.8
Business services	473.0	457.6	431.2	398.4	356.0	3.4	6.1	8.2	11.9
Public services, education, health	785.4	739.6	697.8	654.7	629.7	6.2	6.0	6.6	4.0
Other services	133.3	128.1	119.4	100.2	98.3	4.1	7.3	19.2	1.9
Taxes on products offset against subsidies on products	405.8	364.7	391.0	388.2	350.6	11.3	-6.7	0.7	10.7
Gross domestic product	**4,305.3**	**4,185.6**	**3,953.9**	**3,676.5**	**3,449.6**	**2.9**	**5.9**	**7.5**	**6.6**

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 1.14 and 2.1.

Sectors of the Economy

Production Sector

Following German reunification in 1990, industry in the eastern Länder (i.e., the territory of the former German Democratic Republic), has undergone a restructuring process. Today, the German production sector is characterized by a balanced mix of small, medium and large enterprises, and is almost entirely privately owned. Measured by its share in value added, 53.9% of the production sector is geographically concentrated in the western Länder of Bavaria, Baden-Württemberg and North Rhine-Westphalia. The main segments of the production sector relate to the manufacturing of motor vehicles, machinery and equipment, electrical and optical equipment, basic metals and fabricated metal products, as well as chemicals and chemical products. In 2024, the production sector's aggregate contribution to gross value added at current prices was 23.1% (excluding construction) and 28.5% (including construction), respectively. Its price- adjusted gross value added (excluding construction) decreased by 2.8% year-on-year in 2024.

Sources: Volkswirtschaftliche Gesamtrechnungen der Länder, Reihe 1, Länderergebnisse Band 1 (March 2025), Table 2.3; Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 2.1 and 2.2.

Durable goods (5)	87.8	95.3	101.0	99.2
Nondurable goods (6)	94.5	95.6	100.1	99.4
Energy (7)	82.2	84.8	98.7	99.9
Construction (8)	92.6	95.6	96.7	99.1

(1) Adjusted for working-day variations.

(2) Manufacturing sector, unless assigned to the main grouping energy, plus mining and quarrying.

(3) Including mining and quarrying except energy-producing goods.

(4) Including manufacture of motor vehicles and components.

(5) Consumption goods that have a long-term use, such as furniture.

(6) Consumption goods that have a short-term use, such as food. Including printing and service activities related to printing.

(7) Electricity, gas, steam and hot water supply, mining and quarrying of energy-producing materials, and especially manufacture of refined petroleum products.

(8) Comprises the economic classifications "Site preparation" and "Building of complete constructions or parts thereof; civil engineering."

Source: Deutsche Bundesbank, Monatsbericht März 2025, Table XI.2.

Services Sector

As in most other industrialized countries, the services sector, which comprises "trade, transport, accommodation and food services," "information and communication," "financial and insurance services," "real estate activities," "business services," "public services, education, health" as well as "other services," has expanded in recent years and is currently the largest contributor to gross value added. In 2024, the services sector's aggregate contribution to gross value added at current prices was 70.6%, compared to 62.2% in 1991. Within the services sector, "public services, education, health" represented the largest subsector in terms of contribution to total gross value added at current prices, contributing 20.1% in 2024 after 16.3% in 1991.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 2024 (February 2025), Table 2.1.

Employment and Labor

Labor market conditions slightly deteriorated in 2024 due to the decrease in economic output. In 2024, the average unemployment rate according to the national definition was 6.0%, compared to 5.7% in 2023. Under the ILO definition, the average unemployment rate was 3.2% in 2024 compared to 2.8% in 2023. The number of persons resident in Germany who were either employed or self-employed was 45.9 million in 2024 compared to 45.8 million in 2023.

Sources: Bundesagentur für Arbeit, Statistik, Monatsbericht zum Arbeits- und Ausbildungsmarkt: Dezember und Jahr 2024, Table 9. Eckwerte des Arbeitsmarktes – Jahreszahlen (https://statistik.arbeitsagentur.de/Statistikdaten/Detail/202412/arbeitsmarktberichte/monatsbericht-monatsbericht/monatsbericht-d-0-202412-pdf.pdf?__blob=publicationFile&v=2); Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 2024 (February 2025), Table 1.11.

The following table presents data with respect to employment and unemployment for each of the years indicated. The ILO definition and the national definition of unemployment differ in various ways. Further, the national definition of unemployment is applied to administrative data whereas unemployment according to the ILO is measured using surveys.

EMPLOYMENT AND UNEMPLOYMENT

	2024	2023	2022	2021	2020
Employed (in thousands)–ILO definition	45,878	45,801	45,464	44,871	44,805
Unemployed (in thousands)–ILO definition (1)	1,513	1,335	1,343	1,536	1,551
Unemployment rate (in %)–ILO definition	3.2	2.8	2.9	3.3	3.3
Unemployed (in thousands)–national definition (2)	2,787	2,609	2,418	2,613	2,695
Unemployment rate (in %)–national definition (3)	6.0	5.7	5.3	5.7	5.9

(1) Unemployed persons, available and seeking work.

(2) Registered unemployed persons, available and seeking work (but including persons working up to 15 hours per week).

(3) As a percentage of the total work force (excluding armed forces).

Sources: Bundesagentur für Arbeit, Monatsbericht zum Arbeits- und Ausbildungsmarkt: Dezember und das Jahr 2024, Table 9; Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Table 1.11.

The following table presents data with respect to the employment rate broken down by gender and age for 2023.

45 to 49	87.4	90.3	84.5
50 to 54	86.5	89.6	83.5
55 to 59	83.1	86.7	79.6
60 to 64	65.4	69.4	61.5
65 to 69	20.2	23.9	16.8
15 to 64	77.2	80.8	73.6
65 and older	9.0	11.8	6.7
Total	**60.0**	**65.0**	**55.2**

Source: Statistisches Bundesamt, Erwerbsbeteiligung, Erwerbstätige und Erwerbstätigenquote nach Geschlecht und Alter, Ergebnis des Mikrozensus 2023 (https://www.destatis.de/DE/Themen/Arbeit/Arbeitsmarkt/Erwerbstaetigkeit/Tabellen/erwerbstaetige-erwerbstaetigenquote.html).

The following table presents data with respect to the structure of employment by economic sector for 2024 and 2014.

STRUCTURE OF EMPLOYMENT – ECONOMIC SECTORS

	2024	2014
	(Percent of total)	
Agriculture, forestry and fishing	1.2	1.5
Production sector (excluding construction)	17.5	18.9
of which: manufacturing	16.1	17.5
Construction	5.7	5.7
Trade, transport, accommodation and food services	22.0	22.9
Information and communication	3.4	2.9
Financial and insurance services	2.4	2.8
Real estate activities	1.1	1.1
Business services	13.5	13.3
Public services, education, health	26.5	24.1
Other services	6.7	6.9
Total (1)	**100.0**	**100.0**

(1) Figures may not add up due to rounding.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4 – 2024 (March 2025), Table 2.2.9.

The following table shows changes in the annual wage level per employee and unit labor costs per hour worked for each of the years indicated.

WAGE TRENDS AND LABOR COSTS

	2024	2023	2022	2021	2020
Gross wages and salaries per employee in EUR	46,008	43,676	41,032	39,325	38,054
Change from previous year in %	5.3	6.4	4.3	3.3	-0.2
Unit labor costs per hour worked Index (2020=100)	117.1	111.0	104.1	99.7	100.0
Change from previous year in %	5.5	6.7	4.4	-0.3	3.2

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Tables 2.17 and 2.20.

government intervention. The collective labor agreements often apply to all employees of a given industry, regardless of whether or not a particular employee is a member of a union, so long as the employer is a member of the relevant association of employers, which is often the case. Despite their binding character, collective labor agreements in many cases contain opt-out clauses (*Öffnungsklauseln*) allowing for company-specific adjustments to be negotiated between the employer and the works council at the specific company. Moreover, there is a range of additional possibilities to deviate from these agreements. Many employers in the eastern Länder are not members of employers' associations, which means that wages are individually negotiated, often resulting in wage levels that are lower than those provided for by the collective labor agreements.

Sources: Deutscher Gewerkschaftsbund, Broschüre und Flyer, Mitglieder in den DGB-Gewerkschaften 1951 bis 2018 (https://www.dgb.de/fileadmin/download_center/Brosch%C3%BCren_und_Flyer/Mitglieder-in-den-dgb-gewerkschaften-1951-bis-2018-rgb.pdf); European Trade Union Institute, National Industrial Relations, Countries, Germany, Trade Unions (https://www.worker-participation.eu/National-Industrial-Relations/Countries/Germany); Bundeszentrale für politische Bildung, kurz&knapp, Lexika, Handwörterbuch des politischen Systems, Tarifpolitik/Tarifautonomie (https://www.bpb.de/kurz-knapp/lexika/handwoerterbuch-politisches-system/202193/tarifpolitik-tarifautonomie/).

Social Security, Social Protection, and Social Policy

The comprehensive system of social security and protection in effect in the Federal Republic includes in particular health insurance, long-term care insurance, retirement and disability pensions, participation benefits and benefits for medical rehabilitation, protection against the effects of occupational accidents and diseases by means of the mandatory occupational accident insurance, unemployment benefits, compensation for workers in short-time work schemes (*Kurzarbeit*), family benefits, benefits and rehabilitation for persons with disabilities, allowances to orphans and to single persons with dependents, and the provision of general public assistance to persons in need. The majority of the German population is covered by mandatory statutory pensions and health insurance. Hospitals and institutions caring for children and handicapped persons are operated by municipalities, churches, charitable institutions, and private providers.

Most of these social services are mainly funded through social security contributions from employers and employees, and a smaller part is funded through direct contributions by the Federal Republic, the Länder, municipalities and other public institutions, depending notably upon whether the respective social service is provided by an insurance-based system funded through contributions or a social-assistance-like program funded through taxes.

The Federal Republic's statutory pension insurance system operates on a pay-as-you-go basis, with contributions from current employers and employees funding payments to current retired persons. Generally, most employed and some self-employed and other persons are subject to mandatory insurance in the statutory retirement system. Certain persons, including employed members of particular professions (including some freelance professions) may apply for exemption, while others, as in the case of civil servants, are automatically exempt from mandatory participation in the statutory pension insurance system. Instead, exempted persons have to contribute to professional or public pension schemes or, in the case of civil servants and similar groups, they will benefit from special pension schemes for civil servants. Furthermore, the Retirement Funds Act (*Altersvermögensgesetz*) aims to ensure the long-term viability of the statutory pension insurance system by decreasing payments from the statutory pension insurance while encouraging insured persons to also sign up for designated privately funded or occupational pension schemes, for which certain bonus payments and tax incentives are provided.

Statutory health insurance coverage must remain available to all persons fulfilling the applicable eligibility criteria. Within the statutory health insurance system, insured persons may choose among a large number of statutory health insurance funds that have developed historically. Persons whose gross income exceeds certain thresholds as well as civil servants, self-employed persons and members of certain professions may opt out of the statutory system and choose private health insurance coverage, which, in case of opting-out, is obligatory as well. Contributions to the statutory health insurance system are based solely on the insured person's income situation and are independent of the insured person's gender, age and medical risk. By contrast, contributions towards private health insurance coverage are mainly calculated based on age, medical risk and the desired level of coverage.

Fachserie 18, Reihe 1.4 – 2024 (February 2024), Table 3.4.3.7.

In light of a changing population structure, the Federal Government has already implemented structural reforms to the statutory pension system in order to safeguard its long-term sustainability. In addition, the Federal Republic has implemented reforms of the statutory pension insurance, which, since 2012, have gradually raised the regular retirement age by two years to the age of 67. For example, the 1964 birth cohort will reach the regular retirement age of 67 in 2031.

To increase the sustainability of the health care system, the Federal Republic has implemented several structural reform measures to strengthen competition among providers in order to improve the efficiency and quality of health care services.

Sources: Bundesministerium der Gesundheit, Themen, Krankenversicherung, Finanzierung, Gesundheitsfonds (https://www.bundesgesundheitsministerium.de/gesundheitsfonds.html); European Commission, Employment, Social Affairs & Inclusion, Germany—Pensions including survivors' pensions, Survivors' benefits (https://ec.europa.eu/social/main.jsp?catId=1111&intPageId=4554&langId=en).

International Economic Relations

International economic relations are of major importance to the German economy. In 2024, exports and imports of goods and services amounted to 42.1 % and 38.2 % of GDP at current prices, respectively. The Federal Republic supports the EU in pursuing a liberal foreign trade policy aimed at dismantling tariffs and other barriers to trade. The responsibility for trade matters (particularly WTO and free trade agreements) in the EU rests with the European Commission. For further information on the EU's responsibility for trade matters, see "—General—The European Union and European Integration—Economic Integration."

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 2024 (February 2025), Table 3.1.

Because of the openness of the Federal Republic's economy, German growth and employment depend particularly on open markets and foreign trade. Accordingly, the Federal Government supports efforts to reduce trade barriers. The strengthening of the multilateral trading system, with the WTO at its center, is a priority both for Germany and the EU. Bilaterally, the Federal Government and the European Commission champion ambitious, balanced and comprehensive free trade agreements in order to strengthen the international competitiveness of the European economy and thus growth and employment in Europe, while also contributing to sustainable development. An example of these agreements is the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada, which was approved by the European Parliament in February 2017. On September 21, 2017, CETA entered into force provisionally; i.e., most of the agreement, with the exception of investment protection, investment market access for portfolio investment and the Investment Court System, is already in force. CETA will take full effect after ratification by all EU Member States. Similarly, in February 2019, a free trade agreement between the EU and Japan came into force (Economic Partnership Agreement), which is intended to remove the majority of duties and regulatory barriers.

Sources: Federal Ministry for Economic Affairs and Climate Action, Ongoing negotiations for free trade agreements (https://www.bmwk.de/Redaktion/EN/Artikel/Foreign-Trade/ongoing-negotiations-on-free-trade-agreements.html); Federal Ministry for Economic Affairs and Climate Action, CETA – The European-Canadian Economic and Trade Agreement (https://www.bmwk.de/Redaktion/EN/Dossier/ceta.html); European Commission, EU trade relationships by country/region, Countries and Regions, Canada, EU-Canada agreement (https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/canada/eu-canada-agreement_en); Federal Ministry for Economic Affairs and Climate Action, Free Trade Agreements, The EU-Japan Free Trade Agreement (https://www.bmwk.de/Redaktion/EN/Artikel/Foreign-Trade/free-trade-agreement-japan.html).

Balance of Payments

The Federal Republic typically achieves a surplus in the trading of goods. Traditionally, this surplus has been partially offset by deficits in other fields, such as services and secondary income. In 2024, the current account surplus totaled EUR 246.7 billion, compared to EUR 232.8 billion in 2023, an increase of EUR 13.9 billion. Thus, the current account surplus increased by ¼ percentage points to 5 ¾ % of nominal GDP in 2024. All in all, there was little change

Euro Area Member States account for a major part of German exports (38% in 2024).

Source: Deutsche Bundesbank, Monatsbericht März 2025, Statistical Annex, Tables XII.3, XII.9 XII.11.

The following table shows the Federal Republic's balance of payments for each of the years indicated.

BALANCE OF PAYMENTS (BALANCES)

	2024	2023	2022	2021	2020
			(EUR in millions)		
Current account					
Trade in goods (1)	235,506	227,114	133,232	187,660	177,742
Services (2)	-74,023	-63,437	-32,035	3,833	6,633
Primary income	148,995	136,787	119,281	122,860	87,061
Secondary income	-63,813	-67,671	-68,441	-59,947	-53,406
Total current account	**246,665**	**232,793**	**152,037**	**254,406**	**218,031**
Capital account (3)	-20,375	-26,771	-20,743	-3,480	-10,520
Financial account					
Net German investment abroad (increase: +)	481,386	289,509	301,274	816,110	722,411
Net foreign investment in Germany (increase: +)	241,993	94,072	150,553	611,042	553,456
Net financial account (net lending: + / net borrowing: -)	**239,393**	**195,438**	**150,721**	**205,068**	**168,954**
Net errors and omissions (4)	13,103	-10,584	19,427	-45,858	-38,557

(1) Including supplementary trade items.

(2) Including the freight and insurance costs of foreign trade.

(3) Including net acquisition/disposal of non-produced non-financial assets.

(4) Statistical errors and omissions, resulting from the difference between the balance on the financial account and the balances on the current account and the capital account.

Source: Deutsche Bundesbank, Balance of payments statistics, 11-04-2025, Table I. Major items of the balance of payments (https://www.bundesbank.de/resource/blob/810958/da8cfebd71cf676ea6ee3046fd5f9fb2/472B63F073F071307366337C94F8C870/i-wichtige-posten-data.pdf); Deutsche Bundesbank, Balance of payments statistics, 11-04-2025, Table IV. Financial account 1. Overview a) Total (https://www.bundesbank.de/resource/blob/811000/c16ebc6097db0e247730f33f2018a01e/472B63F073F071307366337C94F8C870/iv-kapitalbilanz-data.pdf).

Balance of Trade

The following tables show information relating to foreign trade of the Federal Republic for each of the years indicated.

TRADE IN GOODS (1)

	2024	2023	2022	2021	2020
			(EUR in millions)		
Exports of goods	1,365,143	1,392,316	1,401,916	1,221,066	1,061,150
Imports of goods	1,129,637	1,165,202	1,268,684	1,033,406	883,409
Trade balance	**235,506**	**227,114**	**133,232**	**187,660**	**177,742**

(1) Including supplementary trade items.

Sources: Statistisches Bundesamt, Statistischer Bericht Außenhandel—Dezember 2024 (February 2025), Tables 51000-05 and 51000-06 (https://www.destatis.de/DE/Themen/Wirtschaft/Aussenhandel/Publikationen/Downloads-Aussenhandel/statistischer-bericht-aussenhandel-2070100241125.xlsx?__blob=publicationFile&v=2); Bundesanstalt für Geowissenschaften und Rohstoffe, Deutschland – Rohstoffsituation 2023 (https://www.bgr.bund.de/DE/Themen/Min_rohstoffe/Downloads/rohsit-2022.pdf? blob=publicationFile&v=4).

Germany's Current Account Surplus and the Macroeconomic Imbalance Procedure

Within the framework of the Macroeconomic Imbalance Procedure (MIP), in December 2024, the European Commission published the Alert Mechanism Report 2025. It notes that Germany's current account surplus bounced back in 2023 and continues to reflect weak domestic demand and subdued investment amid stagnating economic activity. Cost competitiveness indicators show mixed developments compared to the euro area average, with unit labor costs increasing slightly more in 2023, but Germany's real effective exchange rate appreciating less than the euro area average. The scoreboard reading for Germany shows that three indicators were beyond their indicative thresholds in 2023, namely the export performance against advanced economies, unit labor costs, and – albeit only narrowly – government debt.

Germany has suffered a significant loss of export market shares compared to advanced economies over the last 3 years. However, unit labor costs continued to grow broadly in line with the euro area average, with an increase of around 7% in 2023, as real wages recover some of the losses suffered in recent years. Moreover, there were only limited concerns related to government debt given that the government debt-to-GDP ratio only moderately exceeded the 60% threshold. Reflecting the terms of trade shock in 2022, the three-year average of the current account balance had dipped to 5.8% of GDP in 2023, just below the scoreboard threshold of 6%. Yet external sustainability concerns relating to the high current account surplus persist, as these levels exceed considerably those implied by economic fundamentals. The European Commission will examine the persistence of imbalances or their unwinding in an in-depth review of Germany to be published over the first half of 2025.

The Federal Government supports the European Commission in the implementation of the MIP. Together with its European partners, the Federal Government aims to reduce economic imbalances. However, the Federal Government points out that German foreign direct investments abroad increase the current account balance, as does the interest and capital income generated from past foreign direct investments. Furthermore, the current account surplus is the result of market-based decisions by companies and individuals that determine supply and demand. The German economy's specialization in the export of capital goods also plays a key role in the high surplus. Finally, an increase in public investment after the reforms of the German debt brake in March 2025 may significantly reduce the current account over the next years.

For general information on the MIP, see "—General—The European Union and European Integration—EU Economic Governance—Macroeconomic Imbalance Procedure."

Sources: European Commission, Report from the Commission to the European Parliament, the Council, the European Central Bank and the European Economic and Social Committee, Alert Mechanism Report 2025, December 2024 (https://commission.europa.eu/document/download/fea76622-6f4d-4fb6-a92f-416c0a5f5b06_en?filename=SWD_2024_700_1_EN.pdf); European Commission, Commission Staff Working Document Accompanying the document, Alert Mechanism Report 2025, December 2024 (https://commission.europa.eu/document/download/fea76622-6f4d-4fb6-a92f-416c0a5f5b06_en?filename=SWD_2024_700_1_EN.pdf); Bundesministerium der Finanzen, Monatsbericht des BMF März 2017, Analysen und Berichte, Der deutsche Leistungsbilanzsaldo – Entwicklung und wirtschaftspolitische Implikationen (https://www.bundesfinanzministerium.de/Monatsberichte/2017/03/Inhalte/Kapitel-3-Analysen/3-2-Der-deutsche-Leistungsbilanzsaldo.html).

Metal ores	0.7	0.0
Other mining and quarrying products	0.1	0.1
Food products	5.2	4.9
Beverages	0.5	0.5
Tobacco products	0.4	0.2
Textiles	0.8	0.7
Wearing apparel	2.8	1.6
Leather and related products	1.2	0.9
Wood and of products of wood and cork, except furniture; articles of straw and plaiting materials	0.5	0.5
Paper and paper products	1.2	1.4
Coke and refined petroleum products	2.1	1.4
Chemicals and chemical products	7.4	8.9
Basic pharmaceutical products and pharmaceutical preparations	5.9	7.4
Rubber and plastic products	2.8	3.4
Other non-metallic mineral products	0.9	1.2
Basic metals	4.9	4.8
Fabricated metal products, except machinery and equipment	2.7	3.2
Computer, electronic and optical products	10.2	8.2
Electrical equipment	7.9	6.9
Machinery and equipment not elsewhere classified	7.4	13.9
Motor vehicles, trailers and semi-trailers	10.8	16.8
Other transport equipment	2.9	3.3
Furniture	0.9	0.7
Energy	0.5	0.3
Other goods	10.8	7.8
Total	**100.0**	**100.0**

(1) Preliminary data.

Source: Statistisches Bundesamt, Außenhandel – Erste Detailzahlen zum Außenhandel – Dezember 2024 (February 2025), Table GP; calculation of percentages by KfW based on import and export values in EUR thousands, respectively; figures may not add up to total due to rounding.

China (2)	89,953	97,346	106,762
Italy	80,479	85,403	89,149
United Kingdom	80,316	78,427	73,767
Austria	76,544	80,355	90,280
Switzerland	68,016	66,780	70,611
Belgium/Luxembourg	65,242	67,497	70,927
New industrial countries and emerging markets of Asia (3)	58,580	60,971	63,344
Spain	53,895	54,037	49,973
Japan	21,553	20,238	20,511
Imports from:			
Total	**1,311,383**	**1,357,465**	**1,506,254**
of which:			
China (2)	156,292	156,831	192,855
The Netherlands	94,021	102,911	115,117
United States	91,689	94,634	93,346
Italy	67,466	71,323	73,271
France	67,384	69,872	69,980
New industrial countries and emerging markets of Asia (3)	61,913	66,716	70,936
Switzerland	52,598	51,757	55,734
Belgium/Luxembourg	51,249	56,141	67,200
Austria	51,017	53,744	58,161
Spain	38,366	38,636	37,636
United Kingdom	36,227	36,770	40,452
Japan	22,728	25,568	25,420

(1) Exports (f.o.b.) by country of destination, imports (c.i.f.) by country of origin. Special trade consists mainly of goods that are imported into the Federal Republic for use, consumption, adaptation or processing, as well as goods that are produced, manufactured, adapted or processed in the Federal Republic and subsequently exported.

(2) Excludes Hong Kong.

(3) Includes Brunei Darussalam, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

Source: Deutsche Bundesbank, Monatsbericht März 2025, Table XII.3.

European Union	542.0	417.2
of which: European Monetary Union	*394.3*	*395.8*
United Kingdom	114.4	55.8
Switzerland	49.7	45.1
Russia	21.9	1.3
United States	424.5	73.1
Canada	23.2	0.2
Central America	28.1	13.3
South America	36.4	2.2
Asia	242.7	52.7
of which: China	*122.4*	*4.8*
of which: India	*23.9*	*0.5*
of which: Japan	*16.5*	*30.4*
Australia	22.0	1.9
Africa	13.0	2.6
Selected economic sectors of investment object		
Manufacturing	543.0	152.4
of which: Chemicals and chemical products	*110.2*	*19.9*
of which: Pharmaceutical products	*35.8*	*15.2*
of which: Machinery and equipment	*56.4*	*19.6*
of which: Motor vehicles, trailers and semi-trailers	*130.2*	*8.5*
Electricity, gas, steam and air conditioning supply	49.7	27.4
Wholesale and retail trade; repair of motor vehicles and motor cycles	273.9	70.5
Information and communication	65.0	52.0
Financial and insurance activities	389.1	239.4
Real estate activities	77.1	40.2
Professional, scientific and technical activities	38.2	55.4

(1) German foreign direct investment abroad.

(2) Foreign direct investment in Germany.

(3) Primary and secondary direct investment (consolidated).

Source: Deutsche Bundesbank, Direktinvestitionsstatistiken, II. Bestandsangaben über Direktinvestitionen (nach dem Erweiterten Richtungsprinzip) (https://www.bundesbank.de/de/statistiken/aussenwirtschaft/direktinvestitionen/direktinvestitionsstatistiken-804078), Tables II.1.b, II.2.b.

monetary policy. The ESCB's primary objective is to maintain price stability. Without prejudice to this objective, the ESCB supports the general economic policies of the EU.

The Deutsche Bundesbank – Germany's national central bank within the ESCB – has the responsibility of implementing the single monetary policy in Germany and continues to perform various other tasks, including operating cashless payment systems, cash management and playing an important role in banking and financial market supervision, as further described below under the caption "—Financial System."

Sources: European Central Bank, Annual Report 2016, pages 101-107 (https://www.ecb.europa.eu/pub/pdf/annrep/ar2016en.pdf); European Central Bank, About us, Our Organisation: ECB, ESCB and the Eurosystem (https://www.ecb.europa.eu/ecb/orga/escb/html/index.en.html); Deutsche Bundesbank, Tasks (https://www.bundesbank.de/en/tasks).

Monetary Policy

Monetary Policy Instruments of the ESCB and the ECB

To achieve its operational goals, the ESCB conducts open market operations, offers standing facilities and requires credit institutions to maintain minimum reserves in accounts with the ESCB. Open market operations play an important role in the ESCB's monetary policy for the purposes of steering interest rates and managing the liquidity situation in the market. Available open market operations are short-term and longer-term reverse transactions, outright transactions, the issuance of debt certificates or foreign exchange swaps, and the collection of fixed-term deposits. Standing facilities are designed to provide or absorb overnight liquidity, and the imposition of minimum reserve requirements allows the ESCB to stabilize money market interest rates, create (or enlarge) a structural liquidity shortage. In addition, the ECB can also provide forward guidance, i.e., it can provide information about its future monetary policy intentions, based on its assessment of the outlook for price stability. In March 2024, the ECB completed the review of its operational framework for the implementation of monetary policy. The Governing Council agreed to continue to provide liquidity through a broad mix of instruments, including short-term and longer-term refinancing operations and, at a later stage, structural longer- term credit operations and a structural portfolio of securities.

Sources: European Central Bank, Monetary policy & markets, Instruments, The Eurosystem's instruments (https://www.ecb.europa.eu/mopo/implement/html/index.en.html); European Central Bank, Monetary policy & markets, Decisions, statements & accounts (https://www.ecb.europa.eu/mopo/decisions/html/index.en.html).

Monetary Policy Strategy and Prices

The ECB presented its revised monetary strategy in July 2021, its first revision since 2003. Its primary goal is to maintain medium-term price stability, which is defined as a year-on-year increase in the harmonized index of consumer prices for the euro area of 2%. The 2% target is symmetric. This means that the ECB considers negative and positive deviations from the target to be equally undesirable. When the economy is operating close to the lower bound on nominal interest rates, particularly forceful or persistent monetary policy action may be required to prevent negative deviations from the inflation target from becoming entrenched. The new strategy considers formerly unconventional measures such as asset purchasing programs to be part of its monetary tool kit for these purposes. The Governing Council of the ECB seeks to achieve price stability over the medium term. This allows for short-term deviations of inflation from its target, provides the necessary flexibility and makes it possible to take other considerations into account. The medium-term orientation indicates the commitment to provide an adequate margin to avoid the risk of deflation. The stability-oriented monetary policy strategy of the Eurosystem used by the ECB to achieve this goal is based on two analyses: (1) analysis and assessment of short- to medium-term developments in inflation, economic growth and employment (economic analysis); and (2) analysis of the transmission of monetary policy to the economy and financial developments (monetary and financial analysis).

Sources: European Central Bank, Monetary policy & markets, Monetary policy strategy (https://www.ecb.europa.eu/mopo/strategy/html/index.en.html); European Central Bank, Economic Analysis (https://www.ecb.europa.eu/mopo/devel/ecana/html/index.en.html); European Central Bank, Monetary and financial analysis (https://www.ecb.europa.eu/mopo/devel/monan/html/index.en.html).

(1) Excluding value-added tax.

Source: Statistisches Bundesamt, Preise, Verbraucherpreisindizes, Harmonisierter Verbraucherpreisindex, Jahresdurchschnitte, Veränderung zum Vorjahr (https://www.destatis.de/DE/Themen/Wirtschaft/Preise/Verbraucherpreisindex/Tabellen/Harmonisierter-Verbraucherpreisindex.html); Statistisches Bundesamt, Preise, Verbraucherpreisindizes, Verbraucherpreise, Jahresdurchschnitte, Veränderung zum Vorjahr (https://www.destatis.de/DE/Themen/Wirtschaft/Preise/Verbraucherpreisindex/Tabellen/Verbraucherpreise-12Kategorien.html); Deutsche Bundesbank, Monatsbericht Dezember 2023, Table XI.7; Deutsche Bundesbank, Monatsbericht Februar 2025, Table XI.7.

Official Foreign Exchange Reserves

The following table shows the breakdown of the Federal Republic's official foreign exchange reserves as of the end of the years indicated.

OFFICIAL FOREIGN EXCHANGE RESERVES OF THE FEDERAL REPUBLIC (1)

	As of December 31,				
	2024	2023	2022	2021	2020
	(EUR in millions)				
Gold	270,580	201,335	184,036	173,821	166,904
Special drawing rights	50,888	48,766	48,567	46,491	14,014
Foreign currency balances	33,970	33,376	34,404	32,649	30,066
Reserve position in the IMF	8,267	8,782	9,480	8,426	8,143
Total	**363,705**	**292,259**	**276,488**	**261,387**	**219,127**

(1) External position of the Deutsche Bundesbank in the EMU. Assets and liabilities vis-à-vis all EMU member countries and non-EMU member countries.

Source: Deutsche Bundesbank, Monatsbericht Februar 2025, Table XII.7.

The Federal Republic's foreign reserve assets are managed by the Deutsche Bundesbank. The Euro Area Member States have transferred foreign reserve assets to the ECB in an aggregate amount equivalent to approximately EUR 40.6 billion, consisting of foreign currency reserves and gold. The ECB manages the foreign reserve assets transferred to it. The foreign reserve assets not transferred to the ECB continue to be held and managed by the national central banks of the Euro Area Member States. In order to ensure consistency within the single monetary and foreign exchange policies of the EMU, the ECB monitors and coordinates market transactions conducted with those assets.

Sources: European Central Bank, Annual Report 1998, page 74 (https://www.ecb.europa.eu/pub/pdf/annrep/ar1998en.pdf); European Central Bank, Annual Accounts 2023, 2.1 Balance Sheet as at 31 December 2023, note 12.1 (https://www.ecb.europa.eu/press/annual-reports-financial-statements/annual/annual-accounts/html/ecb.annualaccounts2024~718377b1c1.en.html).

Assets	1,464.4	1,455.8	1,617.1	1,592.8	1,429.2
of which: clearing accounts within ESCB (1)	*1,046.3*	*1,093.4*	*1,269.1*	*1,260.7*	*1,136.0*
Liabilities (2)	723.2	779.8	919.4	1,009.5	781.3
Net position	741.2	675.9	697.6	583.3	647.9
Banks					
Loans to foreign banks	1,305.9	1,166.9	1,151.3	1,100.7	1,024.3
Loans to foreign non-banks	1,066.7	960.4	913.7	871.2	822.8
Loans from foreign banks	962.3	923.8	998.4	914.6	761.2
Loans from foreign non-banks	403.2	380.6	370.3	288.2	258.5

(1) Consists mainly of net claims from the interbank payment system for the real-time processing of cross-border transfers throughout the EMU (TARGET2).

(2) Including estimates of currency in circulation abroad.

Source: Deutsche Bundesbank, Monatsbericht März 2025, Tables IV.4 and XII.7.

Foreign Exchange Rates and Controls

Since its introduction in 1999, the euro has become the second most widely used currency internationally. It is recognized by the IMF as a freely usable currency. Neither currency transactions nor capital market transactions require licenses or other permissions. However, in both cases entities or individuals providing related services on a commercial basis must be licensed. Gold may be imported and exported freely, subject only to the levy of VAT on some transactions.

Sources: International Monetary Fund, Selected Decisions and Selected Documents of the IMF, Forty-Third Issue—Freely Usable Currencies, as updated June 30, 2023 (https://www.imf.org/-/media/Files/Publications/selected-decisions/2024/English/9798400259241-9798400259241.ashx); Bank for International Settlements, Triennial Central Bank Survey, OTC Foreign exchange turnover in April 2022, October 2022, Table "OTC foreign exchange turnover by currency", page 12 (https://www.bis.org/statistics/rpfx22_fx.pdf); Bundesanstalt für Finanzdienstleistungsaufsicht, Banken, Finanzdienstleister und Wertpapierinstitute, Markteintritt, Wertpapierdienstleistungen, as updated on September 12, 2024 (https://www.bafin.de/DE/Aufsicht/BankenFinanzdienstleister/Markteintritt/Wertpapierdienstleistungen/wertpapierdienstleistungen_node.html#doc19645032bodyText1); Bundesanstalt für Finanzdienstleistungsaufsicht, Banken, Finanzdienstleister und Wertpapierinstitute, Markteintritt, Finanzdienstleistungen, as updated on August 8, 2023 (https://www.bafin.de/DE/Aufsicht/BankenFinanzdienstleister/Markteintritt/Finanzdienstleistungen/finanzdienstleistungen_artikel.html); Intenational Monetary Fund, Annual Report on Exchange Arrangements and Exchange Restrictions 2023, published on December 19, 2024, page 1890 (https://www.elibrary.imf.org/display/book/9798400260391/9798400260391.xml?cid=lk-com-dsp-imf.org).

The following table shows the annual average exchange rates for selected currencies in relation to the euro for the years indicated.

ANNUAL AVERAGE EXCHANGE RATES OF THE EURO (1)

	2024	2023	2022	2021	2020
U.S. dollars per euro	1.0824	1.0813	1.0530	1.1827	1.1422
Pound sterling per euro	0.84662	0.86979	0.85276	0.85960	0.88970
Japanese yen per euro	163.85	151.99	138.03	129.88	121.85
Swiss franc per euro	0.9526	0.9718	1.0047	1.0811	1.0705
Chinese yuan per euro	7.7875	7.6600	7.0788	7.6282	7.8747

(1) Calculated from daily values.

Source: Deutsche Bundesbank, Monatsbericht Februar 2025, Table XII.9.

Financial System

German Financial System

Overview. As of December 31, 2024, 1, 296 monetary financial institutions in Germany reported an aggregate balance sheet total of EUR 10,907 billion to the Deutsche Bundesbank. According to the Deutsche Bundesbank's classification, these institutions included:

- 234 commercial banks, with an aggregate balance sheet total of EUR 5,202 billion;
- 349 savings banks, with an aggregate balance sheet total of EUR 1,583.1 billion;
- the six regional institutions of those savings banks, including DekaBank Deutsche Girozentrale (the central asset managing institution of the German savings banks) and five Landesbanken (German public law financial institutions traditionally focusing on the banking business for and in the Land in which they operate), with an aggregate balance sheet total of EUR 878.9 billion;

- 135 subsidiaries and branches of foreign banks located in the Federal Republic with an aggregate balance sheet total of EUR 2,600.2 billion. These institutions, which are majority-owned by foreign banks, are also included in the totals of the other categories of banks listed above.

Source: Deutsche Bundesbank, Monthly Report March 2025, Table IV.2 (https://publikationen.bundesbank.de/caas/v1/media/952340/data/c654ad1f7d458f7979eef2ac3b3584d1).

The KWG currently regulates all banks except for the Deutsche Bundesbank and KfW (although it does regulate KfW IPEX-Bank).

Many important provisions of the KWG have become applicable by analogy to KfW with effect from January 1, 2016. For more information on the application of the KWG to KfW, see "KfW—General—Supervision and Regulation—Regulation." German commercial banking institutions operate as "universal" banks and are not restricted by law or otherwise from offering a complete range of diverse financial services.

Supervision. BaFin is responsible for the integrated supervision of financial services. Its primary objective is to ensure the proper functioning, stability and integrity of Germany as a financial center in the context of European integration and international cooperation, as well as to strengthen collective consumer protection through its regulatory actions. BaFin, which is subject to the legal and technical oversight of the Federal Ministry of Finance, operates exclusively in the public interest. It aims to counteract risks to the assets entrusted to financial institutions, including banks and insurance companies (solvency supervision), and to safeguard fair and transparent conditions in the markets (market supervision). In addition, BaFin has an investor protection role in that it seeks to prevent unauthorized financial business from being carried out.

The Deutsche Bundesbank is closely involved in the ongoing supervision of credit institutions by BaFin and has been assigned a substantial number of the ongoing operational tasks in banking supervision. Furthermore, the German Federal Agency for Financial Market Stabilization (*Bundesanstalt für Finanzmarktstabilisierung*, or "FMSA") supervises two wind-up institutions, Erste Abwicklungsanstalt and FMS Wertmanagement, as well as Portigon AG (the legal successor of former Landesbank WestLB, which is in the process of being wound-up), all of which were founded under its auspices in order to stabilize the financial market (see "—Wind-up Institutions").

In November 2014, the SSM – as one of the pillars of the Banking Union – became operational. Under the SSM, the ECB is the central prudential supervisor of financial institutions in the euro area as well as in non-euro area EU Member States that choose to join the SSM. The ECB directly supervises the most significant banks, while the national supervisors continue to monitor the remaining banks. The ECB and the national supervisors work closely together to ensure the banks' compliance with EU banking regulations and to be able to address issues early on.

In order to facilitate the timely identification of macroprudential risks to financial stability, the Financial Stability Committee (*Ausschuss für Finanzstabilität*, or "FSC"), which consists of representatives of the Federal Ministry of Finance, the Deutsche Bundesbank and BaFin, was established in March 2013 based on the Financial Stability Act (*Gesetz zur Überwachung der Finanzstabilität, Finanzstabilitätsgesetz*). On basis of the Financial Stability Act and due to its macroeconomic and financial market expertise, the Deutsche Bundesbank is responsible for contributing towards safeguarding financial stability and tasked with analyzing all relevant factors in order to identify threats to financial stability. If appropriate, the Deutsche Bundesbank may propose and submit warnings or recommendations for corrective measures to the FSC, which may pass resolutions with respect thereto and publish them if appropriate. The recipients of such warnings or recommendations are required to report on the implementation of corrective measures. In addition, the FSC is tasked with discussing issues relevant for financial stability, coordinating and strengthening the cooperation of its members during times of crisis, discussing how to deal with warnings or recommendations issued by the European Systemic Risk Board ("ESRB") and reporting to the Bundestag on a yearly basis.

For instance, based on the assessment of the risk situation in Germany as well as the development of supporting indicators, BaFin decided to increase the ratio of the national anticyclical capital buffer to 0.75% from the first quarter of 2022 onwards. The associated requirements for hard equity became applicable as of February 1, 2023. In April 2025,

(https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2013/fa_bj_2013_01_finstabg_en.html);
Federal Agency for Financial Market Stabilisation, FMSA (https://www.fmsa.de/en/); Portigon AG: Unternehmensinformationen (https://www.portigon.de/portigon-ag/unternehmensinformationen.html);
European Commission, Banking & insurance, Banking union, Single supervisory mechanism (https://finance.ec.europa.eu/banking/banking-union/single-supervisory-mechanism_en);
Deutsche Bundesbank, Tasks, Financial and monetary system, Financial and monetary stability, Macroprudential surveillance by the G-FSC (https://www.bundesbank.de/en/tasks/financial-and-monetary-system/financial-and-monetary-stability/macroprudential-surveillance-g-fsc-/macroprudential-surveillance-by-the-g-fsc-625732);
Federal Financial Supervisory Authority, BaFin, Law & Regulation, Allgemeinverfügung zur Anordnung eines Kapitalpuffers für systemische Risiken nach § 10e Kreditwesengesetz published on April 30, 2025 (https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Aufsichtsrecht/Verfuegung/vf_250430_allgvfg_kapitalpuffer.html?nn=19659504);
Federal Financial Supervisory Authority, BaFin, Companies, Banks & financial services providers, Capital requirements, Countercyclical capital buffer, updated on April 30, 2025 (https://www.bafin.de/EN/Aufsicht/BankenFinanzdienstleister/Eigenmittelanforderungen/Kapitalpuffer/antizyklischer_kapitalpuffer_artikel_en.html);
German Financial Stability Committee welcomes the Federal Financial Supervisory Authority's decision to reduce the sectoral sys -temic risk buffer to 1% (https://www.afs-bund.de/afs/Content/EN/News/FSC-activities/2025/2025-04-30-reduce-sectoral-systemic-risk-buffer.html).

Bank Recovery and Resolution. Between January 1, 2015, and December 31, 2017, the FMSA (see "—Supervision") acted as the German national resolution authority for banks. The FMSA was thus responsible for the recovery and resolution of all banks in Germany under the European Bank Recovery and Resolution Directive ("BRRD"), which were not directly supervised by the ECB within the framework of the SSM (see "—European Financial System—European System of Financial Supervision and European Banking Union"). The BRRD was adopted in May 2014 to provide authorities with comprehensive and effective arrangements to deal with failing banks at the national level and with cooperation arrangements to tackle cross-border banking failures. The BRRD includes rules to set up national resolution funds, which must be established by each EU Member State, and it requires banks to prepare recovery plans to overcome financial distress. Since the establishment of the SRF at the European level in 2016, the contributions raised by the national resolution authorities of participating Member States have in great part been transferred to the SRF pursuant to the intergovernmental agreement on the transfer and mutualisation of contributions to the SRF.

On January 1, 2018, FMSA's duties deriving from its role as the national resolution authority were integrated into BaFin as a new and independently operating division. At the same time, FMSA's responsibilities of administering and managing the Financial Market Stabilization Fund ("*Sondervermögen Finanzmarktstabilisierungsfonds*," or "FMS") were incorporated into the Federal Republic of Germany – Finance Agency (*Bundesrepublik Deutschland – Finanzagentur GmbH*). The FMS was originally created during the financial crisis on October 17, 2008. Until the Single Resolution Mechanism ("SRM") became fully operational on January 1, 2016, and functionally replaced the FMS, the latter was responsible for stabilizing German banks by extending guarantees and injecting capital. All guarantees granted were repaid without any default. Capital measures provided by the FMS amounting to EUR 13.8 billion were still outstanding as of December 31, 2023.

For more information on the SRF and the SRM, see "—European Financial System—European System of Financial Supervision and European Banking Union."

Sources: Federal Agency for Financial Market Stabilisation: History (https://www.fmsa.de/en/history/); Federal Financial Supervisory Authority, Companies, Banks & financial services providers, Measures, Recovery and resolution (https://www.bafin.de/EN/Aufsicht/BankenFinanzdienstleister/Massnahmen/SanierungAbwicklung/sanierung_abwicklung_node_en.html);
European Commission, Banking & insurance, Banking regulation, Bank recovery and resolution (https://finance.ec.europa.eu/banking/banking-regulation/bank-recovery-and-resolution_en);
Bundesministerium der Finanzen, Gesetze und Gesetzesvorhaben, Verordnung über die Erhebung der Beiträge zum Restrukturierungsfonds für Kreditinstitute (Restrukturierungsfonds-Verordnung—RStruktFV) (https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Verordnungen/2015-07-22-RStruktFV.html);
Council of the European Union, Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund (https://data.consilium.europa.eu/doc/document/ST%208457%202014%20INIT/EN/pdf);
Gesetz zur Neuordnung der Aufgaben der Bundesanstalt für Finanzmarktstabilisierung (FMSA-Neuordnungsgesetz—FMSANeuOG) (https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_VII/18_Legislaturperiode/2016-12-28-FMSA-Neuordnungsgesetz/3-Verkuendetes-Gesetz.pdf?__blob=publicationFile&v=1); Bundesrepublik Deutschland – Finanzagentur GmbH, FMS, Financial Market Stabilisation Fund (https://www.deutsche-finanzagentur.de/en/stabilisation-measures/financial-market-stabilisation-fund/overview).

Wind-up Institutions. In the wake of the global financial crisis, two wind-up institutions (*Abwicklungsanstalten*) for troubled German banks were established. The first wind-up institution, Erste Abwicklungsanstalt, was established in December 2009 to liquidate a portfolio of EUR 77.5 billion assumed from WestLB. It assumed a second portfolio

Sources: Erste Abwicklungsanstalt, Annual Report 2024 (https://aa1.de/wp-content/uploads/2025/04/GB-2024_de.pdf); FMS Wertmanagement AöR, Annual Report 2024 (https://www.fms-wm.de/images/GB%20Unterseite/Geschaftsbericht%202024.pdf); FMS Wertmanagement AöR, About us (https://www.fms-wm.de/en/about-us); FMS Wertmanagement AöR, Portfolio (https://www.fms-wm.de/en/portfolio).

European Financial System

European System of Financial Supervision and European Banking Union. The European system of financial supervision became operational on January 1, 2011. At the macro-financial level, the ESRB was established, which provides macro-prudential oversight of the financial system. The ESRB's role is to monitor and assess potential risks to the stability of the financial system. If necessary, it will issue risk warnings and recommendations for remedial action and will monitor their implementation. The ESRB is chaired by the President of the ECB.

At the micro-financial level, three supervisory authorities were established:

- the European Banking Authority;
- the European Insurance and Occupational Pensions Authority; and
- the European Securities and Markets Authority.

The three European Supervisory Authorities ("ESAs") cooperate with the supervisory authorities of the EU Member States. National authorities are responsible for the day-to-day supervision of individual financial institutions, whereas the ESAs are responsible for ensuring that a single set of harmonized rules and consistent supervisory practices are applied by supervisory authorities of the EU Member States. The ESAs have, for example, the power to settle disputes among national financial supervisors by imposing legally binding mediation and to impose temporary bans on risky financial products or activities.

One of the key elements of the Banking Union, which was established in the wake of the European sovereign debt crisis, is the SSM composed of the ECB and the national supervisory authorities of participating EU Member States, which, as of March 2025, are the Euro Area Member States and Bulgaria. The main aims of the SSM, which became operational in November 2014, are to contribute to the safety and soundness of credit institutions and the stability of the European financial system and to ensure consistent supervision. In its role within the SSM, the ECB directly supervises 114 significant banks and banking groups, which represent almost 82% of the total assets on the aggregated balance sheets of all credit institutions under its supervision. For the remaining banks, the ECB is responsible for setting and monitoring the supervisory standards and for working closely with the national competent authorities in the supervision of these banks.

Another key element of the Banking Union is the SRM which was established by a regulation adopted in July 2014 and became fully operational starting January 1, 2016 with the purpose of ensuring the orderly resolution of failing banks. The SRM consists of the Single Resolution Board ("SRB") and the national resolution authorities of participating Member States. The SRB has broad powers in cases of bank resolution and manages the SRF. The SRB is responsible for the planning and resolution phases of failures of cross-border banks and banks directly supervised by the ECB, while national resolution authorities are responsible for all other banks under the BRRD. However, the SRB will always be responsible if the resolution of a bank requires access to the SRF. The SRF was built up over a period of eight years since 2016 and reached its target level of at least 1% of the amount of covered deposits of all credit institutions authorized in all the participating EU Member States at the end of 2023. As of December 31, 2024, the financial means available in the SRF amounted to EUR 80 billion, which are fully mutualized between participating EU Member States. The SRB continues to assess on an annual basis whether the available financial means have diminished below the target level of at least 1% in the relevant contribution period. In such event, further contributions to the SRF may be required. Banks have been making annual contributions to the SRF calculated on the basis of their liabilities, excluding own funds and covered deposits, and adjusted for risk. Companies defined in article 2 paragraph 5 of the EU Capital Requirements Directive IV (CRD IV), including KfW, are not required to contribute to the fund. As part of its pending reform, the ESM would be given the function of a backstop for the SRF. The backstop would be provided

In response to the global economic and financial crisis, regulatory authorities and central banks launched a comprehensive regulatory reform program. As a result, in December 2010, the Basel Committee on Banking Supervision launched a first package, typically referred to as Basel III, of new standards on bank capital adequacy and liquidity to enhance the banking regulatory framework. In order to implement Basel III into EU law, previous EU capital requirement directives were replaced by the Capital Requirements Regulation (CRR), a regulation establishing prudential requirements, and the Capital Requirements Directive IV (CRD IV), a directive governing access to deposit-taking activities, both of which entered into force on January 1, 2014 and have since been gradually implemented in the EU Member States. Further measures were implemented by changes to CRR and CRD adopted by the European legislators in 2019 as described below. A second reform package was endorsed by the Basel Committee on Banking Supervision in December 2017 to finalize the post-crisis reforms. It aims to reduce excessive variability in the calculation of risk-weighted assets. In October 2021, the European Commission presented legislative proposals for further amendments to the CRR and CRD, and to finalize the implementation of the Basel III regulatory reforms in the EU as described below.

In May 2019, European legislators adopted a package of revised rules aimed at reducing risks in the EU banking sector. Most new rules started to apply in mid-2021. The package comprised two regulations and two directives, relating to bank capital requirements (amendments to CRR (CRR II) and CRD (CRD V)) and the recovery and resolution of banks in difficulty (amendments to BRRD and the Single Resolution Mechanism Regulation (SRMR)) and implemented reforms agreed at the international level following the 2007-2008 financial crisis to strengthen the banking sector and to address outstanding challenges to financial stability. Among the core measures agreed to reduce risk in the banking system, the package enhances the framework for bank resolution. It requires global-systemically important institutions (G-SIIs) to have more loss-absorbing and recapitalization capacity by setting the minimum requirements with respect to the amount and quality of own funds and eligible liabilities (MREL) to ensure an effective and orderly “bail-in” process. It also provides provisional safeguards and possible additional actions for resolution authorities. Additionally, the package strengthens bank capital requirements to reduce incentives for excessive risk taking, by including a binding leverage ratio, a binding net stable funding ratio, and setting risk sensitive rules for trading in securities and derivatives. In December 2023, the final elements for the implementation of Basel III in the EU were agreed by the Council and Parliament. The amended CRR rules (CRR III) entered into force on January 1, 2025. The provisions in the renewed CRD (CRD VI) have to be transposed by EU Member States into national law within 18 months. One of the main elements of the banking package is the introduction of the output floor, which works as a lower limit on the capital requirements that banks calculate when using their internal models and aims to reduce the excessive variability of banks’ capital requirements, as calculated with internal models. The legislative package also implements the Basel standard in relation to credit risks, market risks and operational risks, while taking into account specific features of the EU banking sector. Furthermore, the amendment strengthens the provisions related to environmental, social and governance risks as well as the rules applicable to the suitability of bank managers and key function holders (ie., the fit and proper assessment).

Sources: European Commission, Regulation, Supervision, European system of financial supervision (https://finance.ec.europa.eu/regulation-and-supervision/european-system-financial-supervision_en); European Central Bank, About, European System of Financial Supervision (https://www.bankingsupervision.europa.eu/about/esfs/html/index.en.html); European Commission, Banking & insurance, Banking Union (https://finance.ec.europa.eu/banking/banking-union_en); European Council, Council of the European Union, Policies, Banking Union (https://www.consilium.europa.eu/en/policies/banking-union/); European Central Bank, ECB assumes responsibility for euro area banking supervision, press release of November 4, 2014 (https://www.ecb.europa.eu/press/pr/date/2014/html/pr141104.en.html); European Central Bank, About, Single Supervisory Mechanism (https://www.bankingsupervision.europa.eu/about/thessm/html/index.en.html); European Central Bank—Banking Supervision, List of supervised entities (https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.listofsupervisedentities202502.en.pdf?6ecf7e808dd27908591c734632df2b38); Single Resolution Board, About, The SRB in the Banking Union, Single Resolution Mechanism (https://www.srb.europa.eu/en/content/single-resolution-mechanism-srm); European Commission, Single Resolution Mechanism to come into effect for the Banking Union, press release of December 31, 2015 (https://ec.europa.eu/commission/presscorner/detail/en/IP_15_6397); Single Resolution Board, Resolution, What is a bank resolution?, Banks under the SRB's remit (https://www.srb.europa.eu/en/content/banks-under-srbs-remit); Single Resolution Board, The Single Resolution Fund (https://www.srb.europa.eu/en/single-resolution-fund); Single Resolution Board, News and Media, No additional SRF bank levies needed for 2025; Fund continues to meet target level, press release of February 10, 2025 (https://www.srb.europa.eu/en/content/no-additional-srf-bank-levies-needed-2025-fund-continues-meet-target-level); Bundesministerium der Justiz, Gesetz zur Errichtung eines Restrukturierungsfonds für Kreditinstitute (https://www.gesetze-im-internet.de/rstruktfg/); European Stability Mechanism, About us, ESM Reform (https://www.esm.europa.eu/about-esm/esm-reform); European Commission, Communication from the Commission: Completing the banking union, first published on October 11, 2017 (https://ec.europa.eu/finance/docs/law/171011-communication-banking-union_en.pdf); European Commission, Banking Union: Commission

Securities Market

The Federal Republic's securities market is among Europe's largest. Trading in listed securities is not legally or otherwise confined to the stock exchanges. It is estimated, however, that most transactions in equity securities are executed through stock exchanges. By contrast, debt securities, although typically listed, are predominantly traded over-the-counter.

Highly developed secondary markets, combined with the distribution capabilities of an extensive network of financial institutions, provide the basis for the Federal Republic's position in the world's capital markets. Equity and debt issues are generally underwritten and distributed through banking syndicates, which typically include commercial banks as well as certain regional and specialized institutions. In Germany, the regulated securities markets are situated in Berlin, Dusseldorf, Frankfurt am Main, Hamburg, Hanover, Munich and Stuttgart. Additional regulated financial markets include the European Energy Exchange in Leipzig, an energy and energy-related commodities exchange, and the Eurex Terminbörse in Frankfurt am Main, a derivatives exchange market. All of the above are recognized as regulated markets of the EU according to Article 56 of Directive 2014/65/EU on Markets in Financial Instruments and comply with globally accepted regulatory standards.

Based on total turnover on German securities exchanges, the Frankfurt Stock Exchange, operated by Deutsche Börse AG, is by far the most important stock exchange in the Federal Republic.

Sources: European Union, Directive 2014/65/EU of May 15, 2014 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0065); European Securities and Markets Authority, MiFID/UCITS/AIFMD/EUSEF/EUVECA/ECSPR entities (https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg); Deutsche Börse Group, Markets & Services, Trading, Frankfurt Stock Exchange, The Frankfurt Stock Exchange (https://www.deutsche-boerse.com/dbg-en/markets-services/trading/frankfurt-stock-exchange/management-board).

Bundesrat, which deliberates on the proposal twice. The final vote on the proposal is taken by the Bundestag in its third session.

In addition to the federal, Länder and municipal budgets, there are separate budgets for the social security funds and various special funds (*Sondervermögen*) of the federal administration and the Länder, as well as other extra-budgetary entities at all levels of government that are created for specific public purposes. General government, as defined in the national accounts, comprises all these different levels of government activity.

Total consolidated general government revenue, as presented in the national accounts, amounted to EUR 2,012.9 billion in 2024, with tax revenue of EUR 994.8 billion and net social contributions of EUR 755.2 billion.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4 – 2024 (March 2025), Table 3.4.3.2.

In 2024, VAT and the taxes on income and wealth, as presented in the national accounts, amounted to EUR 296.8 billion and EUR 552.7 billion, respectively. These joint taxes are distributed among the Federal Government, the Länder governments and municipal authorities, according to predetermined formulae. In addition to joint taxes, the Federal Government, the Länder governments and the municipal authorities each levy special taxes, for example, on tobacco and beer.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4 – 2024 (March 2025), Table 3.4.3.16.

Consolidated general government expenditure in 2024, as presented in the national accounts, amounted to a total of EUR 2,131.6 billion. The most significant consolidated general government expenditures were monetary social benefits (EUR 703.2 billion), social benefits in kind (EUR 391.0 billion) and employee compensation (EUR 355.8 billion). Other significant consolidated general government expenditures included intermediate consumption (EUR 283.0 billion), gross capital formation (EUR 124.8 billion), subsidies (EUR 54.4 billion) and interest on public debt (EUR 45.4 billion).

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4 – 2024 (March 2025), Table 3.4.3.2.

GENERAL GOVERNMENT ACCOUNTS (1)

	2024	2023	2022	2021	2020
			(EUR in billions)		
Federal Government, Länder governments and municipalities					
Revenue	1,295.4	1,248.6	1,229.5	1,154.4	1,047.5
of which: Current taxes (2)	*994.8*	*961.3*	*960.8*	*897.6*	*800.2*
Expenditure	1,403.5	1,361.4	1,323.1	1,273.2	1,163.7
Balance	**-108.1**	**-112.8**	**-93.7**	**-118.9**	**-116.3**
Social security funds					
Revenue	864.1	827.3	812.3	781.7	717.9
Expenditure	874.7	818.3	803.5	779.3	752.8
Balance	**-10.6**	**9.0**	**8.8**	**2.4**	**-34.9**
General government					
Revenue	2,012.9	1,921.2	1,852.6	1,747.9	1,612.7
Expenditure	2,131.6	2025.0	1,937.5	1,864.3	1,763.8
Balance	**-118.8**	**-103.8**	**-84.9**	**-116.4**	**-151.1**

(1) Definition according to the national accounts.

(2) Excluding taxes of domestic sectors paid to EU.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4—2024 (March 2025), Tables 3.4.3.2, 3.4.3.3 and 3.4.3.7.

(1) Definition according to the national accounts.

(2) Excluding taxes of domestic sectors paid to EU.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4—2024 (March 2025), Table 3.4.3.4.

GENERAL GOVERNMENT EXPENDITURE: BREAKDOWN BY FUNCTIONS (1)

	2024	2023	2022	2021	2020
			(EUR in billions)		
General public services	283.1	263.2	236.8	220.3	206.3
Defense	47.0	40.1	38.2	38.1	37.8
Public order and safety	71.6	67.3	63.5	61.1	58.1
Economic affairs	232.4	244.0	224.3	239.6	201.9
Environmental protection	25.8	24.3	21.4	20.3	22.1
Housing and community amenities	20.7	19.2	19.5	15.8	17.0
Health	329.1	315.1	330.6	313.4	287.5
Recreation, culture and religion	44.7	42.0	39.1	37.8	37.3
Education	194.7	187.3	173.7	164.5	157.6
Social protection	882.4	822.5	790.3	753.4	738.3
Total expenditure	**2,131.6**	**2,025.0**	**1,937.5**	**1,864.3**	**1,763.8**

(1) Definition according to the national accounts.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4—2024 (March 2025), Table 3.4.3.11.

Germany's General Government Deficit/Surplus and General Government Gross Debt

For purposes of the EU Member States' reports to the European Commission under the EDP, the general government or "Maastricht" deficit/surplus refers to the difference between consolidated public sector revenue and consolidated public sector expenditure and is the balancing item "net borrowing/net lending" of the general government (central government, state government, local government and social security funds) as defined in ESA 2010. After seven annual surpluses in a row, the German general government budget balance turned negative in 2020 due to the impact of the COVID-19 pandemic. Following a general government deficit of 4.4% in 2020, 3.2% in 2021, 2.1% in 2022 and 2.5% in 2023, the German general government deficit amounted to EUR 118.8 billion or 2.8% of nominal GDP in 2024, which, for the third year in a row, is below the EU's 3% reference value for the general government deficit. The German general government gross debt-to-GDP ratio decreased from 62.9% in 2023 to 62.5 in 2024, which is above the EU's respective reference value of 60%.

On March 23, 2020, the respective Ministers of Finance of the EU Member States agreed with the assessment of the European Commission that the condition for the use of the general escape clause under the SGP – a severe economic downturn in the euro area or the EU as a whole – had been fulfilled. The activated general escape clause allowed Germany and the other EU Member States to depart from the budgetary requirements that would normally apply under the European fiscal framework to tackle the economic consequences of the COVID-19 pandemic. The general escape clause continued to apply in 2023, against the backdrop of the economic consequences of Russia's invasion of Ukraine but was deactivated at the end of 2023 in line with the fiscal policy guidance for 2024 published by the European Commission on March 8, 2023.

2030, a package designed to increase Europe's own defense capabilities rapidly and substantially against the backdrop of the changed security situation in Europe. Among other things, the European Commission invites EU Member States to activate the national escape clause of the SGP with respect to additional defense expenditure of up to 1.5% of GDP each year for a period of four years. The activation of the national escape clause allows Germany and the other EU Member States to increase their defense expenditure accordingly without triggering an EDP. On April 30, 2025 the European Commission confirmed that Germany is among the EU Member States that have submitted a request to activate the national escape clause. For further information, see also "General—The European Union and European Integration—EU Economic Governance—Stability and Growth Pact."

Source: European Commission, Commission unveils the White Paper for European Defence and the ReArm Europe Plan/Readiness 2030, press release of March 19, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/ip_25_793); European Commission, 12 Member States request activation of the national escape clause in a coordinated move to boost defense spending, press release of April 30, 2025 (https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1121).

The following table shows historical information on the Federal Republic's general government deficit/surplus and debt as a percentage of GDP.

THE FEDERAL REPUBLIC'S FISCAL MAASTRICHT CRITERIA

	2024	2023	2022	2021	2020
			(% of GDP)		
General government deficit (-) / surplus (+)	-2.8	-2.5	-2.1	-3.2	-4.4
General government gross debt	62.5	62.9	65.0	68.1	68.1

Sources: Statistisches Bundesamt, Fachserie 18, Reihe 1.2 – 4. Vierteljahr 2024 (February 2025), Table 1.10; Deutsche Bundesbank, Time series BBK01.BJ9959: General government debt as defined in the Maastricht Treaty as a % of GDP—Germany—overall (https://www.bundesbank.de/dynamic/action/en/statistics/time-series-databases/time-series-databases/745582/745582?tsId=BBGFS1.A.BJ9959&listId=www_v27_web011_21a&dateSelect=2023).

Germany's constitutional budget rule

As regards national fiscal rules, the German constitutional budget rule known as the "debt brake" (*Schuldenbremse*) provides for a structural budget deficit of no more than 0.35% of GDP at the federal level and – prior to the reform in March 2025 – structurally balanced Länder budgets. The Bundestag suspended the debt brake for the years 2020, 2021, 2022 and 2023 in order to enable the financing of governmental measures taken in connection with the COVID-19 pandemic and Russia's invasion of Ukraine. For the federal budget for 2024, however, the regular debt ceiling of the debt brake applied again. In response to Russia's invasion of Ukraine, the Federal Government established a Special Fund for the Federal Armed Forces (*Sondervermögen Bundeswehr*) with its own credit authorization of up to EUR 100 billion on a one-off basis in 2022. This one-off credit authorization is exempted from the debt brake. The Special Fund has been used to supplement the defense section of the Federal Budget to achieve the guideline of the NATO of spending at least 2% of GDP each year on defense.

Sources: Bundesministerium der Finanzen, Fiskalregeln (https://www.bundesfinanzministerium.de/Web/DE/Themen/Oeffentliche_Finanzen/Stabilitaetspolitik/Fiskalregeln/fiskalregeln.html); Bundesministerium der Finanzen, Kompendium zur Schuldenregel des Bundes (Schuldenbremse), February 25, 2022 (https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Oeffentliche_Finanzen/Schuldenbremse/kompendium-zur-schuldenbremse-des-bundes.pdf?__blob=publicationFile&v=1); Bundesministerium der Finanzen, BMF-Monatsbericht September 2021, Abrechnung der grundgesetzlichen Regel zur Begrenzung der Neuverschuldung 2020 (https://www.bundesfinanzministerium.de/Monatsberichte/2021/09/Downloads/monatsbericht-2021-09-deutsch.pdf?__blob=publicationFile&v=1); Bundesministerium der Finanzen, BMF-Monatsbericht September 2022, Abrechnung der grundgesetzlichen Regel zur Begrenzung der Neuverschuldung (Schuldenbremse) 2021 (https://www.bundesfinanzministerium.de/Monatsberichte/2022/09/Downloads/monatsbericht-2022-09-deutsch.pdf?__blob=publicationFile&v=1);Bundesministerium der Finanzen, BMF-Monatsbericht September 2023, Abrechnung der grundgesetzlichen Regel zur Begrenzung der Neuverschuldung (Schuldenbremse) 2022 (https://www.bundesfinanzministerium.de/Monatsberichte/2023/09/Downloads/monatsbericht-2023-09-deutsch.pdf?__blob=publicationFile&v=1); Bundesministerium der Finanzen, BMF-Monatsbericht September 2024, Abrechnung der Schuldenbremse 2023 expenditure (including civil protection, intelligence services, cyber security and support for countries which are attacked in violation of international law) which in total exceeds 1% of GDP from the debt ceiling of the debt brake; allows the Länder to run structural budget deficits of 0.35% of GDP, in line with the debt rules that apply to the Federal Government (instead of the previously-required structurally balanced budgets of the Länder); and establishes the Special Infrastructure Fund (*Sondervermögen Infrastruktur*). To finance additional infrastructure investments by the Federal Government and the Länder in key areas such as energy and transport infrastructure and education over 12 years, the Special Infrastructure Fund has its own one-off credit authorization of up to EUR 500 billion, which is exempt from the limits of the debt brake. The resources from the Special Infrastructure Fund can only be drawn down if they are used in addition to the investments in the federal budget. To ensure this, the investment ratio in the federal budget must not fall below an appropriate level. An amount of EUR 100 billion from the Special Infrastructure Fund will be allocated to the Climate and Transformation Fund (KTF), with a further EUR 100 billion being made available to the Länder. The reform of the debt brake was approved by the Bundestag on March 18, 2025 and by the Bundesrat on March 24, 2025, in each case with the majority of at least two thirds, which is necessary to amend the *Grundgesetz*. Following publication in the Federal Law Gazette (*Bundesgesetzblatt*), the reform came into force on March 25, 2025.

Sources: Deutscher Bundestag, 20. Wahlperiode, Gesetzentwurf der Fraktionen der SPD und CDU/CSU, Entwurf eines Gesetzes zur Änderung des Grundgesetzes, Drucksache 20/15096, 10.03.2025 (https://dserver.bundestag.de/btd/20/150/2015096.pdf); Deutscher Bundestag, 20. Wahlperiode, Beschlussempfehlung und Bericht des Haushaltsausschusses (8.Ausschuss) a) zu dem Gesetzentwurf der Fraktionen der SPD und CDU/CSU – Drucksache 20/15096 – Entwurf eines Gesetzes zur Änderung des Grundgesetzes (Artikel 109, 115 und 143h) b) zu dem Gesetzentwurf der Fraktion BÜNDNIS 90/DIE GRÜNEN – Drucksache 20/15098 – Entwurf eines Gesetzes zur Änderung des Grundgesetzes (Artikel 109 und 115) c) zu dem Gesetzentwurf der Fraktion der FDP – Drucksache 20/15099 – Entwurf eines Gesetzes zur Errichtung eines Verteidigungsfonds für Deutschland und zur Änderung des Grundgesetzes (Artikel 87a), Drucksache 20/15117, 16.03.2025 (https://dserver.bundestag.de/btd/20/151/2015117.pdf); Deutscher Bundestag, Haushalt, Mehrheit für Reform der Schuldenbremse: 512 Abgeordnete stimmen mit Ja (https://www.bundestag.de/dokumente/textarchiv/2025/kw12-de-sondersitzung-1056916); Bundesrat, Bundesrat KOMPAKT Das Wichtigste zur Sitzung, Ausgewählte Tagesordnungspunkte der 1052. Sitzung am 21.03.2025, Bundesrat macht Weg frei für Sondervermögen und Lockerung der Schuldenbremse (https://www.bundesrat.de/DE/plenum/bundesrat-kompakt/25/1052/1052-pk.html); Bundesgesetzblatt, Gesetz zur Änderung des Grundgesetzes (Artikel 109, 115 und 143h), BGBl. 2025 / Nr. 94 vom 24.03.2025 (https://www.recht.bund.de/bgbl/1/2025/94/VO.html).

Fiscal Outlook

As there was no longer a parliamentary majority in the Bundestag for the adoption of the 2025 federal budget following the termination of the former governing coalition in November 2024, an interim budget management (*Vorläufige Haushaltsführung*) started to apply as of January 1, 2025. The rules governing interim budget management are enshrined in the *Grundgesetz* and enable the Federal Government to make all necessary expenditures and fulfil its commitments. Key decisions on the 2025 federal budget are to be made by the new Federal Government. The recently elected Bundestag will then decide on this as part of its budgetary sovereignty.

Source: Bundesministerium der Finanzen, Monatsbericht Dezember 2024, Vorläufige Haushaltsführung 2025 (https://www.bundesfinanzministerium.de/Monatsberichte/Ausgabe/2024/12/Inhalte/Kapitel-2a-Fokus/vorlaeufige-haushaltsfuehrung-2025.html).

Based on the reformed rules of the SGP, which came into force in 2024, the EU Member States must present a general government net expenditure path for the coming years in so-called medium-term fiscal-structural plans ("MTPs"). These MTPs are assessed by the European Commission. Once the MTPs have been adopted by the Council, the net expenditure path is considered a binding fiscal commitment, which is used to monitor compliance with the fiscal requirements of the reformed SGP. Due to the early elections to the Bundestag on February 23, 2025, and analogous to the procedure in other EU Member States that have postponed the submission of their MTPs due to upcoming elections or the formation of governments, the Federal Government has agreed with the European Commission to extend the submission deadline for the German MTP until the necessary conditions for determining the net expenditure path will have been met.

Source: Bundesministerium für Wirtschaft und Klimaschutz, Jahreswirtschaftsbericht 2025 (https://www.bmwk.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2025.html).

The following table presents the European Commission's projection for key fiscal indicators in the years 2025 and 2026, as set out in the European Commission's Autumn Forecast 2024, compared to the results for these key fiscal

Expenditure	48.9	49.1	49.5	48.4	49.0
General government deficit (-) / surplus (+)	**-1.8**	**-2.0**	**-2.8**	**-2.5**	**-2.1**
Interest expenditure	1.1	1.1	1.1	0.9	0.7
Primary balance (2)	-0.7	-0.9	-1.7	-1.6	-1.4
General government gross debt	**62.8**	**63.2**	**62.5**	**62.9**	**65.0**

(1) Figures may not add up due to rounding.

(2) General government deficit (-) / surplus (+) excluding interest expenditure.

Source: European Commission, European Economic Forecast, Autumn 2024 (https://economy-finance.ec.europa.eu/document/download/7173e7c9-3841-4660-8d6a-a80712932f81_en?filename=ip296_en.pdF), Tables 32-36 and 40; Statistisches Bundesamt, Fachserie 18, Reihe 1.4 – 2024 (March 2025), Tables 2.1.12, 3.3.1 and 3.4.3.2; Deutsche Bundesbank, Time series BBK01.BJ9959: General government debt as defined in the Maastricht Treaty as a % of GDP—Germany—overall (https://www.bundesbank.de/dynamic/action/en/statistics/time-series-databases/time-series-databases/745582/745582?tsId=BBGFS1.A.BJ9959&listId=www_v27_web011_21a&dateSelect=2023).

Tax Structure

Income Tax

Significant sources of revenue for the general government are the various types of income taxes. Income taxation for employees and self-employed persons is based on a progressive tax scale with marginal tax rates ranging from 14% to 45% subject to the amount of taxable income. Employees pay taxes on their income from employment in the form of wage taxes. Self-employed persons typically pay estimated taxes during the year before filing their annual income tax return. Income generated by partnerships (*Personengesellschaften*) is not subject to tax at the partnership level, but at the level of the partners. The partners pay tax on this income according to their individual income tax brackets.

Income generated by corporations is subject to corporate income tax (*Körperschaftsteuer*) at a flat rate of 15%.

Capital income received by domestic taxpayers (all types of income from capital as well as private shareholders' net gains from sales of shares in corporations) is subject to a final uniform tax rate of 25% (*Abgeltungsteuer*), taking into consideration an allowance (*Sparerpauschbetrag*) of EUR 1,000 (EUR 2,000 for married couples).

In addition to the various types of income tax, a solidarity surcharge of 5.5% is imposed on the applicable income tax liability. From January 1, 2021, onwards, the additional tax burden resulting from the solidarity surcharge has been abolished for approximately 90% of income taxpayers for the benefit of low and middle incomes.

Sources: Bundesministerium der Justiz, Einkommensteuergesetz (https://www.gesetze-im-internet.de/estg/index.html); Bundesministerium der Justiz, Körperschaftsteuergesetz (https://www.gesetze-im-internet.de/kstg_1977/index.html); Bundesministerium der Justiz, Solidaritätszuschlaggesetz 1995, § 4 Zuschlagssatz (https://www.gesetze-im-internet.de/solzg_1995/__4.html); Bundesministerium der Finanzen, Monatsbericht Januar 2024, Analysen und Berichte, Die wichtigsten steuerlichen Änderungen 2024 (https://www.bundesfinanzministerium.de/Monatsberichte/Ausgabe/2024/01/Downloads/monatsbericht-2024-01-deutsch.pdf?__blob=publicationFile&v=1).

VAT and Consumption Taxes

VAT serves as a significant source of revenue. VAT is a general consumption tax that is imposed on the value of most goods and services. The standard rate applicable to most goods and services is 19%. Certain items that are classified as necessities, such as food (except food and beverages in restaurants) and books, are subject to a reduced rate of 7%.

Against the backdrop of Russia's invasion of Ukraine and rising energy prices, the VAT rate for the supply of gas via the natural gas grid and district heating was temporarily reduced from 19% to 7% from October 1, 2022 until March 31, 2024. Similarly, initially in connection with the COVID-19 pandemic, the VAT rate for restaurant and catering services was temporarily reduced from 19% to 7% from July 1, 2020 until December 31, 2023.

Energy Taxation and Emissions Trading

Beside its main purpose of revenue generation, the energy tax regime also aims to encourage energy conservation and to mitigate climate change by providing incentives for a reduction of carbon emissions. Furthermore, it aims to allocate the burden of taxes and contributions more equally among labor, capital and natural resources. Key points of this tax regime are an electricity tax and a energy tax on motor fuels and heating fuels. The electricity tax rate is EUR 20.50 per megawatt-hour. The energy tax rates vary depending on the specific energy product, e.g. 654.50 EUR/1000 l for petrol and 470.40 EUR/1000 l for diesel fuel.

In addition to the EU's Emissions Trading System (ETS) for carbon emissions applied to the manufacturing and energy industries, Germany has introduced a national ETS for carbon emissions of the transportation and buildings sector from 2021 onwards, starting with a price on carbon emissions initially set at EUR 25 per ton in 2021, EUR 30 per ton in 2022 and rising incrementally thereafter. However, following Russia's invasion of Ukraine and its impact on energy prices for households and companies, the projected price increase on carbon emissions was temporarily adjusted to EUR 30 per ton in 2023 for one year (EUR 5 less per ton than previously planned) but then returned to the originally planned price path from 2024 onwards. In 2026, allowances will be auctioned within a price range of EUR 55 (minimum) to EUR 65 (maximum) per ton of carbon emissions.

Sources: Bundesministerium der Justiz, Stromsteuergesetz (https://www.gesetze-im-internet.de/stromstg/index.html); Bundesministerium der Justiz, Stromsteuergesetz, § 3 Steuertarif (https://www.gesetze-im-internet.de/stromstg/ 3.html); The Federal Government, Effectively reducing CO2 emissions (https://www.bundesregierung.de/breg-en/issues/climate-action/effectively-reducing-co2-1795850); Federal Ministry for Economic Affairs and Climate Action, Robert Habeck: "We are taking a more cautious approach to carbon pricing, reducing the burden on households and companies" – 2023 increase in carbon price postponed, press release of October 28, 2022 (https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/10/20221028-robert-habeck-we-are-taking-a-more-cautious-approach-to-carbon-pricing-reducing-the-burden-on-households-and-companies.html); Die Bundesregierung, Der Klima und Transformationsfonds 2024 – Entlastung schaffen, Zukunftsinvestitionen sichern, Transformation gestalten, December 22, 2023 (https://www.bundesregierung.de/breg-de/aktuelles/der-klima-und-transformationsfonds-2024-2250738).

Trade Tax

Trade tax (*Gewerbesteuer*) is levied at the municipal level and is imposed on businesses and their objective earning power. The trade tax rate varies and depends on the municipality that levies the tax. Basis of assessment are the profits of a business enterprise as determined under income tax law or corporation tax law, increased or decreased by certain adjustments. The result is multiplied by the basic federal rate (*Gewerbesteuermesszahl*) to achieve the base amount for the trade tax (*Steuermessbetrag*), which is then multiplied by the municipal multiplier (*Hebesatz*). Beyond a required minimum level of 200% for the municipal multiplier, municipalities have discretion to fix the municipal tax collection rate. Based on a weighted average municipal multiplier of 402.92% in 2022 the average trade tax rate in 2023 amounted to 14.10%.

Sources: Bundesministerium der Justiz und für Verbraucherschutz, Gewerbesteuergesetz (https://www.gesetze-im-internet.de/gewstg/index.html); Bundesministerium der Finanzen, Die wichtigsten Steuern im internationalen Vergleich 2023, Ausgabe 2024, Overview 3, page 11 (https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/steuern-im-internationalen-vergleich-2023.pdf?__blob=publicationFile&v=6).

Current taxes on income and wealth	552.7	533.3	529.0	486.6	429.0
of which: Wage tax	*287.0*	*274.6*	*274.0*	*257.0*	*255.9*
Assessed income tax	*71.6*	*70.4*	*78.5*	*68.7*	*56.9*
Non-assessed taxes on earnings	*58.1*	*49.1*	*41.2*	*39.4*	*29.8*
Corporate tax	*44.7*	*48.4*	*49.2*	*44.6*	*25.8*
Trade tax (Gewerbesteuer)	*75.4*	*75.2*	*70.4*	*61.4*	*45.4*
Capital taxes	10.0	9.3	9.2	9.8	8.7
Tax revenue of general government	**1,004.8**	**970.6**	**970.0**	**907.4**	**808.9**
Taxes of domestic sectors to EU	5.3	5.7	6.7	5.3	4.7
Taxes	**1,010.0**	**976.3**	**976.7**	**912.7**	**813.6**

(1) Definition according to the national accounts.

Source: Statistisches Bundesamt, Fachserie 18, Reihe 1.4—2024 (March 2025), Table 3.4.3.16.

Government Participations

The Federal Republic and its various special funds held direct participations in 117 public and private enterprises as of December 31, 2023.

The following table shows information on the Federal Republic's significant direct and indirect majority and minority participations (including those held through special funds) as of December 31, 2023.

PARTICIPATIONS OF THE FEDERAL REPUBLIC

Enterprises	Total nominal capital of enterprise (EUR in millions)	Participation of the Federal Republic (%)
Significant majority participations:		
Deutsche Bahn AG	2,150	100.0
KfW Kreditanstalt für Wiederaufbau	3,750	80.0
DFS Deutsche Flugsicherung GmbH	1,055	100.0
Hypo Real Estate Holding GmbH (1)	112	100.0
Uniper SE (2)	417	99.1
SEFE Securing Energy for Europe GmbH (3)	226	100.0
Significant minority participations exceeding 25%:		
Flughafen München GmbH	307	26.0

(1) Participations held by a special fund.

(2) Held indirectly through UBG Uniper Beteiligungsholding GmbH.

(3) Held indirectly through SEEHG Securing Energy for Europe Holding GmbH.

Source: Bundesministerium der Finanzen, Beteiligungsbericht des Bundes 2024 (https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/beteiligungsbericht-des-bundes-2024.pdf?__blob=publicationFile&v=4).

In December 2022, following approval by the European Commission under EU state aid rules, the Federal Government acquired approximately 99% of the share capital of energy company Uniper SE ("Uniper") with the aim of securing the energy supply in Germany. Unless otherwise approved by the European Commission, the Federal Government is obliged to reduce its stake in Uniper to a maximum of 25% plus one share by 2028 at the latest. Uniper provides critical energy infrastructure in Germany and plays a key role in the supply of electricity and natural gas. As a result of Russia's invasion of Ukraine and the subsequent halt in the supply of Russian natural gas to Germany, Uniper faced existential difficulties. Due to Uniper's central role for the energy supply in Germany, the Federal Government decided on initial support measures in July 2022, which were adapted based on further developments in September 2022. In this context, Uniper had already received substantial support from KfW in the form of credit lines. Funds provided by KfW were since substituted by equity and repaid in part. Another company that was transferred to state ownership as a measure to safeguard energy security in Germany is SEFE. The European Commission confirmed these capital measures under state aid rules in December 2022. Specifically, the European Commission authorized the Federal Government to inject EUR 6.3 billion of additional equity into the company by substituting an existing KfW loan subject to certain competition-related conditions.

The Federal Government raises funds primarily through the issuance of bonds and notes. Euro-denominated bonds and notes issued by the Federal Republic are evidenced by book entry and no certificates are issued.

In addition to its own direct debt obligations, the Federal Government and its special funds had outstanding guarantees in an aggregate amount of EUR 749.8 billion as of December 31, 2023. Of this amount, EUR 113.1 billion were outstanding in the form of export credit insurance, which is handled by HERMES on behalf of and for the account of the Federal Government. Furthermore, EUR 22.4 billion of the aggregate amount were outstanding in the form of a guarantee for a loan to Greece according to the German Financial Stability Act, and EUR 89.2 billion of the aggregate amount were outstanding in the form of a guarantee for the European Financial Stability Facility.

Source: Bundesministerium der Finanzen, Finanzbericht 2025, Overview 8.1.3, pages 323-324 (https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/finanzbericht-2025.html).

For more detailed information regarding the Federal Government's debt and guarantees, see "—Tables and Supplementary Information."

For information on the Federal Government's liability as of December 31, 2024 for capital subscriptions to various international financial organizations, see the table entitled "—Tables and Supplementary Information—III. Liabilities to International Financial Organizations."

	(EUR in millions)
Federal Bonds *(Bundesanleihen)*	1,233,500
Federal Notes *(Bundesobligationen)*	258,000
Federal Treasury Notes *(Bundesschatzanweisungen)*	142,500
Treasury Discount Paper *(Unverzinsliche Schatzanweisungen)*	108,500
Inflation-linked Securities *(Inflationsindexierte Bundeswertpapiere)*	66,250
Green Federal Bonds *(Grüne Bundesanleihen)*	51,250
Green Five-year Federal Notes *(Grüne Bundesobligationen)*	22,000
Borrowers' note loans *(Schuldscheindarlehen)*	4,130
Old debt (1)	4,029
Repurchased debt	-201,720
Total	**1,688,439**

(1) Mainly equalization and covering claims of the Deutsche Bundesbank, other banks and insurance companies in connection with the currency reform of 1948.

Source: Bundesministerium der Finanzen, Monatsbericht Januar 2025, Table "Entwicklung der Kreditaufnahme des Bundes im Dezember 2024", page 58, and table "Entwicklung von Umlaufvolumen und Eigenbeständen an Bundeswertpapieren im Dezember 2024", page 59 (https://www.bundesfinanzministerium.de/Monatsberichte/Ausgabe/2025/01/monatsbericht-01-2025.html).

4.75% Bonds of the Federal Republic of 1998	4.75	1998	2028	13,750
6.25% Bonds of the Federal Republic of 2000	6.25	2000	2030	11,750
5.5% Bonds of the Federal Republic of 2000	5.50	2000	2031	21,500
4.75% Bonds of the Federal Republic of 2003	4.75	2003	2034	24,500
4% Bonds of the Federal Republic of 2005	4.00	2005	2037	28,250
4.25% Bonds of the Federal Republic of 2007	4.25	2007	2039	19,250
4.75% Bonds of the Federal Republic of 2008	4.75	2008	2040	21,500
3.25% Bonds of the Federal Republic of 2010	3.25	2010	2042	20,000
2.5% Bonds of the Federal Republic of 2012	2.50	2012	2044	31,500
2.5% Bonds of the Federal Republic of 2014	2.50	2014	2046	32,750
0.5% Bonds of the Federal Republic of 2015	0.50	2015	2025	30,500
1% Bonds of the Federal Republic of 2015	1.00	2015	2025	30,500
0.5% Bonds of the Federal Republic of 2016	0.50	2016	2026	33,500
0% Bonds of the Federal Republic of 2016	0.00	2016	2026	32,500
0.25% Bonds of the Federal Republic of 2017	0.25	2017	2027	30,500
0.5% Bonds of the Federal Republic of 2017	0.50	2017	2027	32,500
1.25% Bonds of the Federal Republic of 2017	1.25	2017	2048	37,500
0.5% Bonds of the Federal Republic of 2018	0.50	2018	2028	28,500
0.25% Bonds of the Federal Republic of 2018	0.25	2018	2028	28,500
0.25% Bonds of the Federal Republic of 2019	0.25	2019	2029	29,500
0.00% Bonds of the Federal Republic of 2019	0.00	2019	2029	29,500
0.00% Bonds of the Federal Republic of 2019	0.00	2019	2050	42,500
0.00% Bonds of the Federal Republic of 2020	0.00	2020	2030	28,000
0.00% Bonds of the Federal Republic of 2020	0.00	2020	2035	23,750
0.00% Bonds of the Federal Republic of 2020	0.00	2020	2027	22,000
0.00% Bonds of the Federal Republic of 2020	0.00	2020	2030	33,500
0.00% Bonds of the Federal Republic of 2021	0.00	2021	2028	27,000
0.00% Bonds of the Federal Republic of 2021	0.00	2021	2031	28,000
0.00% Bonds of the Federal Republic of 2021	0.00	2021	2031	32,000
0.00% Bonds of the Federal Republic of 2021	0.00	2021	2036	26,750
0.00% Bonds of the Federal Republic of 2021	0.00	2021	2052	33,500
0.00% Bonds of the Federal Republic of 2022	0.00	2022	2032	31,000
1.70% Bonds of the Federal Republic of 2022	1.70	2022	2032	28,000
1.00% Bonds of the Federal Republic of 2022	1.00	2022	2038	26,750
2.10% Bonds of the Federal Republic of 2022	2.10	2022	2029	26,000
1.80% Bonds of the Federal Republic of 2022	1.80	2022	2053	31,000
2.30% Bonds of the Federal Republic of 2023	2.30	2023	2033	38,250
2.60% Bonds of the Federal Republic of 2023	2.60	2023	2033	30,500
2.40% Bonds of the Federal Republic of 2023	2.40	2023	2030	28,000
2.20% Bonds of the Federal Republic of 2024	2.20	2024	2034	35,000
2.50% Bonds of the Federal Republic of 2024	2.50	2024	2054	19,500
2.60% Bonds of the Federal Republic of 2024	2.60	2024	2041	8,500
2.60% Bonds of the Federal Republic of 2024	2.60	2024	2034	35,000
Total Federal Bonds				**1,233,500**

(1) Federal Bonds (*Bundesanleihen*) are evidenced by book entry, and no certificates are issued. Maturities are 7 to 30 years. No redemption prior to maturity; including principal strips.

2. Green Federal Bonds (1)

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
0.00% Green Bonds of the Federal Republic of 2020	0.00	2020	2030	10,000
0.00% Green Bonds of the Federal Republic of 2021	0.00	2021	2031	9,000
0.00% Green Bonds of the Federal Republic of 2021	0.00	2021	2050	12,750
2.30% Green Bonds of the Federal Republic of 2023	2.30	2023	2033	10,000
1.80% Green Bonds of the Federal Republic of 2023	1.80	2023	2053	9,500
Total Green Federal Bonds				**51,250**

(1) Federal Bonds (Bundesanleihen) are evidenced by book entry, and no certificates are issued. Maturities are 7 to 30 years. No redemption prior to maturity; including principal strips.

Total Inflation-linked Securities	**66,250**

(1) Inflation-linked Securities (*Inflationsindexierte Bundeswertpapiere*) are evidenced by book entry, and no certificates are issued. Maturities are 5 to 30 years. No redemption prior to maturity.

4. Federal Notes (1)

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
0.00% Bonds of 2020-Series 181	0.00	2020	2025	23,000
0.00% Bonds of 2020-Series 182	0.00	2020	2025	27,500
0.00% Bonds of 2021-Series 183	0.00	2021	2026	28,000
0.00% Bonds of 2021-Series 184	0.00	2021	2026	24,000
0.00% Bonds of 2022-Series 185	0.00	2022	2027	22,000
1.30% Bonds of 2022-Series 186	1.30	2022	2027	30,000
2.20% Bonds of 2023-Series 187	2.20	2023	2028	25,000
2.40% Bonds of 2023-Series 188	2.40	2023	2028	29,500
2.10% Bonds of 2024-Series 189	2.10	2024	2029	25,000
2.50% Bonds of 2024-Series 190	2.50	2024	2029	24,000
Total Federal Notes				**258,000**

(1) Federal Notes (*Bundesobligationen*) are evidenced by book entry, and no certificates are issued. Maturities are approximately five years. No redemption prior to maturity.

5. Green Federal Notes (1)

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
0.00% Green Bonds of 2020	0.00	2020	2025	8,500
1.30% Green Bonds of 2022	1.30	2022	2027	9,000
2.10% Green Bonds of 2024	2.10	2024	2029	4,500
Total Federal Notes				**22,000**

(1) Federal Notes (Bundesobligationen) are evidenced by book entry, and no certificates are issued. Maturities are approximately five years. No redemption prior to maturity.

2.50% Notes of 2024	2.50	2024	2026	19,000
2.90% Notes of 2024	2.90	2024	2026	19,000
2.70% Notes of 2024	2.70	2024	2026	19,000
2.00% Notes of 2024	2.00	2024	2026	14,500
Total Federal Treasury Notes				**142,500**

(1) Federal Treasury Notes (Bundesschatzanweisungen) are evidenced by book-entry, and no certificates are issued. Maturities are two years. No redemption prior to maturity.

7. Treasury Discount Paper (1)

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
Treasury Discount Paper	2.39 to 3.43	2024	2025	108,500

(1) Treasury Discount Papers (*Unverzinsliche Schatzanweisungen*) are issued at a discount and repaid at par value on the maturity date. No interest payments are made during the term of the paper. The papers are auctioned and intended for institutional investors. Currently, the initial maturity is twelve months. No redemption is permitted prior to maturity.

(2) Reflects annual interest rate paid to the holder by way of the initial issue discount. No redemption is permitted prior to maturity.

8. Borrowers' Note Loans (1)

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
Borrower's note loans (*Schuldscheindarlehen*)	3.50 to 5.05	2003 to 2007	2025 to 2037	4,130

(1) Borrowers' note loans (Schuldscheindarlehen) are an instrument of the German capital market where the lending entity, generally an institutional investor, receives a certificate evidencing its loan to the borrower and the term of such loans. The certificate generally authorizes at least three assignments. No redemption is permitted prior to maturity.

Source for Debt Table 1 to 8: Federal Republic of Germany – Finance Agency, "German Government Securities and Financing Instruments" (https://www.deutsche-finanzagentur.de/fileadmin/user_upload/Institutionelle-investoren/berichtswesen/einzelaufstellung_en.xlsx).

9. Other Liabilities

Title	Interest rate (% per annum)	Year of issue	Maturity	Aggregate principal amount outstanding as of December 31, 2024 (EUR in millions)
Old debt (1)	0.00 to 3.00	Various	Various	4,029

(1) Includes mainly equalization and covering claims of the Deutsche Bundesbank, other banks and insurance companies in connection with the currency reform of 1948 as well as liabilities of the Federal Government to repay amounts received from the Investitionshilfeabgabe, a special duty levied on income, the proceeds of which were to be used to promote investments.

Source: Bundesministerium der Finanzen, Monatsbericht Januar 2025, Table "Entwicklung der Kreditaufnahme des Bundes (Haushalt und Sondervermögen ohne Darlehensfinanzierung) im Dezember 2024", page 58 (https://www.bundesfinanzministerium.de/Monatsberichte/Ausgabe/2025/01/monatsbericht-01-2025.html).

Loans to domestic corporations and for projects of other domestic purpose	355,654	341,605
Contributions to international financing institutions	75,512	75,512
Co-financing of bilateral projects of German financial co-operation	31,603	31,531
Successor agencies to *Treuhandanstalt*	1,009	1,009
Interest compensation guarantees	15,000	15,000
Total guarantees pursuant to the 2020 German Budget Act	**631,614**	**623,483**
Guarantee for a loan to Greece according to the German Financial Stability Act	22,400	22,400
Loan guarantees under the Act on Guarantees pertaining to the European Financial Stability Facility	89,152	90,317
Warranties in connection with the SURE-Warranty Act as of July 10, 2020	6,384	6,384
Warranties in connection with the Law on Insolvency Protection through Travel Protection Funds (*Reisesicherungsfondsgesetz* - RSG) of June 25, 2021.	0	750
Total guarantees	**749,550**	**743,334**

(1) Does not include guarantees under the KfW Law with respect to money borrowed, bonds issued and derivative transactions entered into by KfW. For information relating to KfW's borrowings, see "KfW—Business—Financial Markets—Funding."

(2) Includes export finance loans extended by KfW IPEX-Bank guaranteed by the Federal Republic through HERMES, the official German export credit insurer. For information relating to loans extended by KfW IPEX-Bank benefiting from HERMES coverage, see "KfW—Business—Export and Project Finance (KfW IPEX-Bank)—Business."

Source: Bundesministerium der Finanzen, Finanzbericht 2025, Overview 8.1.3, page 323 (https://www.bundesfinanzministerium.de/Content/DE/Downloads/Broschueren_Bestellservice/finanzbericht-2025.html).

International Finance Corporation (IFC) (3)	1,261.39	1,261.39
European Investment Bank (EIB) (4)	48,539.2	4,329.4
African Development Bank (AfDB) (3)	12,420.0	424.3
African Development Fund (AfDF) (3)	5,300.9	5,080.8
Asian Development Bank (AsDB) (3)	5,988.6	299.5
Asian Development Fund (AsDF) (3)	2,002.0	1,906.0
Inter-American Development Bank (IDB) (3)	3,368.7	242.3
Inter-American Investment Corporation (IIC) (3)	27.1	27.1
Fund for Special Operations (FSO) (3)	—	—
International Fund for Agricultural Development (IFAD) (3)	807.0	710.0
Caribbean Development Bank (CDB) (3)	106.6	23.6
Special Development Fund of the Caribbean Development Bank (SDF) (3)	124.2	124.2
European Bank for Reconstruction and Development (EBRD) (4)(5)	2,655.96	553.97
Council of Europe Development Bank (CEB) (4)(6)	1,689.63	209.85
Asian Infrastructure Investment Bank (AIIB) (3)	4,484.2	896.8

(1) Subscriptions are in part committed in USD, SDR or EUR. SDR or EUR commitments are converted to USD at year-end exchange rates, except that certain SDR commitments are converted at the fixed conversion rate of SDR 1 = USD 1.39959.

(2) Quota in SDR: 26,634.4 Mio. SDR. As of May 6, 2025, 1 SDR is valued at USD 1.355890. Source: computation provided by the Ministry of Finance based on data provided by the IMF; the subscription (quota) is fully paid in by the Deutsche Bundesbank. The foreign currency part of the quota (25% of the subscription) and the Deutsche Bundesbank's further contributions to the IMF's financing are part of the foreign currency reserves of the Deutsche Bundesbank. The government does not provide any guarantees or provisions for risks of IMF loans.

(3) Source: computation provided by the Ministry of Finance and the Ministry for Economic Cooperation and Development.

(4) Source: computation provided by the Ministry of Finance based on euro exchange rate of the European Central Bank of EUR 1 per USD 1.0389 in effect on December 31, 2024.

(5) Capital increase pending completion. The Federal Republic committed to the subscription of new shares in an amount of EUR 343.6 million/USD 356.966 million.

(6) Capital increase pending completion. The Federal Republic committed to new paid-in capital of EUR 50.168 million/USD 52.120 million for 2025 and 2026.

Combined Management Report

The figures in tables were calculated exactly and added up.
Figures presented may not add to totals because of independent rounding.

Actual zero amounts and amounts rounded to zero are presented as EUR 0 million.

Section 298 (2) of the German Commercial Code (*Handelsgesetzbuch – "HGB"*). The combined management report is included in the KfW Group financial report and is submitted to the German Company Register for publication.

The KfW annual financial statements prepared in accordance with the German Commercial Code and the group financial report are also available online at www.kfw.de.

Information on KfW as the parent company can be found under a separate section, "Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code".

The KfW consolidated financial statements were prepared in accordance with the provisions of Section 315e HGB in conjunction with the International Financial Reporting Standards ("IFRS") as applicable within the European Union. With the exception of the HGB information in the section "Notes to the KfW annual financial statements prepared in accordance with the German Commercial Code", all financial figures in this combined management report, including the comparative figures for the previous year, are reported in accordance with IFRS.

KfW's business model

KfW is a promotional bank of the Federal Republic of Germany in the legal form of a public-law institution. The Federal Government owns 80% of KfW's share capital (37 percentage points of which are attributable to the ERP Special Fund) and the German federal states own the remaining 20%. KfW is subject to the Law Concerning KfW (*KfW-Gesetz – "KfW Law"*), which defines its functions and sets out the requirements for KfW's operating activities. This set of functions is defined in Article 2 of the KfW Law and represents the implementation of Understanding II, which was reached with the European Commission. KfW's functions include the carrying out of promotional business, related transactions and mandated transactions. Because of its special business model, comparing KfW with commercial banks is only possible to a very limited extent.

KfW's primary and core statutory objective is its promotional business, in accordance with Article 2 (1) of the KfW Law. It consists of promotional measures, particularly in the form of financing for SMEs, the liberal professions and business start-ups, venture capital, housing, environmental protection, infrastructure, technical progress and innovation, internationally agreed promotional programmes and development cooperation.

The promotional business also involves financing regional and local authorities and special-purpose associations under public law (*öffentlich-rechtliche Zweckverbände*), measures with purely social objectives and for the promotion of education. Moreover, project financing is part of KfW's promotional business, insofar as it is co-financed by European financing institutions in the interest of the European Community, as well as export financing outside the European Union ("EU")/European Economic Area ("EEA") or in countries with official status as candidates for EU accession, provided that such funding is carried out on a syndicated basis or that there is insufficient financing available in the relevant countries.

A significant portion of promotion, particularly in the areas of SMEs, start-ups, venture capital, technical progress and innovation, is covered by ERP promotion carried out by KfW. The ERP Special Fund contributed funds to KfW's equity, which was recognised under the Capital reserve as ERP promotional reserves. ERP promotion is executed based on the approaches in the annual ERP Economic Planning Acts (*ERP-Wirtschafts-plangesetz*). The ERP Special Fund is the largest shareholder based on KfW's total capital ratio, due to the contributed ERP promotional reserves.

Where these operations are directly related to the fulfilment of its promotional tasks, KfW may also conduct additional transactions in accordance with Article 2 (3) of the KfW Law (related transactions). These include KfW's refinancing and treasury management measures as well as refinancing of KfW IPEX-Bank GmbH ("KfW IPEX-Bank") in line with market conditions. KfW may only engage in other transactions if these are expressly mandated by the German Federal Government on a case-by-case basis if there is a public interest in accordance with Article 2 (4) of the KfW Law (mandated transactions). Pursuant to Article 2 (3) sentence 3 of the KfW Law, KfW is expressly prohibited from engaging in financial commission business and deposit business with the general public; therefore, KfW refinances its lending business via the capital markets, primarily by issuing bonds.

In accordance with the retention requirement (Article 10 (1) of the KfW Law), there is no distribution of net profit to KfW shareholders. The annual net profit resulting after depreciation, amortisation and provisions is to be allocated to a statutory reserve. These funds are available to strengthen the binding regulatory capital ratios and can be re-deployed for promotional purposes subject to these ratios being met. This means that the funds remain in the promotional cycle.

In carrying out its transactions, KfW is subject to the requirement of competitive neutrality in cooperating with commercial banks. The remit as defined in the KfW Law in implementation of Understanding II reached with the European Commission ensures that KfW does not enter into significant competition with commercial banks. An on-lending principle is generally applied in the core domestic promotional business areas (Article 3 (1) of the KfW Law). Derogations therefrom may be made with approval of the Board of Supervisory Directors. The on-lending principle means that credit institutions or other financing institutions are involved in granting financing, enabling final borrowers to receive KfW loans in the legal form of loans from their own primary bank, which in turn refinances such operations via KfW. Therefore, KfW does not need to operate a branch network to sell its products. The on-lending principle applies exclusively in the promotional areas pursuant to Article 2 (1) no. 1a to f of the KfW Law, with the particular exception of financing for municipalities, for purely social purposes and for education.

Funding on the money and capital markets has a material impact on the group's business activities. KfW's creditworthiness as assessed by rating agencies is key to its funding conditions. Based on what is referred to as institutional liability (*Anstaltslast*), the Federal Republic of Germany is obliged to safeguard or maintain KfW's economic basis, thereby ensuring KfW's ability to function. In addition to the institutional liability, it is necessary to mention the comprehensive liability of the German Federal Government under Article 1a of the KfW Law, which extends to loans taken out and bonds issued by KfW, forward transactions structured as fixed transactions, rights conferred by options and other loans to KfW, and loans to third parties insofar as they are expressly guaranteed by KfW. As a result, KfW is ranked by rating agencies as having excellent credit quality (triple-A rating). The resulting funding conditions support KfW's operating activities in setting promotional incentives.

The federal guarantee and its ownership structure mean that KfW is designated as a public sector entity pursuant to Article 4 (1) no. 8 CRR. This enables utilisation of the exemption under Article 116 (4) CRR, by which creditors of exposures to KfW can apply a risk weight of 0% to an instrument covered by the federal guarantee.

KfW is subject to legal supervision by the Federal Government exercised by the Federal Ministry of Finance in consultation with the Federal Ministry for Economic Affairs and Climate Action. As a public-law institution, KfW is subject to regular audits by the Federal Audit Office. With regard to compliance with the applicable provisions of the German Banking Act (*Kreditwesengesetz – "KWG"*) applicable in accordance with the KfW Regulation, KfW is subject to supervision by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*) and the Bundesbank. However, KfW is neither a credit institution nor a financial services institution within the meaning of the KWG nor a credit institution within the meaning of CRD V.

Development Bank, DEG, Export and project finance, Financial markets and Head office, to which the main products and services are attributed as follows:

Mittelstandsbank & Private Kunden (*SME Bank* & *Private Clients*)	– Start-up financing – Financing of general corporate investments and investments in innovation, energy and environmental protection – Education financing – Financing for housing construction, conversion and refurbishment
Individualfinanzierung & Öffentliche Kunden (*Customised Finance* & *Public Clients*)	– Financing of municipal and social infrastructure – Customised corporate financing with equity and debt capital – Customised financing of banks and promotional institutions of the federal states (“LFI”) – Mandated transactions for energy suppliers (debt capital)
KfW Capital	– Investments in German and European venture capital and venture debt funds
Export and project finance	– Financing of German and European export activities – Financing of projects and investments which are of special interest for Germany and Europe
KfW Development Bank	– Promotion of developing countries and emerging economies on behalf of the Federal Government with budget funds and complementary market funds raised by KfW
DEG	– Financing provided by DEG – Deutsche Investitions- und Entwicklungs-gesellschaft mbH in developing countries and emerging economies (private enterprise financing)
Financial markets	– Securities and money market investments – Holding arrangements for the Federal Republic of Germany – Transactions mandated by the Federal Government, loan granted to Greece – Funding
Head office	– Central interest rate and currency management – Strategic equity investments

In addition to KfW (that is, the business sectors Mittelstandsbank & Private Kunden (*SME Bank* & *Private Clients*), Individualfinanzierung & Öffentliche Kunden (*Customised Finance* & *Public Clients*), KfW Development Bank, Financial markets and Head office), the group includes six consolidated subsidiaries. The main operational subsidiaries are KfW IPEX-Bank (responsible for the business sector Export and project finance), DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG) and KfW Capital GmbH & Co. KG (KfW Capital).

KfW IPEX-Bank addresses the global lending business in Export and project finance that is not part of KfW’s promotional activities and that is subject to competition in the financial services sector. In addition to its own market business, KfW IPEX-Bank manages the fiduciary business conducted on behalf of and for the account of KfW under an agency agreement. KfW IPEX-Bank is subject to the KWG and banking supervisory regulations. In light of its total assets exceeding EUR 30 billion and its classification as a significant entity, it will likely undergo a change of supervisor from BaFin and the Bundesbank to the ECB.

DEG is one of the largest European development finance institutions for long-term financing in the private sectors of developing countries and emerging economies. DEG operates alongside other financial institutions and provides funding to companies where funding is not offered by the market at all, or not to a sufficient degree. With its financing and advisory services focused on impact and/or the climate, DEG promotes sustainable local development and thereby contributes to the UN’s Sustainable Development Goals (“SDGs”) and the goals of the Paris Agreement on climate change.

	Total assets as of 31 Dec. 2024	Total assets as of 31 Dec. 2023
	EUR in millions	EUR in millions
KfW, Frankfurt am Main, Germany	540,309	555,731
Subsidiaries		
KfW IPEX-Bank GmbH, Frankfurt am Main, Germany	38,337	32,797
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, Germany	9,156	8,290
KfW Beteiligungsholding GmbH, Frankfurt am Main, Germany	3,521	3,194
KfW Capital GmbH & Co. KG, Frankfurt am Main, Germany	1,287	1,024
Interkonnektor GmbH, Frankfurt am Main, Germany	249	284
KfW IPEX-Bank Asia Ltd., Singapore (IPEX Asia)	16	15
Investments accounted for using the equity method	**Total assets as of 30 Sep. 2024**	**Total assets as of 30 Sep. 2023**
Green for Growth Fund, Southeast Europe S.A., Luxembourg (11.2%), Luxembourg	1,093	808
coparion GmbH & Co. KG, Cologne (16.4%), Germany	345	362
	31 Dec. 2024	**31 Dec. 2023**
DC Nordseekabel GmbH & Co. KG, Bayreuth (50.0%), Germany	802	856

The development of the group's operating income is driven by KfW.

Strategic objectives 2029

KfWplus is the group's strategic transformation agenda, which serves KfW as the basis for realising its goal of becoming the leading digital transformation and promotional bank. The **strategic objectives** are consistent with KfWplus and implement the control components, which are intended to enable comprehensive control and the achievement of targets. To this end, the strategic objectives define KfW's targeted medium-term positioning. This strategic framework encompasses top-level objectives at group level and serves as a central and binding reference for the strategic orientation of all business sectors, with a five-year horizon. The strategic objectives for 2029 were adopted in 2024.

KfW's **primary objective**, or purpose, is sustainable promotion, which means KfW aims to transform the economy and society to improve economic, environmental and social living conditions around the world. This primary objective is supported by the two promotional principles of subsidiarity and sustainability.

Subsidiarity means that KfW focuses on compensating for market weaknesses. Putting this principle into practice, KfW Group strives to maintain high-quality promotional activities and to mobilise private capital, to ensure that the goal of transforming the economy and society is achieved.

tasks for KfW. In domestic promotion, KfW still aims to achieve an SME ratio of > 40% in financing small and medium-sized German enterprises.

The primary objective, or purpose, is complemented by **secondary objectives** in the areas of digitalisation, agility and innovation, operating model and governance, and customer and employee centricity, which help to maintain and support a top-performing KfW. The secondary objectives comprise the same focus areas as in the prior year, with emphasis on internal digitalisation and innovation.

Internal management system

KfW Group has an integrated strategy and planning process. Conceived as a group-wide strategy process, group business sector planning is KfW Group's central planning and management tool. Group business sector planning consists of three consecutive sub-processes performed every year: defining objectives, implementation and quality assurance, and finalisation. The overall strategy and planning process includes the collaboration of staff responsible for planning in all areas.

Objectives: The KfWplus transformation agenda and the strategic objectives derived from it, both of which are set by the Executive Board, form the basis for strategic planning. These strategic objectives serve as a stable roadmap for KfW Group, laying out the direction in which KfW Group would like to develop over the next five years. They define KfW Group's medium-term targeted positioning and set top-level objectives for the entire bank. The strategic objectives are reviewed annually for relevance, completeness and aspiration level and are adjusted where necessary – for example, due to changed parameters or newly determined focus areas. Efforts are made, however, to maintain a high degree of consistency to ensure that there are no fundamental changes made to the strategic road map in the course of the annual review. A business strategy scenario analysis is conducted in parallel. A scenario analysis is a "what if" analysis of a specific, plausible scenario, looking at the interaction of exogenous influencing factors and translating the results of the analysis. Such scenarios assist in the process of identifying potential risks and opportunities for promotional targets and KfW Group's profitability and risk-bearing capacity, and enable these factors to be considered in the further planning process, if necessary. Within this strategic framework and the strategic focus areas set by the Executive Board, major medium-term projects relevant throughout the bank (bank backlog projects) are developed in a base case scenario by the market areas of the KfW parent company, and – taking into account their statutory requirements – the subsidiaries (hereinafter business sectors) and the central departments. Assumptions regarding the future development of both relevant external factors (including market development, regulatory requirements, climate policy and climate scenarios, the competitive situation and customer behaviour) and internal factors and resources (including human, technical and organisational resources, promotional expense, primary cost planning and tied-up capital) as well as targeted earnings levels, are made based on a risk and opportunity assessment. Promised benefits (such as project efficiencies) are also considered in business sector planning. This analysis involves an evaluation of the key business and revenue drivers for each group business sector, as well as for the group as a whole. The business sectors are also called upon to address the environmental, social and governance risks ("ESG" risks) resulting from their business activity and new projects. As risk drivers, these can have a considerable impact on the likelihood of occurrence or the extent of typical banking risk types. Although ESG risks primarily affect the lending and equity finance business of KfW Group, they can also potentially give rise to consequential risks, such as reputational risk. The central departments (e.g. information technology, human resources and central services) play important roles in achieving the strategic objectives. By involving these departments, their own strategies are aligned with the strategic objectives. The first regular capital budget in the base case and two adverse cases is prepared on a multi-year horizon on this basis. In this way, any capital bottleneck resulting from strategic considerations or changed parameters can be identified at an early stage and mitigated by resolving and implementing appropriate measures. Based on the strategic focus areas, the Executive Board prioritises all new and ongoing bank backlog projects across the group through the annual business review ("ABR"). With due consideration for this assessment and prioritisation, the Executive Board defines top-down objectives for all business sectors (with regard to promotion, risk and finances) and departments (staffing in the form of full time equivalents ("FTEs") and costs) for the entire planning period.

and risk strategies. The key conclusions from the planning process are incorporated into the business and risk strategies. The management has overall responsibility for formulating and adopting both strategies. The business strategy comprises the group's strategic objectives for its main business activities as well as important internal and external factors, which are included in the strategy process. It also contains the business sectors' contribution to the strategic objectives and the measures for achieving each objective. Moreover, the business strategy combines the budget at the group and business sector levels. The Executive Board sets out KfW Group's risk policies in its risk strategy, which is consistent with the business strategy. The risk strategy is based on the overarching aim of ensuring risk-bearing capacity and liquidity for the long term. Group business sector planning is used to review and redetermine risk appetite. The main risk management approaches are also incorporated into the risk strategy as a basis for operational risk management. The group business sector planning process ends when the Executive Board has adopted a final budget for the entire planning period, including the future capital requirement and the business and risk strategies. The budget is then presented to the supervisory body (Board of Supervisory Directors) for approval, along with the business and risk strategy for discussion. After the Board of Supervisory Directors has decided on the business and risk strategy, it is communicated to the staff in an appropriate manner. On the other hand, the result from the valuation of derivatives, which KfW carries out purely for hedging purposes, is not included in the planning, as it cannot be controlled or planned due to the complex interdependencies affecting the measurement at fair value of derivatives in the context of KfW's refinancing activities. The temporary effects on results from the measurement of such hedging relationships included in the actual figures are recognised separately in internal reporting and the management report as alternative key financial figures.

The adoption of the business sector planning serves as a foundation for the group's qualitative and quantitative objectives. The Executive Board reviews target achievement both on a regular and on an ad hoc basis during each financial year. The assumptions concerning external and internal factors made when determining the business strategy are also subject to regular checks. The development of relevant control variables, their attainment, and the reasons for any shortfalls are analysed as part of strategic management. Strategic assumptions are reviewed, and a systematic variance analysis of early objectives and forecasts is performed at the beginning of every year. Ad hoc issues of strategic relevance are also addressed in consultation with the group's departments, and recommendations for action concerning potential strategy adjustments or optimisation of the use of resources are made to the Executive Board by means of the strategic performance report. The results of the analysis are included in further strategy discussions and strategic planning processes. At mid-year, the integrated forecasting process serves as a comprehensive basis for interim management input on quantitative group variables of strategic importance in line with the strategic objectives (new business, risk and earnings) in respect of funding opportunities, while providing a well-founded guide to achieving planned objectives. The achievement of objectives is regularly monitored by the Board of Supervisory Directors based on reports submitted under the KfW Bylaws. The commentary in these reports outlines analyses of causes and any potential plans for action. Detailed reports are prepared on a monthly or quarterly basis as part of financial controlling. These comprehensive detailed analyses at group and business sector level comprise earnings and cost developments and are reported to specific departments. Additionally, analyses of significant relevance to overall group performance are also presented directly to the Executive Board. Early warning systems have been established and mitigation measures defined for all material risk types and risk-bearing capacity in general in line with the risk management requirements set out in the risk strategy. All controlling and monitoring approaches are integrated into regular risk reporting to the Executive Board. The Board of Supervisory Directors receives a risk report on a quarterly basis.

commitments shown in the statement of financial position, promotional business volume comprises loans from Federal Government funds for promotion of developing countries and emerging economies – which are accounted for as trust activities – financial guarantees, equity financing and securities purchases (in the green bonds asset class). Promotional business volume also includes grants committed as part of development aid and in domestic promotional programmes. Allocation to the promotional business volume for the current financial year is generally based on the commitment date of each loan, financial guarantee and grant, and the transaction date of the equity finance and securities transactions. On the other hand, allocation of general funding and global loans to the promotional institutions of the federal states (*Landesförderinstitute – "LFI"*) and BAföG government loans is based on the individual drawdown volume and date, instead of the total volume of the contract at the time of commitment. In the lending business, financing amounts denominated in foreign currency are converted into euros at the exchange rate on the commitment date, whereas in the securities and equity finance business, the conversion generally occurs at the rate on the transaction date.

See the "Development of KfW Group" economic report or segment reports for a breakdown of promotional business volume by individual segment.

Promotional expense

Promotional expense is understood to mean certain expenses arising in the two business sectors Mittelstandsbank & Privatkunden (*SME Bank* & *Private Clients*) and Individualfinanzierung & Öffentliche Kunden (*Customised Finance* & *Public Clients*) to achieve KfW's promotional objectives.

Interest rate reductions accounted for at present value are the key component of KfW's promotional expenses. KfW grants these reductions for certain domestic promotional loans for new business during the first fixed interest rate period in addition to passing on KfW's favourable refinancing conditions, obtained due to its triple-A rating. The difference between the fair value of these promotional loans and the transaction value during the first fixed interest rate period, due to the interest rate being below the market rate, is recognised in profit or loss as an interest expense and accounted for as an adjustment to the carrying amount under the item Financial assets at amortised cost. In addition, the accumulated interest rate reductions over the fixed interest rate period are recognised through profit or loss in Net interest income (see the relevant notes on KfW's promotional lending business, financial assets at amortised cost, and provisions).

An additional promotional component (in commission expense) comprises the expense paid in the form of upfront fees to sales partners for processing microloans. Promotional expense also contains disposable and product-related marketing and sales expenses (administrative expense), expenses for innovative digital promotional approaches (commission and administrative expense), and promotional grants awarded by KfW since 2023 in the context of ERP promotion (other operating expense).

In addition to the CIR, KfW also reports an adjusted CIR, which takes into account KfW's specific business model. Under domestic promotional programmes with expense-based remuneration, as well as for implementation of Financial Cooperation, KfW receives compensation in the amount of the costs incurred, which means that for these products the CIR is almost 100%. In order to ensure comparability of KfW's CIR with that of other financial institutions, the adjusted CIR does not take into account income and expenses related to these products.

Consolidated profit before IFRS effects
Consolidated profit before IFRS effects from hedging is another key financial figure based on Consolidated profit in accordance with IFRS. Derivative financial instruments are entered into for hedging purposes. Under IFRS, the requirements for the recognition and valuation of derivatives and hedges give rise to temporary net gains or losses that are offset over the entire term. In KfW's opinion, such temporary effects on results are not representative due to the economically effective hedging relationships.

Consequently, the following reconciliations are performed by eliminating temporary contributions to profit and loss as follows:

- Valuation results from micro and macro hedge accounting.
- Net gains or losses from the use of the fair value option to avoid an accounting mismatch in the case of funding including related hedging derivatives.
- Net gains or losses from the fair value accounting of hedges with high economic effectiveness but not qualifying for hedge accounting.
- Net gains or losses from foreign currency translation of foreign currency positions, in accordance with recognition and valuation requirements for derivatives and hedging relationships.
- Net gains or losses from changes to deferred taxes on credit rating-related effects of other derivatives from subsidiaries.

Global real domestic product ("GDP") increased by 3.2% in 2024 compared with 2023, according to estimates by the International Monetary Fund ("IMF"). While the growth rate of real GDP in industrialised countries in 2024 remained unchanged year on year, the global rate was lower, as was real GDP growth for developing countries and emerging economies. According to IMF calculations, the annual average rate of global consumer price inflation declined to 5.7% in 2024 from 6.7% in the previous year. The annual average global core inflation rate declined to a greater extent, from 6.0% to 4.7% in that same period. This disinflation was supported by the level of real key interest rates, which are cooling economic activity. As calculated by the Organisation for Economic Co-operation and Development ("OECD") global real GDP increased by 3.3% in the first quarter of 2024 and 3.1% in the second quarter (each year on year), followed by 3.2% in the third quarter. Economic activity in the service sector is stronger than in manufacturing. After global trade volume increased by a mere 0.7% year on year in 2023 according to the IMF, it developed in line with global real GDP in 2024.

Gross domestic product at constant prices

Year-on-year change in %	2024 estimate	2023	2014–2023 average
Global economy[1)]	3.2	3.3	3.1
Industrialised countries[1)]	1.7	1.7	1.9
Developing countries and emerging economies[1)]	4.2	4.4	4.0

1) The IMF aggregates the annual growth rates of GDP at constant prices of each country on the basis of the shares of country-specific GDP at purchasing power parities in the corresponding global aggregate to the growth rate of global real GDP, for industrialised countries as well as developing countries and emerging economies. The average is calculated as the geometric mean of annual growth rates.

Euro area economic growth recovered slightly in 2024 from the after-effects of the energy crisis. Price-adjusted GDP rose by 0.7% compared to 2023, after growing by just 0.4% in 2023 (see table below on gross domestic product at constant prices, year-on-year change). Harmonised consumer price inflation averaged 2.4% for the year, significantly lower than in the previous year (5.4%). Private consumption contributed to GDP growth but remained below expectations. Despite the increase in disposable income, higher purchasing power and a sound employment situation, households held back on their consumer spending, preferring to save an increasing proportion of their income. Global economic uncertainty resulting from the conflicts in Ukraine and the Middle East, and concerns about increasing trade fragmentation had a significant negative impact on private consumption and investment activity. Financing conditions were also an obstacle to corporate investment. Although the first ECB interest rate cut in June 2024 signalled an end to the restrictive interest rate policy, financing conditions for businesses were slow to improve. Euro area GDP, by contrast, was positively influenced by the rise in export demand, while imports remained virtually unchanged. The service sector compensated for softening in the industrial sector, which continued to suffer due to high energy prices. The expiry of national support packages for private investment and lower EU budget expenditure resulted in a decline in fiscal policy stimulus.

Euro area	0.7	0.4	1.5	6.3[1)]
Germany	–0.2	–0.3	1.1	4.1[2)]

[1)] 2021 [2)] 2010

Despite the global economic developments described above, lower interest rates, and increasing purchasing power of private households as a result of shrinking consumer price inflation, which at 2.2% in 2024 was below the comparative figure for 2023 (+5.9%), GDP in Germany contracted by 0.2% in 2024 compared with the previous year, having previously contracted by 0.3% in 2023 and grown at an annual average of 1.1% over the ten years from 2014 to 2023 (see table above on gross domestic product at constant prices, year-on-year change). Gross capital formation in machinery and equipment (–5.5%) and new buildings (–3.5%) provided negative momentum for the rate of change in GDP in 2024, while household final consumption expenditure (+0.3%), government final consumption expenditure (+2.6%) and gross capital formation in other assets (+3.9%) increased. Overall, domestic use rose by 0.2% in 2024. Net exports weighed on the rate of change in GDP in 2024 to the tune of 0.4 percentage points, with exports contracting (–0.8%) and imports rising (+0.2%). From a production perspective, gross value added in the economic sectors provided both positive and negative impetus for the rate of change in GDP in 2024. The construction industry suffered -the largest decline in gross value added (–3.8%), whereas the information and communication technology sector recorded the largest increase (+2.5%). Gross value added in the manufacturing industry, excluding construction, fell by 3.0%, while stagnating in the retail, transport and hospitality sector. The number of persons in employment located in Germany increased by 0.2% year on year in 2024, to 46.1 million.

The rise in headline inflation slowed further in the euro and dollar areas in 2024. Inflation in the second half of the year was already back within the central banks' 2% target range at times, in both currency areas. This was mainly due to a significant year-on-year decline in energy prices, in particular oil prices, which fell despite geopolitical tensions. By contrast, service sector inflation remained pronounced, declining only slightly over the course of the year. In December 2024, the annual inflation rate in the eurozone (rate of change in the Harmonised Index of Consumer Prices) was 2.4%; the annual inflation rate in the United States (rate of change in the Personal Consumption Expenditures Price Index) in the same period was 2.6%.

In view of these developments, the central banks in both currency areas initiated monetary easing. The US Federal Reserve began lowering the federal funds target rate range in September 2024 and reduced it by a total of 100 basis points (bp) to 4.25%–4.5% by the end of the year. The Federal Reserve continued to shrink its balance sheet by trimming assets at a somewhat slower pace in 2024, having begun in 2022.

In June 2024, the European Central Bank ("ECB") decided to lower the deposit facility rate for the first time, by 25 bp. A series of three further rate cuts of the same magnitude followed, putting this, the ECB's most important key rate, at 3% at the end of the year. As part of the review of the monetary policy framework, the interest rate differential between the main refinancing operations and the deposit facility was also narrowed from 50 to 15 bp. The ECB discontinued its asset purchase programmes, the pandemic emergency purchase programme ("PEPP") and the regular asset purchase programme ("APP") in 2022, and started decreasing portfolios again in 2023. Principal payments due under the APP were no longer reinvested in full in 2024, and reinvestments in the PEPP have also been only partial since July 2024. The consequence of these developments was a reduction in total securities held for monetary policy purposes by approximately 9% to EUR 4,290 billion by December 2024, compared to total securities held at the end of 2023. The regular and early repayments of targeted longer-term refinancing operations ("TLTRO III") contributed to the reduction in the ECB's total assets. By the end of December 2024, credit institutions in the euro area had reduced longer-term funds ("LTRO") they had borrowed from the central bank by EUR 380 billion compared to the end of 2023. As a consequence, funds provided under the TLTRO III programme have been repaid in full.

bp).

Stock markets in the United States and the euro area benefited from declining interest rates over the course of the year. Despite economic weakness in Europe and Germany, share prices also rose on domestic stock exchanges throughout 2024. At 19,909 points, Germany's leading DAX index registered 19% higher at the end of 2024 than at the end of 2023. At 5,880 points, the key US index, the S&P 500, achieved even greater growth of 23%.

Development of KfW Group

The group recorded a very strong promotional year again in 2024, with promotional volume of EUR 112.8 billion slightly exceeding the EUR 111.3 billion of the previous year.

The **earnings position** in 2024 was highly satisfactory despite the persistent challenging geopolitical and macroeconomic environment. Consolidated profit stood at EUR 1.4 billion thanks to the strong operating result, and was considerably above expectations but below the prior-year result of EUR 1.6 billion. Consolidated profit before IFRS from hedging of around EUR 1.4 billion was on par with the prior-year level. In addition to the strong operating result of EUR 1.9 billion (2023: EUR 1.8 billion), buoyed by higher net interest and commission income, this development was largely attributable to an unchanged positive valuation result of EUR 0.2 billion (2023: EUR 0.3 billion). Overall, KfW Group generated a consolidated profit before IFRS effects from hedging, promotional expense and taxes, of EUR 2.1 billion in 2024, a EUR 0.2 billion increase compared with the previous year. This enabled KfW to increase its promotional expense to EUR 0.5 billion in 2024 (2023: EUR 0.4 billion), the highest figure in the last ten years. At the same time, tax expense increased by EUR 0.1 billion to EUR 0.2 billion.

Consolidated total assets decreased by EUR 15.4 billion to EUR 545.4 billion in financial year 2024. This was mainly due to a EUR 17.8 billion reduction in liquidity holdings and the EUR 8.1 billion decrease in Net loans and advances to EUR 440.1 billion, primarily as a result of repayments under the coronavirus special programme 2020. This was offset by a market price-induced increase of EUR 5.4 billion in value adjustments from macro hedge accounting. The volume of own issues reported under Certificated liabilities amounted to EUR 455.5 billion (31 Dec. 2023: EUR 452.2 billion). The EUR 1.5 billion increase in equity to EUR 39.6 billion resulted mainly from the consolidated profit, which amounted to EUR 1.4 billion.

in the business sector Mittelstandsbank & Private Kunden *(SME Bank and Private Clients)* fell from EUR 39.1 billion to EUR 35.8 billion. The decline particularly affected the Mittelstandsbank *(SME Bank)*, where persistently weak economic environment and state aid requirements with a high EU reference rate had a negative impact on business. This led to a decrease in the volume of promotional business to EUR 13.4 billion (2023: EUR 20.4 billion). On the other hand, positive performance was recorded in business with private clients, rising from EUR 18.8 billion to EUR 22.4 billion, particularly in the key promotional areas energy efficiency, renewable energy and homes and living. The subsidiary KfW Capital recorded new business volume totalling EUR 1.6 billion in 2024 (2023: EUR 2.1 billion). The high volume in the prior-year period was mainly the result of more intensive commitment activity as part of the German Future Fund ("GFF") EIF Growth Facility programme, which is managed on a fiduciary basis for the Federal Government.

International business commitments declined slightly in financial year 2024 to a promotional business volume of EUR 34.2 billion (2023: EUR 35.1 billion). New commitments totalling EUR 23.9 billion put the business sector Export and project finance close to the previous year's record figure of EUR 24.2 billion. Commitments in the business sector KfW Development Bank dropped slightly from EUR 9.0 billion to EUR 7.8 billion. Despite persistent globally challenging conditions, DEG recorded commitments totalling EUR 2.5 billion, a sizeable increase in new business over the previous year, which at EUR 1.9 billion was already high.

The development of new business volume in 2024 affected the most important non-financial performance indicators relevant to management, i.e. the SME and environmental shares of financing, in different ways. At 35%, the group-level SME share of financing was below the target of the strategic objectives (>40%) and below the prior-year figure of 46%. At the same time, the environmental share of 44% in 2024 exceeded the target of the strategic objectives (>38%) and almost reached the same level as the prior year (45%).

KfW raised a volume of EUR 78.1 billion in the capital markets to fund its business activities in 2024 (2023: EUR 90.2 billion).

Promotional business volume of KfW Group

	2024 EUR in billions	2023 EUR in billions
Domestic business	**79.0**	**77.1**
Mittelstandsbank & Private Kunden *(SME Bank & Private Clients)*	35.8	39.1
Individualfinanzierung & Öffentliche Kunden *(Customised Finance & Public Clients)*	41.6	35.9
KfW Capital	1.6	2.1
Financial markets	**0.0**	**0.5**
International business	**34.2**	**35.1**
Export and project finance	23.9	24.2
KfW Development Bank	7.8	9.0
DEG	2.5	1.9
Volume of new commitments[1)]	**112.8**	**111.3**

[1)] Adjusted for export and project financing refinanced through KfW programme loans.

C. Positive risk provision result

Despite the persistent uncertainties in the geopolitical and macroeconomic environment, risk provisions for lending business resulted in overall net income of EUR 39 million in 2024, compared with EUR 165 million the previous year. The risk provision result was therefore significantly better than the projected standard risk costs (EUR –495 million). This result benefited from the unchanged favourable risk situation in KfW's lending book, which was reflected in particular in the net reversals of provisions for latent risks (stage 1 and 2) for loans totalling EUR 51 million (2023: EUR 172 million). In addition, net expense for non-performing loans (stage 3), at EUR 50 million, was lower than in the previous year (EUR 72 million) and was largely offset by income from recoveries of loans written off, totalling EUR 43 million (2023: EUR 66 million).

D. Positive valuation result from equity investment portfolio

The group generated income totalling EUR 149 million from the valuation of the equity investment portfolio in financial year 2024, in contrast to charges totalling EUR 101 million in the previous year. This positive result was largely due to DEG's equity investment portfolio, which recorded a valuation result of EUR 81 million, following charges of EUR 80 million in the previous year. A net loss from securities of EUR 53 million was more than offset by positive effects from foreign currency translation. KfW Capital contributed a positive valuation result of EUR 31 million, following charges of EUR 92 million in the previous year. The business sectors Export and project finance (EUR 22 million) and KfW Development Bank (EUR 20 million) also contributed to the positive valuation result.

E. Highest promotional expense of last ten years

KfW's domestic promotional expense, which has a negative impact on its earnings position, rose significantly to EUR 504 million in financial year 2024, compared to EUR 371 million in 2023. This is the highest figure in the last ten years, and significantly exceeded the projected EUR 444 million. The main reason for this development was interest rate reductions, which rose by EUR 123 million to EUR 406 million due to higher reduction margins and an increased promotional volume. Moreover, the obligation to issue grants under KfW's ERP promotional programmes in the years ahead, which was again applicable in financial year 2024, led to promotional expense of EUR 70 million (2023: EUR 62 million).

Promotional expense	504	371
Consolidated profit	1,402	1,559
Cost-income ratio (before promotional expense)[1]	46.4%	46.3%

Key economic figures	2024 EUR in millions	2023 EUR in millions
Consolidated profit before IFRS effects	1,354	1,347

Key figures of the statement of financial position	31 Dec. 2024 EUR in billions	31 Dec. 2023 EUR in billions
Total assets	545.4	560.7
Volume of lending	593.5	599.1
Volume of business	713.3	724.4
Equity	39.6	38.1
Equity ratio	7.3%	6.8%

[1] Administrative expense (before promotional expense) in relation to adjusted income. Adjusted income is calculated as the sum of net interest income and net commission income (in each case before promotional expense).

Comparison with the previous year's forecast

	2023 forecast for 2024	2024 actual
New business		
Promotional business volume	EUR 89.2 billion	EUR 112.8 billion
Funding	EUR 90–95 billion	EUR 78.1 billion
Result		
Consolidated profit	EUR 1.03 billion	EUR 1.4 billion
Net interest income (before promotional expense)	EUR 2.7 billion	EUR 2.9 billion
Net commission income (before promotional expense)	EUR 0.7 billion	EUR 0.7 billion
Administrative expense (before promotional expense)	EUR 1.6 billion	EUR 1.7 billion
Risk provisions for lending business	EUR –0.5 billion	EUR +0.0 billion
Valuation result	EUR +0.2 billion	EUR +0.2 billion
Promotional expense	EUR 0.4 billion	EUR 0.5 billion

The main differences between the forecasts from the Financial Report 2023 and actual business development in 2024 are set out above.

	EUR in millions	EUR in millions	EUR in millions	
Net interest income (before promotional expense)	2,900	–408	2,493	Net interest income
Net commission income (before promotional expense)	675	–12	664	Net commission income
Administrative expense (before promotional expense)	1,658	14	1,672	Administrative expense
Operating result before valuation (before promotional expense)	**1,917**	**–433**	**1,484**	**Operating result before valuation**
Risk provisions for lending business	39	–1	39	Net gains/losses from risk provisions
Net gains/losses from hedge accounting	107	0	107	Net gains/losses from hedge accounting
Other financial instruments at fair value through profit or loss	44	0	44	Net gains/losses from other financial instruments at fair value through profit or loss
Securities and investments	–0	1	0	Net gains/losses from disposal of financial assets at amortised cost
Net gains/losses from investments accounted for using the equity method	20	0	20	Net gains/losses from investments accounted for using the equity method
Operating result after valuation (before promotional expense)	**2,126**	**–433**	**1,693**	**Operating result after valuation**
Net other operating income (before promotional expense)	18	–70	–52	Net other operating income or loss
Profit/loss from operating activities (before promotional expense)	**2,145**	**–504**	**1,641**	**Profit/loss from operating activities**
Promotional expense	504	–504	0	-
Taxes on income	239	0	239	Taxes on income
Consolidated profit	**1,402**	**0**	**1,402**	**Consolidated profit**
Temporary net gains/losses from hedge accounting	48		48	Temporary net gains/losses from hedge accounting
Consolidated profit before IFRS effects	**1,354**	**0**	**1,354**	**Consolidated profit before IFRS effects**

Administrative expense (before promotional expense)	1,547	14	1,561	Administrative expense
Operating result before valuation (before promotional expense)	**1,797**	**–309**	**1,488**	**Operating result before valuation**
Risk provisions for lending business	165	4	169	Net gains/losses from risk provisions
Net gains/losses from hedge accounting	291	0	291	Net gains/losses from hedge accounting
Other financial instruments at fair value through profit or loss	–177	0	–177	Net gains/losses from other financial instruments at fair value through profit or loss
Securities and investments	4	–4	0	Net gains/losses from disposal of financial assets at amortised cost
Net gains/losses from investments accounted for using the equity method	29	0	29	Net gains/losses from investments accounted for using the equity method
Operating result after valuation (before promotional expense)	**2,109**	**–309**	**1,800**	**Operating result after valuation**
Net other operating income (before promotional expense)	–14	–62	–76	Net other operating income or loss
Profit/loss from operating activities (before promotional expense)	**2,095**	**–371**	**1,724**	**Profit/loss from operating activities**
Promotional expense	371	–371	0	-
Taxes on income	165	0	165	Taxes on income
Consolidated profit	**1,559**	**0**	**1,559**	**Consolidated profit**
Temporary net gains/losses from hedge accounting	212		212	Temporary net gains/losses from hedge accounting
Consolidated profit before IFRS effects	**1,347**	**0**	**1,347**	**Consolidated profit before IFRS effects**

At EUR 1,917 million, **Operating result before valuation (before promotional expense)** was above the prior-year level (EUR 1,797 million) and well above the target (EUR 1,758 million).

At EUR 2,900 million, **Net interest income (before promotional expense)** exceeded the prior-year level (EUR 2,738 million) by 6% and the target (EUR 2,719 million) by 7%. One key factor driving the year-on-year increase was the significantly higher income from borrowings, which was considerably above both the previous year's figure and the target. KfW benefited from favourable funding conditions on the capital and money markets, which can be attributed to its excellent credit rating. Income from investment of own funds also increased significantly due to higher interest rates and investment volumes compared to the previous year. By contrast, interest margin income including commitment fees declined, although it still exceeded expectations considerably.

Net commission income (before promotional expense) amounted to EUR 675 million, which was well above the 2023 figure (EUR 606 million) and exceeded expectations (EUR 651 million). The main factor for the growth in net commission income was income from cost-based remuneration that KfW received from the Federal Government for implementation of domestic promotional programmes and administration of Financial Cooperation. KfW generated income of EUR 363 million from the implementation of its domestic promotional programmes, compared to EUR 288 million in the previous year and a target of EUR 338 million. The main reason for the year-on-year increase in this income was the rise in Federal Funding for Efficient Buildings and heating promotion (under the Buildings Energy Act *(Gebäudeenergiegesetz)* and the Future Fund implemented by KfW Capital. KfW received income of EUR 255 million from the administration of Financial Cooperation (2023: EUR 245 million). The remuneration from the Federal Government was offset by related administrative expenses. On the other hand, commission income in the business sector Export and project finance declined by EUR 17 million to EUR 26 million, due in particular to loan fees, thus falling short of the target figure.

been agreed with the Federal Government, the cost-income ratio for 2024 amounted to 55.7 % (2023: 55.8 %).

Despite persisting uncertainty in the geopolitical and macroeconomic environment, the result from **risk provisions for lending business** in 2024 was total income of EUR 39 million (2023: EUR 165 million) which was significantly better than the projected standard risk costs (EUR –495 million). A major factor in the positive result was the continued favourable risk situation in KfW's lending book.

The positive development in provisions for individual risks that cannot be allocated is essentially due to two opposing effects. The negative effects from the adjustment of the second, more conservative macro-economic scenario, which takes into account the increased forecasting uncertainty regarding global economic -developments, were more than offset by positive effects from various methodological developments in the risk models. The risk provisions for performing loans (stages 1 and 2) were fully reversed. This resulted in net additions of EUR 51 million (2023: EUR 172 million).

Net additions of EUR 50 million (2023: EUR 72 million) were recorded in risk provisions for non-performing loans (stage 3) including direct write-offs in 2024. Net additions of EUR 98 million (2023: EUR 64 million) were largely recorded by the business sector Mittelstandsbank & Private Kunden *(SME Bank* & *Private Clients)*. Of the latter amount, EUR 76 million was attributable to education financing (2023: EUR 42 million). The business sector Export and project finance, in contrast, recorded net reversals of EUR 50 million (2023: net additions of EUR 68 million).

Income from recoveries of loans previously written off totalled EUR 43 million and was therefore below that of the previous year (EUR 66 million). Almost the total of recoveries (EUR 39 million) related to the business sector SME Bank & Private Clients.

At EUR 1.9 billion, Risk provisions for lending business at the end of 2024 were almost unchanged from the previous year. This development reflected both an unchanged provision for acute risks in stage 3 of EUR 1.4 billion and a slightly lower overall provision for individual risks that cannot be allocated, with provisions in stages 1 and 2 each amounting to EUR 0.3 billion.

Net gains/losses from hedge accounting and other financial instruments at fair value through profit or loss amounted to EUR 150 million (2023: EUR 114 million). This result was driven in financial year 2024 by positive valuation effects from the equity investment portfolio, offset in part by declining positive IFRS-related effects from the measurement of derivatives used for hedging purposes and a negative foreign currency result.

The equity investment portfolios recognised at fair value through profit or loss generated total income of EUR 129 million in financial year 2024 (2023: expense of EUR 130 million). DEG made a significant contribution to the favourable development with a positive valuation result of EUR 81 million. DEG's loss from securities of EUR 53 million (2023: income of EUR 13 million) was more than offset by positive exchange rate-induced effects – particularly appreciation of the US dollar. KfW Capital also generated a positive result of EUR 33 million from its equity investment portfolio, after the previous year (expense of EUR 93 million) had been negatively affected by a significant deterioration in venture capital market conditions. KfW Development Bank and the business sector Export and project finance also performed positively, with results of EUR 13 million (2023: EUR 59 million) and EUR 8 million (2023: expense of EUR 8 million) respectively. On the other hand, the business sector Individualfinanzierung & Öffentliche Kunden *(Customised Finance* & *Public Clients)* recorded an expense of EUR 2 million, which nonetheless represents a year-on-year improvement (2023: EUR –15 million).

of the covered bonds. However, there were essentially no defaults or significant deteriorations in credit quality.

Net gains totalling EUR 19 million (2023: EUR 33 million) were recorded from **securities and investments** as well as from **investments accounted for using the equity method**. Investments accounted for using the equity method contributed EUR 20 million to the result. This was primarily due to value increases in the business sectors Export and project finance and KfW Development Bank.

Net other operating income (before promotional expense) was EUR 18 million, a considerable increase from the previous year's figure (2023: expense of EUR –14 million).

At EUR 504 million in 2024, KfW's domestic **promotional expense**, which has a negative impact on KfW Group's earnings position, was above the prior-year level (EUR 371 million) and slightly above projections (EUR 444 million). The ERP promotional business proportion of promotional expense amounted to EUR 360 million.

Interest rate reductions are the key component of KfW's promotional expense. KfW grants these reductions for certain domestic promotional loans during the first fixed-interest-rate period, which has a negative effect on its earnings position. In addition, KfW passes on its favourable funding conditions, which benefit from its triple-A rating. At EUR 406 million, the volume of interest rate reductions increased once again in financial year 2024 (2023: EUR 282 million), and was slightly above the projected figure (EUR 405 million). Of this amount, EUR 276 million was attributable to ERP promotional business. The increase in interest rate reductions -was primarily a result of sustained higher interest rates, which made higher reduction margins possible and led to an additional increase in demand for promotional loans at reduced rates. The promotional grants provided in addition to the lending business and recognised as promotional expense in Net other operating income rose to EUR 70 million in financial year 2024. The reason for the increase was the obligation to award grants under KfW's ERP promotional programmes; with promotional expenses of EUR 70 million, above the corresponding charges from the previous year (EUR 62 million). Moreover promotional expenses reported in net commission income and administrative expense amounted to EUR 26 million (2023: EUR 27 million). Among other things, this spending was aimed at the sale of KfW's promotional products.

The group recognised a **tax expense** of EUR 239 million for financial year 2024 (2023: EUR 165 million). This consisted of current taxes on income of EUR 167 million (2023: EUR 117 million) and deferred tax expense of EUR 72 million (2023: EUR 47 million). The increase in current taxes was primarily due to the positive earnings performance of the taxable companies included in the consolidated financial statements in 2024 and the elimination of previously recognised tax loss carryforwards.

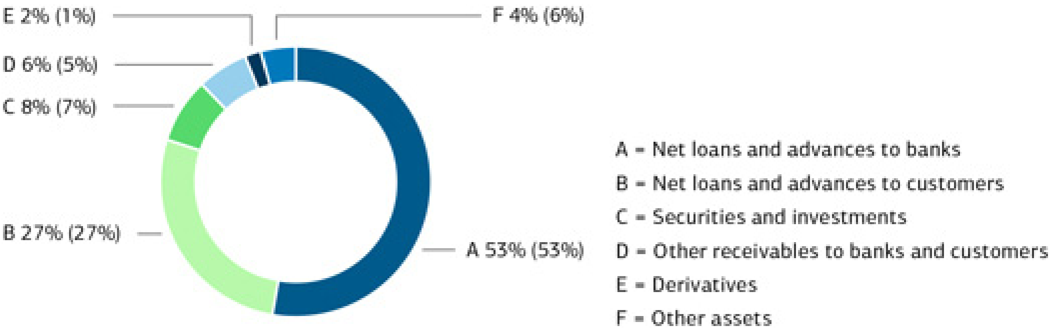
Overall, the group generated a **consolidated profit** of EUR 1,402 million, which is below the previous year (EUR 1,559 million) but considerably above expectations of around EUR 1,030 million.

overall by a significant degree.

Development of net assets of KfW Group

Lending to banks and customers accounted for 80% of the group's assets as of 31 December 2024, unchanged from the previous year.

Assets of KfW Group 31 December 2024 (31 Dec. 2023)



Compared to the previous year, the **volume of lending** decreased by EUR 5.6 billion to EUR 593.5 billion (previous year: EUR 599.1 billion).

Volume of lending of KfW Group

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Loans and advances	441,915	450,020
Risk provisions for lending business	–1,818	–1,852
Net loans and advances	**440,097**	**448,168**
Contingent liabilities from financial guarantees	3,462	3,486
Irrevocable loan commitments	138,628	136,118
Loans and advances held in trust	11,287	11,281
Total	**593,475**	**599,054**

Buildings ("BEG")/ Energy Efficient Construction and Refurbishment programmes each declined to EUR 9.2 billion. Within assets held in trust, the volume of Loans and advances held in trust, which primarily comprise loans to promote developing countries and emerging economies financed by budget funds provided by the Federal Republic of Germany, remained unchanged at EUR 11.3 billion.

Other loans and advances to banks and customers posted an increase of EUR 4.0 billion to EUR 32.9 billion. A total of EUR 3.5 billion of the increase resulted from reverse repo transactions, in which KfW acts in the capacity of lender, and from higher deposits, mainly at banks (EUR 2.1 billion), while cash collateral provided decreased by EUR 2.8 billion.

The total amount of **securities and investments**, at EUR 43.1 billion, was 6% above the previous year's level.

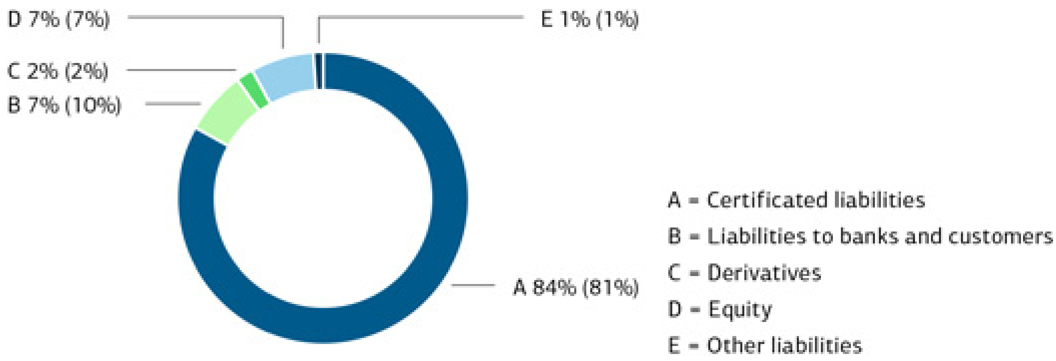
Securities and investments of KfW Group

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Bonds and other fixed-income securities	37,982	36,057
Shares and other non-fixed income securities	0	0
Equity investments	5,031	4,418
Shares in non-consolidated subsidiaries	92	90
Total	**43,106**	**40,565**

The **securities portfolio** increased by EUR 1.9 billion to EUR 38.0 billion in financial year 2024 (31 Dec. 2023: EUR 36.1 billion). The portfolio of **Equity investments**, including both direct and fund investments, and **Shares in non-consolidated subsidiaries** increased by EUR 0.6 billion to EUR 5.1 billion in 2024. This was due in part to portfolio growth at KfW Capital and DEG.

Value adjustments from macro hedge accounting rose by EUR 5.4 billion, based on fair value and due to amortisation effects, from EUR –14.8 billion to EUR –9.4 billion. **Derivatives** with positive fair values, which are primarily used to hedge refinancing transactions, rose from EUR 7.8 billion in the previous year to EUR 9.7 billion. This was primarily due to value adjustments of derivatives used in micro hedge accounting, which increased from EUR 4.0 billion to EUR 6.6 billion.

KfW reduced its **balances with central banks** by EUR 20.9 billion to EUR 26.5 billion and made greater use of other investments. The liquidity held continues to ensure KfW's ability to react to market events at short notice. There were only minor changes in the **other asset line items** in the statement of financial position.



Borrowings decreased by EUR 14.4 billion to EUR 493.0 billion.

Borrowings of KfW Group

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Short-term funds	33,947	40,773
Bonds and notes	422,994	414,553
Other funding	36,042	52,025
Total	**492,983**	**507,352**

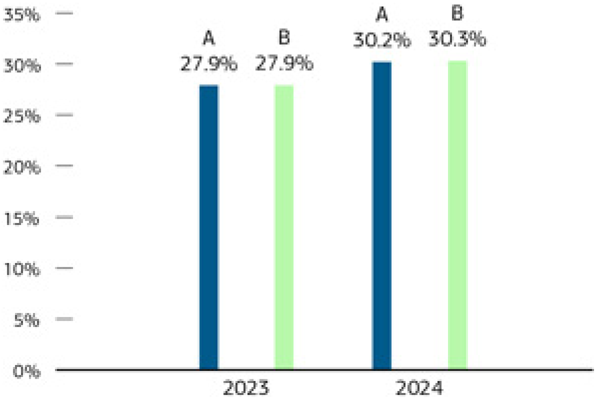
Funds raised in the form of certificated liabilities rose by EUR 3.2 billion to EUR 455.5 billion. Of this increase, -EUR 8.4 billion was attributable to medium and long-term bonds and notes, which remain the group's principal source of funding. At year-end 2024, such funds amounted to EUR 423.0 billion (31 Dec. 2023: EUR 414.6 billion) and accounted for 86% of borrowings. Short-term issues of commercial paper declined by EUR 5.2 billion to EUR 32.5 billion. Total short-term funds, including demand deposits and term deposits, amounted to EUR 33.9 billion, compared with EUR 40.8 billion in the previous year. Funds were released in the course of the partial repayment of loans under the liquidity support for energy suppliers and the coronavirus special programme 2020. This resulted in a decline in Other funding by EUR 16.0 billion to EUR 36.0 billion (31 Dec. 2023: EUR 52.0 billion). Other funding mainly includes promissory note loans *(Schuldscheindarlehen)* from customers, which declined by EUR 14.2 billion to EUR 24.7 billion (primarily representing funding through the WSF). In contrast, cash collateral received, which primarily serves to reduce counterparty risk from the derivatives business, rose from EUR 2.9 billion in the previous year to EUR 4.5 billion.

Equity of KfW Group

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Paid-in subscribed capital	3,300	3,300
Capital reserve	8,447	8,447
Reserve from the ERP Special Fund	1,191	1,191
Retained earnings	26,552	25,150
Revaluation reserves	83	–15
Total	**39,573**	**38,073**

Risks are reported at group level in accordance with KfW Group's internal risk management. The key risk indicators are presented below.

Regulatory capital ratios:

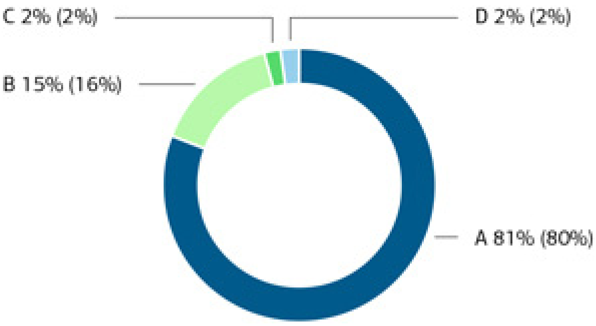


The sharp rise in the total capital ratio by around 2.4 percentage points compared with the previous year is due to the increase in regulatory -capital (by EUR 1.5 billion) and the marked decrease in total risk exposure ("RWA"; by EUR –5.2 billion), mainly due to method adjustments -in the exposure at default and loss given default environment as well as rating improvements at on-lending banks.

A = Tier 1 capital ratio
B = Total capital ratio

Credit risk:

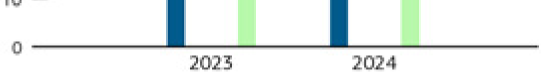
Net exposure breakdown[1)]



The credit quality structure of the portfolio was stable year on year.

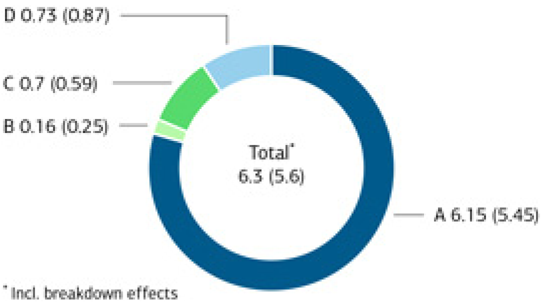
A = Investment grade
B = Non-investment grade
C = Watch list
D = Default

[1)] Compared to the previous year excluding equity investment risk



A = Available financial resources
B = Total economic capital requirement

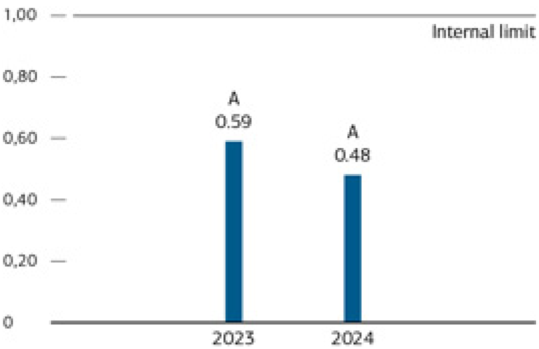
Market price risk:
ECAP (EUR in billions)



The total capital requirement for market price risk increased year on year. This is mainly due to the higher economic capital ("ECAP") requirement for interest risk. Expanding the strategic interest rate position has the effect of increasing risk in such case. In credit spread risk, the first-time inclusion of credit spreads in the present value measurement of pension provisions serves to reduce risk.

A = Interest risk
B = Interest volatility risk
C = Currency risk
D = Credit spread risk

Liquidity risk:



The liquidity risk indicator remained considerably below the internal limit throughout the year. The decrease is mainly due to lower funding requirements as a result of lower expected drawdowns on credit lines.

A = Liquidity risk indicator (worst case)

A = ECAP

Current developments

In financial year 2024, as in previous years, KfW Group refined the processes and instruments of its risk management and controlling, taking into account current banking supervisory requirements. In particular, the method for modelling expected rating changes and the economic risk-bearing capacity concept were further improved. The risk inventory was revised to take the materiality assessment into account. In addition to existing interest rate risk in the banking book ("IRRBB") reporting, credit spread risk in the banking book ("CSRBB") reporting has now also been put into practice in market price risk reporting with regard to earnings. The same applies to the expanded implementing technical standards ("ITS") on supervisory reporting of IRRBB reporting. KfW also implemented the requirements of the EU regulation Digital Operational Resilience Act ("DORA") in a crossfunctional project. DORA is aimed at mitigating the risks associated with digital transformation in the financial services sector and at promoting cyber resilience.

An additional focus was placed on further developing the management of environmental, social and governance -risks ("ESG risks") as part of a group-wide project involving all subsidiaries. As a result of these further developments, ESG risks are now more extensively and explicitly addressed and integrated in existing risk management cycle instruments. A comprehensive ESG risk driver analysis was performed as the basis for the risk inventory. The identified ESG risk drivers were categorised and the effects on KfW's risk types calculated. The process found that environmental and governance risks in particular impact credit risk, while social risks are particularly relevant for KfW's equity investment risk. The risk appetite relating to ESG risk was also determined in 2024, and was defined through capital allocation buffers. These serve, among other purposes, to mitigate ESG-induced losses that may materialise in the long term. ESG risk management is operationalised in particular in the course of monitoring threshold values for defined ESG-related credit risk indicators. Operational implementation is scheduled for the beginning of 2025. Moreover, the functionality of the ESG risk profiles for identification and assessment of ESG risk drivers in credit risk is being continually expanded and increasingly integrated into risk measurement and management. Further key elements include regular stress tests based on special ESG stress test methods and a risk reporting -system that is supplemented by ESG factors. In order to develop a group-wide biodiversity strategy, specific aspects of ESG risk management are addressed in a separate workstream as part of implementing the BioDiv roadmap.

The KfW subsidiary KfW IPEX-Bank was classified as a significant institution on 29 November 2024 with communication of the final decree. The European Central Bank ("ECB") assumed direct supervision of KfW IPEX-Bank with effect from 1 January 2025.

through the relevant bodies.

Organisation of risk management and monitoring

Risk management bodies and responsibilities

KfW's Executive Board sets the group's risk guidelines as part of its overall responsibility. The Board of Supervisory Directors is informed at least quarterly of KfW Group's risk situation. The Risk and Credit Committee set up by the Board of Supervisory Directors is primarily responsible for advising the Board of Supervisory Directors about the group's current and future overall risk tolerance and strategy and supports it in monitoring the implementation of the latter. The Committee decides on loan approvals (including loans to members of management), operational level equity investments, funding and swap transactions, where committee authorisation is required by the KfW Bylaws. The Audit Committee monitors, above all, the accounting process and the effectiveness of the risk management system and internal control and offers recommendations to the Board of Supervisory Directors concerning its approval of KfW's annual and consolidated financial statements.

Additionally, the subsidiaries and organisational entities of KfW Group exercise their own control functions within the group-wide risk management system. Group-wide regulations, projects and working groups are in place to implement a consistent approach, such as in the rollout of rating instruments to subsidiaries or in the management and valuation of collateral. The responsibility for developing and structuring risk management -and risk control activities is located outside the front-office departments and lies in particular with the Risk Controlling and Credit Risk Management areas.

Risk management within the group is carried out by various interconnected decision-making bodies. At the top of the system is the Executive Board, which takes the key decisions on risk policy. There are three risk committees below Executive Board level (Credit Risk Committee, Market Price Risk Committee and Operational Risk Committee) that prepare decisions for the Executive Board, take their own decisions within their remits, and also involve representatives from KfW subsidiaries in decision-making processes. Internal Auditing -has a fundamental right to attend risk management committee meetings. Working groups such as the Credit and Equity Investment Risk Working Group, Country Rating Working Group, Corporate Sector Risk Working Group, Market Price Risk Working Group and Hedge Committee support the committees. Committee resolutions are adopted by simple majority, whereby the rules on voting eligibility take appropriate account of the requirements of the respective roles and the independence of the Risk Controlling and front and back office departments in particular. Escalation to Executive Board level is possible in all committees.

Credit Risk Committee
The Credit Risk Committee is a decision-making and discussion body for lending decisions as well as for overarching loan portfolio and credit risk issues. The Credit Risk Committee is chaired by the Chief Risk Officer and meets once a week.

The weekly meetings of the Credit Risk Committee involve making lending decisions and preparing for decisions -to be made by the plenary Executive Board in line with the credit approval policy, with KfW subsidiary exposures also being presented. Voting members of the committee are, in addition to KfW Group's Chief Risk Officer ("CRO"), the Head of Credit Risk Management, members of the Executive Board with front-office responsibilities and KfW IPEX-Bank's Chief Risk Officer. DEG's CRO is a member without voting rights. In addition, current developments in and management tools for the loan portfolio as well as fundamental issues -concerning credit risk management are analysed on an ad hoc basis. This includes reports and submissions -from the Country Rating Working Group and the Corporate Sector Risk Working Group. DEG's CRO, the managing director of KfW Capital responsible for risk issues and the Head of Risk Controlling are also entitled to vote.

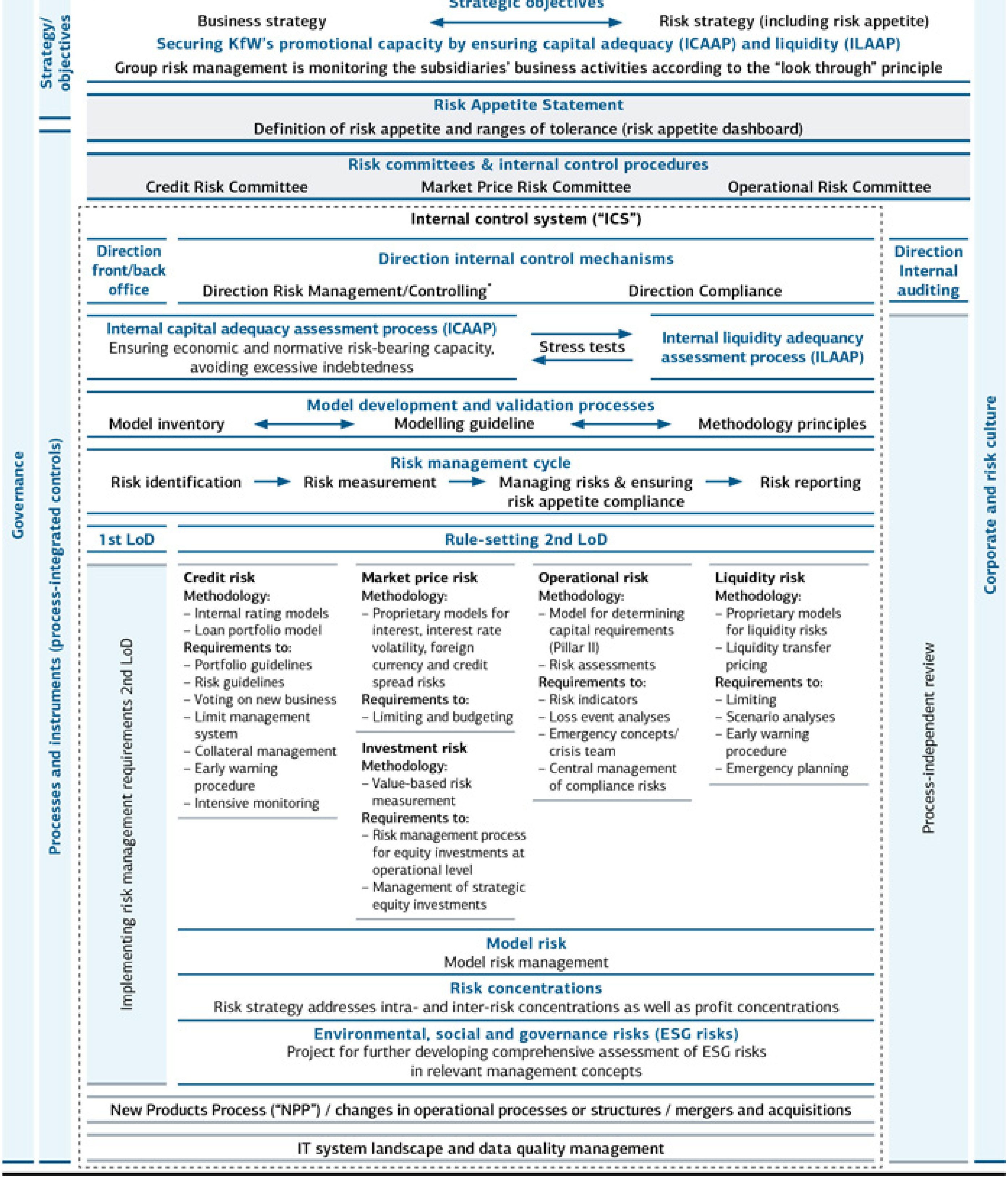
Moreover, once a month, the Credit Risk Committee discusses overarching credit risk issues of risk controlling and makes decisions on significant adjustments in accordance with the competency matrix. These essentially include reports and draft resolutions on the risk situation and risk management – in particular on stress tests for credit and equity investment risks – as well as on credit risk methods and policies, and the submissions -addressed in the Credit and Equity Investment Risk Working Group. Reports are also made on the development of regulatory requirements, their impact and the progress of implementation projects in KfW Group. Only the CRO and the Head of Risk Controlling are entitled to vote on these issues relating to the risk controlling function.

The Credit Risk Committee is supported by various working groups. The Country Rating Working Group serves as the central unit for assessing country risk. The Credit and Equity Investment Risk Working Group supports the committee in connection with methodological and procedural issues and decisions relating to credit and equity investment risk measurement instruments and rating systems, and collateral acceptance and valuation, in particular the (further) development of methods used, implementation of regulatory requirements, -acknowledgement of validation results and adjustments to the relevant processes. The Corporate -Sector Risk Working Group is a group-wide expert panel which analyses sector and product related credit risks in the corporate segment. The decisions made, reports submitted, and other key topics addressed in the working groups are communicated to the Credit Risk Committee through the working group minutes.

relating to model development, validation and financial reporting measurement, in particular, taking note of validation reports and recommendations resulting from validation. A distinction is made between voting rights relating to different subject areas, with decisions on risk controlling issues made without the votes of the front and back offices.

Operational Risk Committee

The Operational Risk Committee meets once every quarter and provides support to the Executive Board in cross-functional management, in taking the necessary decisions and acknowledgements in respect of operational and reputational risk, and in protecting group security including business continuity management (“BCM”). The Chief Risk Officer is responsible for chairing the Operational Risk Committee meetings. In principle, all areas of the bank are represented in the committee – in selected cases based on a representation concept. Moreover, the managing director level of KfW IPEX-Bank, DEG and KfW Capital is represented on the committee. The committee discusses the risk status on the basis of the findings obtained through different methods and instruments and evaluates any group-wide need for action, with the aim of adequate risk management. The results of the validation of the OpRisk model are acknowledged. In the area of BCM, the committee is informed about the results of the annual business impact analysis and the failure scenarios identified and to be addressed by contingency plans. There is also quarterly reporting on the status of BCM using a risk indicator. The committee meeting documents, together with the minutes and the resolutions and recommendations contained therein, are submitted to the Executive Board. The committee formed the Group Security Board (“GSB”) to take up matters related to group security and BCM.



* In addition to Risk Controlling, further non market-dependent departments in some cases also exercise control functions due to organisational reasons.

which provides an overview of KfW Group's material and immaterial risk types. The materiality assessment procedure used in the previous year was adjusted as part of a concept revision. The 2024 inventory identified that KfW Group faces the following material risks: credit, market price, liquidity, operational, equity investment and model risks. In further developing the risk inventory process and its first-time application in the risk inventory valid for financial year 2025, concentration risk, regulatory risk and intra-group risk were no longer considered independent risk types.[1)]

In addition, the risk inventory process involves looking at the impact of ESG risks on the overall risk profile.

The Executive Board is informed about KfW Group's risk situation on a monthly basis. In addition, there is weekly reporting on market price and liquidity risks to the responsible Executive Board members. A risk report is issued quarterly to KfW Group's supervisory bodies. The respective bodies are informed on an ad hoc basis as required.

The models used for group-wide risk measurement and management, as well as for financial reporting measurement, are regularly validated and refined where necessary. These primarily include the models for measuring and managing credit, equity investment, market price, liquidity and operational risks, as well as the models for financial reporting measurement.

The risk management approach is set out in the group's procedural rules. The procedural rules stipulate the framework for the application of uniform policies and procedures to identify, measure, control and monitor risk. The rules and regulations laid out in the procedural rules are binding for the entire group and are accessible to employees through their publication on the intranet. KfW group-wide regulations are supplemented by rules specific to each business sector. See the following sections for details on other elements of KfW Group's risk management approach.

[1)] The results of the risk inventory are implemented in KfW's risk management concepts with the 2025 risk strategy.

on an ongoing basis, and in a longer-term view (normative capital planning). In addition to a base scenario, adverse scenarios (downturn and stress scenarios) are considered. In these adverse scenarios, deviations from the base scenario are determined and projected for the planning period. This procedure also takes into account the simultaneous materialisation of losses from the material risk types identified as part of the risk inventory, which may result in lower regulatory -capital. This includes, in particular, risks that do not have to be explicitly backed with capital under Pillar 1, such as interest risk. Furthermore, an increase in total RWA is assumed along with a significant mild or severe recession scenario.

The multi-year capital planning process is based on the strategic objectives defined as part of group business sector planning and is updated quarterly in terms of assumptions and market parameters. The development of the large exposure limit and the leverage ratio are monitored as further structural capital requirements. This is intended to enable early identification of any capital bottlenecks.

The economic perspective of the ICAAP serves to safeguard the economic assets of the institution in order to protect creditors from economic loss, thereby implementing Pillar 2 of the CRR. This is performed by comparing AFR as of a key date with the risk assumed as of the same date (ECAP for all material risks to capital) and monitored by the control variables of the economic coverage ratio, i.e. the quotient of AFR and economic capital requirement. Both AFR and risk figures are stated at present value and are static (determined at a specific point in time, i.e. they do not take into account new business or periodicity). The risk figures cover all material risks to capital in accordance with the risk inventory (overall risk profile), to the extent that these can be reasonably covered by capital. The amount of economic capital required, and thus the security level of the risk-bearing capacity, is largely determined by the solvency level (99.90%) selected -for risk measurement. There is no regular forecast of economic risk-bearing capacity, although an indicative forecast of economic risk-bearing capacity may be produced if necessary, if future developments which may have a material impact on risk-bearing capacity are identified through a list of questions.

Similar to the normative perspective, the economic perspective of the ICAAP also includes regularly performed stress tests in the form of simulations of adverse economic conditions (downturn and stress scenario).

A traffic-light system set up in the context of the key date or base scenario or the adverse scenarios with thresholds for the key indicators relating to normative and economic risk-bearing capacity indicates a need for action as part of operational and strategic management in the event of critical developments.

The ICAAP is subject to an annual review of its adequacy. The results of this review are taken into account in the assessment of risk-bearing capacity.

– Market price risk	*1,848*	*2,224*
– Operational risk	*5,933*	*5,764*
Regulatory capital	38,189	36,697
– (Common equity) tier 1 capital	*38,104*	*36,646*
– Additional tier 1 capital	*0*	*0*
– Tier 2 capital	*86*	*50*
CET1 ratio	30.2%	27.9%
Tier 1 capital ratio	30.2%	27.9%
Total capital ratio	30.3%	27.9%

KfW calculates significant parts of its total risk exposure based on an advanced IRBA. The considerable increase in the total capital ratio, which rose by around 2.4 percentage points to 30.3%, was due in equal parts to the reduction in total risk exposure and the increase in regulatory capital compared to the previous year. At 30.3%, the total capital ratio at year-end 2024 remained above the overall capital requirement.

The reduction in the total Supervisory Review and Evaluation Process ("SREP") capital requirements ("TSCR") by 0.75 percentage points is due to the supervisory decision update on the individual capital add-on as a result of the positive outcome of the special audit performed in accordance with Section 44 KWG focusing on the specific areas "internal auditing" and "use of information technology".

Minimum requirements for total capital ratios

	31 Dec. 2024	**31 Dec. 2023**
Total SREP capital requirements (TSCR)	**11.50%**	**12.25%**
Capital conservation buffer	*2.50%*	*2.50%*
Countercyclical capital buffer	*0.61%*	*0.55%*
Other systemic buffer	*1.00%*	*1.00%*
Systemic risk buffer	*0.02%*	*0.02%*
Overall capital requirement (OCR)	**15.64%**	**16.31%**

exposures. CVA risk is reported as part of the combined "counterparty risk (including CVA risk)" sub-risk type. The economic capital requirement for credit risk is quantified by the Risk Controlling department, largely with the help of statistical models. A value-based measurement of credit and equity investment risks is carried out using a loan portfolio model and credit value-at-risk as a risk measure. The economic capital requirement for CVA risk is based on the CVA charge of Pillar I, which is adjusted for economically relevant aspects (including consideration of other risk-relevant items and the use of internal ratings). For settlement risks, a buffer determined on the basis of different quantification approaches, which is reviewed annually, is applied in calculating economic risk-bearing capacity.

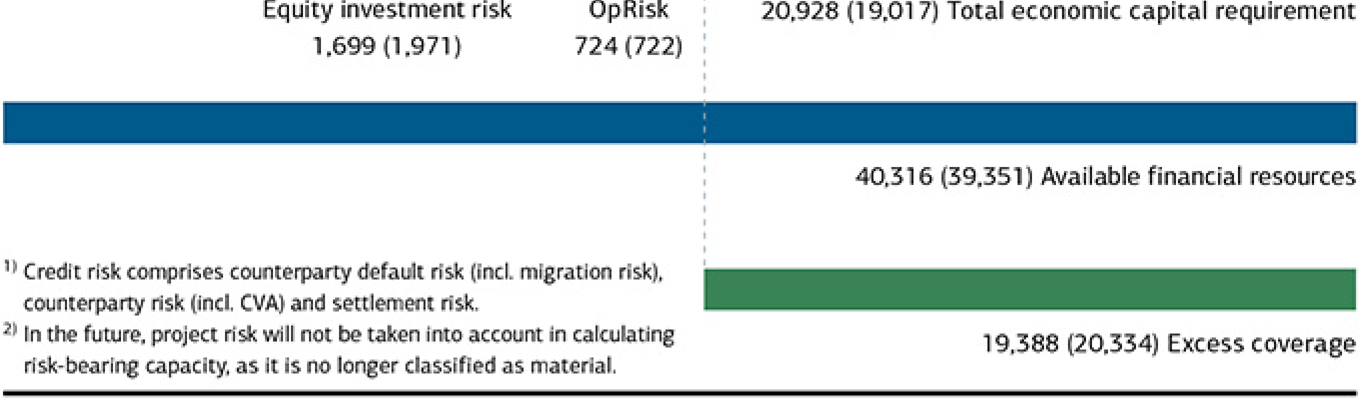
The economic capital requirement for **market price risk** is calculated on the basis of the value-at-risk concept. Pillar II's economic analysis takes account of interest risk of the banking book (consisting of the jointly analysed -sub-risk types: interest risk, as well as tenor and cross-currency basis spread risks), foreign currency risk, credit spread risk for securities and interest rate volatility risk. The possible loss of present value or price is determined for each type of market price risk using a value-at-risk ("VaR") based on historical simulation. Ultimately, the economic capital requirement is determined by total VaR, which takes into account breakdown effects[2)] between the various subtypes of market price risk.

The economic capital requirement for **operational risk** is calculated using an internal statistical model, which was derived from regulatory requirements for advanced measurement approaches. It takes a risk-sensitive approach to internal and external event data and risk scenarios. The capital requirement is calculated at group level, taking into account diversification effects, and then allocated to the business sectors. Moreover, the measurement of the quality of operational risk management within the group can generate premiums that are then applied to the capital requirement.

In addition, a **model risk buffer** is applied to cover model weaknesses and foreseeable methodological changes in economic risk-bearing capacity, reviewed and adjusted quarterly and as necessary.

Using this method, the economic risk-bearing capacity as of 31 December 2024 satisfied a confidence level of 99.90%. The excess coverage of the AFR beyond the total capital requirement as of 31 December 2024 (EUR 19,388 million) decreased compared to the previous year's figure (EUR 20,334 million). This was primarily due to the higher economic capital requirement. These requirements are increasing, particularly in credit risk, as a result of methodological developments. The increase in the capital requirement for market price risks was mainly due to an expansion of the strategic interest rate risk position. The increase in AFR was due to the positive annual result.

[2)] The breakdown effect essentially contains the diversification between the ECAP requirements of the risk subtypes and the total ECAP requirement.



In brackets: figures as of 31 December 2023

Each risk identification model represents a simplification of a complex reality and builds on the assumption that risk parameters observed in the past can be considered representative of the future. Not all possible inputs and their complex interactions can be identified and modelled for the risk development of a portfolio. This is addressed by including safety margins in the design of the model, and a supplementary model risk buffer in the calculation of economic risk-bearing capacity. This is one reason why KfW Group carries out stress tests with both credit risk models and market price risk models. The group continuously develops its risk models and processes in line with current banking regulations.

Stress and scenario calculations

To ensure the early indicator function and proactive focus of the ICAAP, the group monitors different economic scenarios and their effects on economic and normative risk-bearing capacity on a quarterly basis. The results of these scenarios measure the group's resilience and ability to act should one of them occur.

The baseline scenario for normative risk-bearing capacity includes projected business performance, expected consolidated comprehensive income, and other effects influencing risk-bearing capacity, such as foreseeable changes in the capital structure and methodological developments in risk measurement. It also takes into account the impact of the expected economic development on the earnings position and risk situation.

The downturn and stress scenarios for normative and economic risk-bearing capacity simulate adverse effects on earnings or AFR and changes in capital requirements of varying severity extending beyond the developments already expected as of the key date or in the baseline scenario. While the downturn scenario assumes a slight deterioration in economic conditions, the stress scenario simulates a prolonged, severe global recession. In both scenarios, KfW assumes an increase in credit and equity investment risks and losses. In these scenarios, the EUR and USD interest rates as well as the EUR-USD exchange rate are forecast to develop in line with the economic situation. At the same time, it is assumed that increasing market uncertainties will lead to greater volatility in interest rates, currencies and credit spreads, which in terms of economic risk-bearing capacity may result in a rise in the economic capital requirement for the corresponding types of risk. Losses from operational risk further reduce available capital.

The scenarios are based on standardised global economic forecasts updated on a quarterly basis. In 2024, the ongoing effects of the Russian war of aggression against Ukraine and of weak economic growth in Germany were taken into account in KfW's regular stress calculations as key factors for the group's economic environment. In the scenarios, negative economic assumptions primarily lead to rating downgrades of KfW borrowers and thus to increasing risk provisioning and higher capital requirements for the portfolio segments affected.

also conducted on the long-term effects of four carbon price scenarios on KfW's credit risk situation to assess transition climate risks in the corporates portfolio. A scenario was also prepared to assess physical climate risks in the form of damage and loss due to flooding and heavy rainfall events (implemented in Q1 2025). Lastly, a regular credit risk stress test was developed for the simultaneous assessment -of physical and transition climate and environmental risks in the portfolio.

Besides the regularly simulated economic scenarios and the different scenario stress tests, further stress tests, in particular risk type-specific stress tests and various sensitivity analyses, are also regularly carried out, taking concentration risks into account, to analyse the resilience of KfW's economic and normative risk-bearing capacity. In addition, the concentration and inverse stress tests are intended to determine the limits of KfW's risk-bearing capacity.

The results of the various stress and scenario calculations were presented to decision makers at KfW in a separate digital stress test report.

The group met the economic risk-bearing capacity requirements, including the confidence level of 99.90% in the scenarios analysed, as of all quarterly calculation dates in 2024. The regulatory capital ratios and the leverage ratio exceeded the threshold values defined for risk appetite at all times.

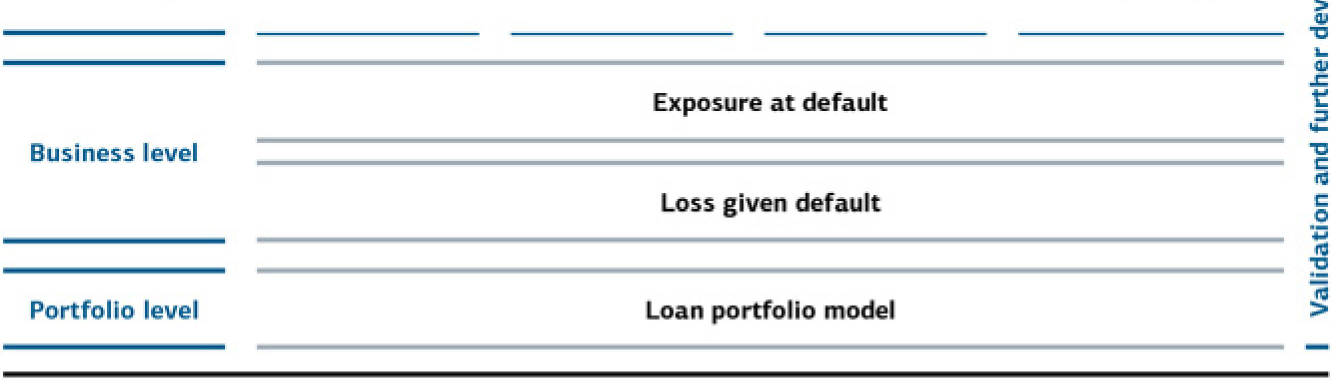
KfW's stress testing programme is subject to an annual adequacy assessment, the aim being to further enhance the stress tests and scenario calculations as a component of overall bank management in order to meet internal and regulatory requirements.

Types of risk

CREDIT RISK

KfW Group is subject to credit risk in the context of its promotional mandate. Credit risk includes, in particular, counterparty default risk (including migration risk), as well as counterparty risk, including CVA risk and settlement risk.

The majority of final borrower default risks are borne by the on-lending institutions in the domestic promotional lending business. Due to the business model, this results in a large proportion of bank risks in the portfolio. Other main risks result from promotional activities in the area of start-up finance for small and medium-sized enterprises (SMEs). Particularly in these segments of domestic promotion, KfW Group bears the risk stemming from final borrowers. In addition, KfW Group faces risks in the business sectors Export and project finance as well as Promotion of developing countries and emerging economies.



Counterparty default risk[3)] is measured by estimating the probability of default (“PD”), the exposure at default (“EAD”) and the loss given default (“LGD”). The product of these three variables is the loss that can be expected, statistically, on average over many years.

KfW Group uses internal rating procedures to determine the probability of default for banks, countries, corporates, -SMEs and start-ups. These procedures are based on scorecards[4)] and generally follow a uniform model architecture consisting of a machine rating, a checklist, a group logic and a manual override. Simulation and cash flow-based rating procedures are used for significant parts of special financing and structured products, some of which were licensed from an external provider. For structured products, tranche ratings are determined on the basis of the default pattern of the asset pool and the waterfall structure of the transactions. The existing small-ticket retail positions (e.g. in the area of education financing) are valued using an automated procedure set up specifically for this purpose. The rating procedures aim to predict the probability of default on a one-year basis. As a rule, the middle and back-office departments are responsible for preparing ratings for risk-bearing business. Ratings for these exposures are updated regularly, at least once per year. There are exceptions for loans below a threshold of EUR 10 million from the KfW special programmes in the context of the pandemic and the Russian war on Ukraine.

Mapping the probability of default on a uniform master scale for the entire KfW Group facilitates a comparison of ratings from different rating procedures and business sectors. The master scale generally consists of 20 distinct classes which are divided into four groups: investment grade, non-investment grade, watch list and default. The range of default probabilities and the average default probability are defined for each class of the master scale. There are operating procedures specifying the responsibilities, competencies and control mechanisms associated with each rating procedure. External ratings are mapped to KfW Group’s master scale to ensure the comparability of internal ratings with ratings of external rating agencies. The rating procedures are validated and further developed at regular intervals.

3) Also includes counterparty risk
4) A scorecard is a mathematical and statistical model and/or an expert knowledge-based model. The individual risk factors considered relevant for credit rating are converted into a score depending on their prevalence or value and weighted for aggregation.

with new regulatory requirements also addressed.

Settlement risks and counterparty risks (including CVA risk)[5] arise for KfW in connection with derivative transactions when hedging interest and currency risks. Settlement risks arise if, after the bank's own transaction has been concluded, the derivative partner's counterpayment is not made. Derivative transactions also involve the risk of changes in value (counterparty risks including CVA risk), which can be caused by a change in the credit quality of the counterparty (credit risk including default risk), a change in the absolute price of the derivative (market price risk) or a combination of the two.

KfW Group has limit management systems, risk guidelines and various portfolio guidelines to limit risks from new business. This suite of risk management instruments forms the basis for the second vote on lending transactions, serves as an orientation guide for loan approvals and has the function of ensuring the appropriate quality and risk structure of KfW Group's portfolio while taking into account the special nature of KfW Group's promotional business. At KfW, Group Risk Management casts the second vote at single exposure level. KfW IPEX-Bank, KfW Capital and DEG each issue their own second vote independent of the front office. The relevant lending decision-making processes are structured with a view to risk. Lending transactions require a second vote depending on the type, scope of the risk content and complexity of the transaction. The qualification levels for approval of new business depend on rating, collateralisation or net exposure and total commitments to the group of connected customers. Approval of the responsible supervisory body is also required for individual transactions of pre-defined volumes.

The portfolio guidelines distinguish between different types of counterparties and product variants and define the conditions under which business transactions may be conducted. In addition, risk guidelines for countries, sectors and products are defined in order to react to existing or potential negative developments with specific requirements for lending. The limit management systems ultimately track both credit rating-dependent individual counterparty risk (counterparty limits) and risk concentrations (concentration limits). Counterparty limits serve to fine-tune the counterparty-specific management of credit default risk. Concentration limits serve to restrict risk concentrations in the loan portfolio and thus to prevent major individual losses. Due to KfW's business model, there is a significant concentration in credit risks, as well as in the financial sector.

Existing higher-risk exposures are divided into a watch list and a list for non-performing loans. The watch list serves to identify potential problem loans early. This watch-list process involves regularly reviewing and documenting the economic situation, the particular borrower's market environment and the collateral provided, and formulating and deciding proposals for remedial action as needed – particularly proposals for risk-limiting measures. Process responsibility for non-performing loans, and also to a large extent for watch-list exposures[6], lies with restructuring units, ensuring involvement of specialists, intensive support and professional management of problematic loans. The objective of this system is to achieve recovery of a loan through restructuring, reorganisation and workout arrangements. If the business partner is deemed incapable of or unsuitable for restructuring, the priority becomes optimum realisation of the asset and the related collateral. The Restructuring division is responsible for non-performing loans and for providing intensive support to banks and higher volume loans in the KfW portfolio with a risk amount greater than EUR 1 million. The Operations department is responsible for supporting retail business. Rules with differing details apply for the special programmes for coronavirus aid, which are fully backed by a federal guarantee. KfW IPEX-Bank's non-performing loans and exposures under intensive support, including KfW and DEG's trust activities, are managed directly by each subsidiary. Internal interface regulations are in place in the relevant business sectors to ensure control of responsibilities and allocation. Restructuring also cooperates with the front-office departments and the central Legal Affairs department.

[5] See section on "Economic risk-bearing capacity" for measurement of the economic capital requirement for credit risks.
[6] The assumption of responsibility for watch-list cases at KfW IPEX-Bank is decided on a case-by-case basis by Risk Management in consultation with the unit responsible for restructuring.

		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	245,839	0	0	48,896	80	0
	M5–M8 rating	55,777	0	0	45,627	0	0
Non-investment grade	M9–M15 rating	13,968	11	0	40,194	1,009	0
Watch list	M16–M18 rating	2,524	1,212	0	3,349	2,626	0
Default	M19–M20 rating	0	0	1,196	0	0	4,193
Total		**318,108**	**1,223**	**1,196**	**138,066**	**3,714**	**4,193**

		Securities and investments			Off-balance sheet transactions		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	31,195	83	0	83,260	59	0
	M5–M8 rating	6,341	0	0	36,776	0	0
Non-investment grade	M9–M15 rating	347	0	0	19,777	260	0
Watch list	M16–M18 rating	24	0	0	663	1,003	0
Default	M19–M20 rating	0	0	0	0	0	283
Total		**37,907**	**83**	**0**	**140,475**	**1,322**	**283**

Non-investment grade	M9–M15 rating	17,039	209	0	49,411	1,039	0
Watch list	M16–M18 rating	4,536	1,889	0	3,360	4,210	0
Default	M19–M20 rating	0	0	1,128	0	0	4,707
Total		**321,416**	**2,098**	**1,128**	**134,370**	**5,252**	**4,707**

		Securities and investments			Off-balance sheet transactions		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	M1–M4 rating	28,587	0	0	69,254	0	0
	M5–M8 rating	7,234	64	0	47,366	0	0
Non-investment grade	M9–M15 rating	133	0	0	20,106	1,110	0
Watch list	M16–M18 rating	47	0	0	501	737	0
Default	M19–M20 rating	0	0	0	0	0	455
Total		**36,001**	**64**	**0**	**137,227**	**1,847**	**455**

Credit risks and related credit protection of financial instruments measured at amortised cost as of 31 December 2024

	Maximum risk of default[1]	Maximum risk of default stage 3	Risk mitigation from collateral stage 3	
			tangible	personal
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Loans and advances to banks	320,406	1,144	9	1,106
Loans and advances to customers	144,278	2,917	54	2,297
Securities and investments	37,982	0	0	0
Off-balance sheet transactions	142,006	235	0	26
Total	**644,672**	**4,297**	**62**	**3,428**

[1] Net carrying amount, excluding collateral and other credit enhancements

Securities and investments	36,057	0	0	0
Off-balance sheet transactions	139,438	404	0	26
Total	**642,613**	**4,932**	**96**	**3,803**

[1] Net carrying amount, excluding collateral and other credit enhancements

A large part of the personal collateral of the financial instruments classified as stage 3 comprises federal guarantees and credit insurance. Tangible collateral for financial instruments classified as stage 3 primarily consists of aircraft mortgages and individual assignments.

As a rule, the collateral for financial instruments measured at fair value relates almost entirely to the collateral -for financial derivatives.

There were no significant changes to the quality/collateralisation policy and no financial instruments for which no impairments were recognised at all due to tangible collateral.

KfW Group did not take possession of any assets held as collateral nor did it realise any assets held as collateral -in 2024.

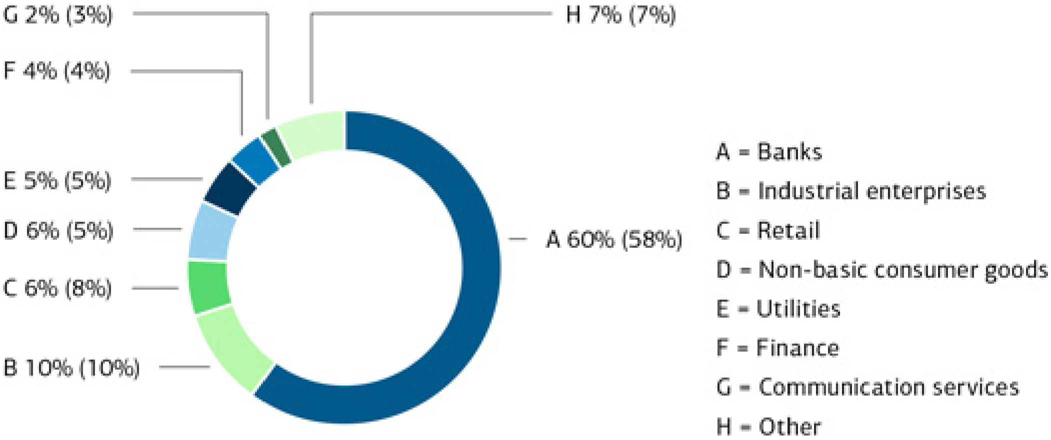
Portfolio structure

The interaction of the risks associated with the individual exposures in KfW Group's loan portfolio[7] is assessed based on an internal portfolio model. Concentrations of individual borrowers or groups of borrowers give rise to a risk of major losses that could jeopardise KfW Group's existence. On the basis of the economic capital concept, the Risk Controlling department measures risk concentrations by individual borrower, sector and country. Risk concentrations are primarily reflected in the economic capital requirement. The results of these measurements form the main basis for managing the loan portfolio.

[7] The loan portfolio includes loans as well as securities and investments in performing business. The non-performing portfolio is only included in the presentation of credit quality.

Regions
As of 31 December 2024, 70% of KfW Group's loan portfolio in terms of economic capital requirements was attributable to the euro area, including Germany (31 Dec. 2023: 70%). The breakdown of the economic capital requirement across regions is virtually unchanged from the previous year.

Economic capital requirement by sector
31 December 2024 (31 Dec. 2023)

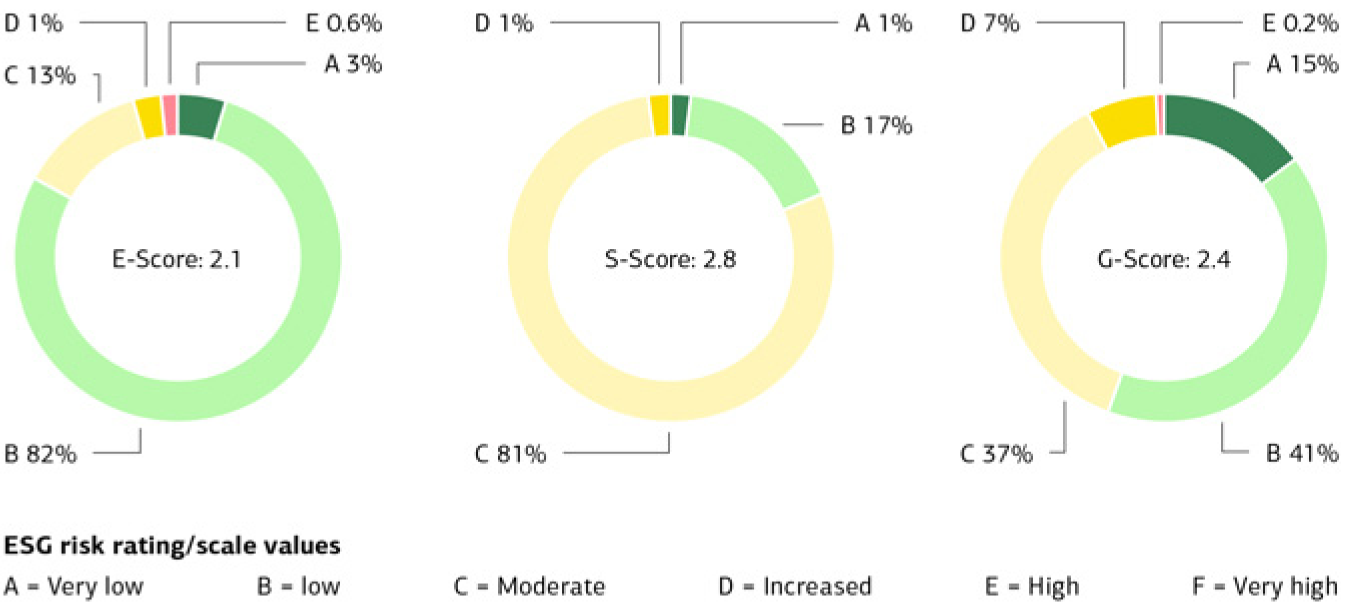


Sectors
The significant share of the total capital requirement for credit risk attributable to banks is due to KfW Group's promotional mandate. By far the greatest portion of KfW Group's domestic promotional business consists of loans on-lent through commercial banks. Overall, the banks' share of the economic capital requirement increased slightly to 60% (31 Dec. 2023: 58%).

Credit quality
As credit quality is a major factor influencing economic capital requirements, analysing credit quality structure involves examining the distribution of net exposure[8)] by credit quality category. The credit quality structure of the portfolio was stable year on year.

Overview of ESG credit risks
For the first time, a large part of the loan portfolio was assessed in terms of ESG risk. The ESG risk assessment of the group's loan portfolio shows that the majority of the KfW portfolio has low or moderate E, S and G risks. Financial institutions with a low risk rating for environmental and governance account for a large proportion of the volume assessed. In the 'social' risk ratings, the financial institutions achieved a moderate risk rating overall based on assessments corresponding to data security and protection of customer privacy.

Average E, S and G scores with scale values
Share of assessed net exposure as of 31 Dec. 2024



Securities-based securitisations in KfW Group's portfolio
Securitisations had a par value of around EUR 6.8 billion as of 31 December 2024. Accounting for the mark-to-market valuation of the securities reported at fair value and impairments, the portfolio had a book value (including pro rata interest) of around EUR 6.8 billion. The following tables present the composition of the securitisation portfolio by asset class, rating grade and geographical distribution.

8) Net exposure is the economic loss that potentially occurs in the event of an economic or political default event.

Exposure based on par values

	ABCP	Auto-ABS[1]	RMBS	Other securitisa-tions	Total as of 31 Dec. 2024	Total as of 31 Dec. 2023
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Investment grade	4,415	1,755	517	103	6,790	6,167
Non-investment grade	0	0	0	0	0	0
Watch list	0	0	0	0	0	0
Default	0	0	0	7	7	7
	4,415	**1,755**	**517**	**110**	**6,797**	**6,174**

[1] Auto ABS are based on receivables from automotive financing agreements

The portfolio volume increased compared to the volume of 31 December 2023 (by a nominal value around EUR 0.6 billion). This increase related solely to the investment grade portfolio. In terms of the geographical breakdown of the underlying asset pool, the entire portfolio remains fully attributable to Europe, with Germany accounting for the lion’s share.

EQUITY INVESTMENTS RISK

In managing group equity investment risks, the group differentiates between risks from equity investments at operational level and strategic equity investments:

Equity investments (operational level)
Undertaking equity investments at an operational level is part of the group’s promotional mandate. Accordingly, equity investments are made in connection with domestic and European investment financing and in the business sectors KfW Development Bank, DEG and Export and project finance, and fund investments of KfW Capital. KfW’s group-wide basic rules for equity investments at an operational level are set out in general guidelines. Specific rules tailored to certain segments of equity investments are also set out in portfolio guidelines or working instructions. Risks are measured at the individual loan commitment level for operational equity investments using models specified for this purpose. Equity investment portfolio risks are monitored quarterly in the group risk report.

Strategic equity investments
Strategic equity investments support KfW’s mandate of providing an efficient and sustainable promotional offering. In addition to reinforcing and expanding core competencies, the focus of this investment type is on complementing KfW’s business sector (Article 2 (3) of the KfW Law [related transactions]). Strategic equity investments normally have a long-term holding period. KfW also makes strategic equity investments in accordance with Article 2 (4) of the KfW Law (mandated transactions). The Federal Government mandates such equity investments to KfW on a case by case basis because the Federal Republic of Germany has a state interest in them.

supervisory bodies of its strategic equity investments. Mandated transactions – that is, those executed in the interest of, on the instruction of and at the risk of the Federal Government – may deviate from these provisions.

As of 31 December 2024, the group's equity investment portfolio consisted of fund investments of KfW Capital with an economic capital requirement of EUR 344 million, equity investments of DEG including promotional business with an economic capital requirement of EUR 802 million, and other promotional business (economic capital requirement: EUR 553 million).

The EUR 272 million decrease in the capital requirement compared to the previous year was mainly due to further methodological development of the ECAP equity investment risk (including revision of the value distribution -and consistent exposure modelling for investment funds) as well as automated linking of KfW Capital's fund holdings and the associated replacement of the conservative ECAP calculation.

MARKET PRICE RISK

KfW Group primarily measures and manages market price risk on a present-value basis. The drivers of market price risk are interest risk (consisting of the jointly analysed risk subtypes interest risk, tenor and cross-currency basis spread risk), interest rate volatility risk, foreign currency risk and sector-specific spreads for positions with credit spread risk.

Market price risk within the group required a total of EUR 6.26 billion in economic capital as of 31 December 2024. This was EUR 0.64 billion more than as of 31 December 2023. Volatile markets and the expansion of the strategic interest rate risk position have the effect of increasing overall market price risk, particularly interest risk. Interest rate volatility risk was lower due to an adjustment in calculation methodology.

Economic capital requirement for market price risk

	31 Dec. 2024 **EUR in millions**	**31 Dec. 2023** **EUR in millions**
Interest risk	**6,147**	**5,453**
Interest risk	6,078	5,415
Tenor basis spread risk	403	348
Cross-currency basis spread risk	520	483
Breakdown effect	–855	–793
Interest rate volatility risk	162	251
Foreign currency risk	703	590
Credit spread risk	731	870
Breakdown effect	–1,488	–1,549
Market price risk	**6,255**	**5,615**

VaR indicators are determined for each of the following subtypes of market price risk: interest risk (further broken down into the risk of changes in the interest rate, tenor and cross-currency basis spread risks), foreign currency risk, interest rate volatility risk and credit spread risk). The total VaR is also calculated, taking account of breakdown effects between the aforementioned risk subtypes. The total VaR, interest risk, interest rate volatility risk, credit spread risk and foreign currency risk are limited.

Interest risk

Yield curve grid points serve as the basis for historical simulation to quantify interest risks. These implicitly include interest risk as well as tenor and cross-currency basis spread risks. By contrast, interest rate volatility and credit spread risks are not included in interest risk, but are modelled separately and reported using their own key VaR indicators. The capital requirement for interest risk increased by EUR 694 million to EUR 6,147 million as of 31 December 2024.

Interest rate volatility risk

Implied volatilities are used as risk factors to determine the interest rate volatility risk. These are applied in modelling interest rate options (e.g. floors in the variable-rate lending business). The economic capital requirement for these risks is calculated in the same way as for other sub-types of risk, using historical simulation; see above, *Value-at-risk approach*. The ECAP requirement for interest rate volatility risk cannot exceed the present value of the corresponding interest rate options held by KfW. The capital requirement for interest rate volatility risk was EUR 162 million as of 31 December 2024.

Foreign currency risk

The economic capital requirement for foreign currency positions is also calculated using historical simulation. The capital requirement for foreign currency risk stood at EUR 703 million as of 31 December 2024.

Credit spread risk

This risk is mainly determined by the securities portfolio. The ECAP requirement for this risk type is calculated in the same way as for other risk types, using historical simulation. The ECAP requirement for credit spread risk as of 31 December 2024 was EUR 731 million. Credit spread risk fell by EUR 139 million year on year due to the first-time inclusion of credit spreads in the present value measurement of pension provisions.

Stress testing

In addition to the calculation of the ECAP requirement based on the VaR model of historical simulation, the effects of extreme market situations on the present value and VaR target variables are determined by means of stress tests.

The earnings-oriented credit spread risk ("CSRBB") monitors existing or future risk to earnings arising from unfavourable credit spread movements in two components: the funding cost risk from changes in KfW's own credit spread as delta NII, and the credit spread risk from the remeasurement of pension provisions as delta OCI, which is not recognised in the income statement. As of 31 December 2024, the worst-case scenario was EUR –328 million in delta NII and EUR –362 million in delta OCI.

OPERATIONAL RISK

In accordance with Article 4 (1) no. 52 of the CRR, the group defines operational risk as the negative impact on net assets (including capital adequacy), earnings position or liquidity that can result from inadequate or failed internal processes, people and systems or from external events. Operational risks are monitored by a central Risk Controlling unit. The methodology behind the models and procedures used for measurement and monitoring is adjusted on a regular basis. In addition, the operational risk subtypes are monitored by specialised second line of defence units.

According to the 2024 risk inventory, compliance risk and information security risk are categorised as material; business continuity risk and legal risk are no longer material due to lower quantitative risk content[9), 10)].

The aim of management and control of operational risk is the proactive identification and averting of potential losses for the group, i.e. to make emergencies and crises manageable and to secure the group's structural ability to remain operational even in the event of loss of key resources.

Management of risks is decentralised and performed within the business sectors and subsidiaries by the respective directors or members of management, who are supported by the respective sector coordinators for Operational Risk ("OpRisk") and Business Continuity Management ("BCM"). Monitoring and communication of risks is performed on a cross-functional basis by Risk Controlling (central OpRisk Controlling) and Transaction Management (central BCM). These staff develop the relevant methods and instruments for identifying and assessing risks and monitor their group-wide uniform application. The model for calculating the economic risk resulting from operational risks is also validated in the Risk Controlling department.

Events in the group are recorded in an OpRisk event database and updated when changes or developments occur. There is regular target group-appropriate reporting on the recorded loss events and any measures initiated as a result. The Executive Board, the Board of Supervisory Directors and the Operational Risk Committee are briefed monthly or quarterly as part of internal risk reporting. Ad hoc reports are also made if a loss exceeds a certain level.

In addition, potential operational risks are identified based on risk scenarios that are collected from across the group. Operational risks are evaluated on the basis of expert assessments in combination with internal and external loss events as well as internal data (e.g. transactions), which are backed by a distribution assumption -for loss frequency and loss amount. The results of the annual risk assessment and the calculated risk scenarios are reported to the Operational Risk Committee and the Executive Board. As part of the risk assessment, the business areas check the implementation of additional risk-mitigating measures (e.g. checks as part of the internal control system, or "ICS").

9) The results of the risk inventory are implemented in KfW's risk management concepts with the 2025 risk strategy.
10) Other risk subtypes are: legal risk, business continuity risk, service provider risk, personnel risk, personal and physical security risk, conduct risk, data protection risk and operational risk from adjustment processes.

non-continuation of time-critical business processes in the event of a business interruption resulting from a previous failure to fulfil business continuity requirements. The aim of BCM is to make provisions for time-critical business processes in case of emergency.

BCM is implemented if a business interruption occurs due to internal or external events. This is an integrated management process which covers the four outage and loss scenarios: site outages, IT system outages, staff outages and service provider outages. BCM incorporates preventative components (emergency preparedness) -and reactive components (emergency and crisis management).

For the purpose of BCM, business processes are analysed and categorised based on how time-critical they are, and the supporting resources for each case examined accordingly. Identifying such time-critical business processes and their dependency on supporting resources forms the basis for effective BCM. Individual measures are developed for these business processes and their supporting resources, in order to be able to guarantee the required availability and reduce business risks. These include emergency workstations, emergency plans, communication tools and alerts/alarms. KfW Group’s crisis team takes responsibility for overall crisis management if necessary. It practises emergency and crisis organisation teamwork in regular crisis team tests.

Information security risk

Information security risk (“IS risk”) refers to the uncertainty involved in achieving the respective protection targets (confidentiality, integrity and availability) of information assets and the resulting potential adverse effect on the group’s net assets (including capital adequacy), earnings position or liquidity. An IS risk occurs precisely when a threat (e.g. a cyber-attack) is accompanied by a vulnerability (e.g. planned protection measures that have not been implemented). Cyber risks are risks that occur when navigating an interconnected digital environment (cyberspace). Cyberspace refers to all information technology networks connected to the Internet (or comparable networks) involving a digital or electronic information asset of the bank. Information security risks are associated with KfW’s operating activities. The aim of risk management is to mitigate the impact of potential threats, reduce the probability of their occurrence and thus counteract risks through risk-mitigation measures. The information security management system (“ISMS”) is based on the international standard ISO 27001. IS risks are controlled with the aid of ISMS risk indicators and performance benchmarks.

Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions or negative effects on net assets (including capital adequacy), earnings position or liquidity arising from non-compliance with external or internal requirements, voluntary commitments or legal regulations, which contribute to the following aspects of operational compliance:

– fraud and corruption risk; risk of criminal activities,
– securities compliance and conflict of interest risk in provision of investment services,
– money laundering/terrorist financing risk,
– risk of breaching embargoes or sanctions,
– and tax compliance risk,

or non-compliance with formal or substantive laws insofar as this leads to legal disputes or action to avoid legal disputes. Infringement of non-compliance may be due in particular to legal adjustments or changes with retroactive effect, misinterpretation or misapplication of formal or substantive laws or incorrect drafting of agreements. Financial consequences of tax law risks are not included.

KfW Group manages its risk appetite with regard to legal risks on a primarily qualitative basis, supplemented by individual quantitative elements, as is standard for the market. The core of qualitative management is process-integrated legal advice from in-house counsel, involving external law firms if necessary. This is accomplished for the group on the basis of the policies of the relevant KfW subsidiaries (KfW IPEX-Bank, DEG and KfW Capital), which are based on the policies of KfW, through the centralisation of certain key legal issues at KfW and, in general, through the Legal Board established for this purpose.

A group-wide key risk indicator has been defined as a quantitative control element, which is essentially focused on monitoring risks arising from certain (impending) legal disputes.

REPUTATIONAL RISK

Reputational risk is the risk that the perception of the group from the point of view of the relevant internal and external stakeholders will deteriorate for the long term with a negative impact on KfW Group. This negative impact could lead to a decrease in KfW Group’s net assets, earnings or liquidity (e.g. a decline in new business) or may be of a non-monetary nature (e.g. difficulty in recruiting new staff). Reputational risk may arise as a consequence of other types of risk, or independently.

Reputational risk is categorised as a non-material risk type in the risk inventory. Due to KfW’s special role and business model, this risk type is nevertheless of particular importance, which is why its treatment is essentially unchanged throughout the risk management cycle.

Reputational risks are managed based on qualitative criteria. This reflects both stakeholders’ expectations and the bank’s self-image of adhering to all relevant ethical, governance, environmental and compliance standards. In recent years, an internal method was developed to incorporate reputational risk into the decision-making process for financing and investments based on uniform standards; this method is gradually being rolled out in the KfW Group entities.

Moreover, as part of risk identification, the central reputational risk control function coordinates qualitative reputational risk assessment and creates a risk profile outlining the group’s greatest reputational risks relating -to the bank’s most important stakeholders. In addition, reputational risk events that have occurred are reported on an ongoing basis.

LIQUIDITY RISK

Liquidity risk in the narrower sense (synonymous with insolvency risk) is the risk of a lack of liquidity on the part of an institution or market. The liquidity gap creates the risk that payment obligations cannot be met, cannot be met on time or cannot be met in full.

The primary objective of liquidity management is to ensure that KfW Group is capable of meeting its payment obligations at all times. KfW is available as a contractual partner for all commercial transactions of its subsidiaries, particularly for their funding. For this reason, the liquidity requirements of the subsidiaries are included both in KfW Group’s funding plans and in the liquidity maintenance strategy.

to ensure liquidity and avoid liquidity bottlenecks. It also assesses internal governance and institution-wide controls.

Insolvency risks are mainly limited through economic liquidity risk ratios and limits for liquidity potential and liquidity gaps. The aim of the liquidity risk strategy is to preserve the ability to meet payment obligations at all times and when due, even in stress scenarios.

Internal measurement of liquidity risk is based on scenario calculations. This approach first analyses the expected inflow and total outflow of payments for the next 12 months based on business already concluded. This baseline cash flow is then supplemented by planned and estimated payments (e.g. borrowings from the capital market, expected liquidity-related loan defaults or planned new business). The result provides an overview of the liquidity required by KfW Group over the next twelve months. The liquidity required is calculated for different scenarios. In this respect, market-wide and institution-specific risk factors are stressed, and an evaluation is made of the impact on KfW Group's liquidity.

Parallel to the above approach, KfW Group also determines the available liquidity potential, which largely consists of KfW's account with the Bundesbank, repurchase agreement assets, the liquidity portfolio and the volume of commercial paper that is regularly placeable on the market. The available liquidity potential is subjected to stress analysis in the same way as the other cash flow components. The ratio of cumulative required liquidity to the cumulative available liquidity potential is calculated for each scenario. This figure may not exceed the value of 1 in any scenario for any period. The prescribed horizon in the normal case scenario is twelve months, in the stress case six months, and in the two worst case scenarios, three months. The scenario assumptions are validated on an annual basis.

The indicators are calculated and reported to the Market Price Risk Committee on a monthly basis. The following table presents the risk indicators for the scenarios as of 31 December 2024:

KfW liquidity risk indicators

	31 Dec. 2024	**31 Dec. 2023**
	Indicator	**Indicator**
Normal case	0.20	0.37
Stress case	0.24	0.37
Worst case (institution-specific)	0.29	0.36
Worst case	0.48	0.59

The internal liquidity risk indicators remained below the internal limit of 1 throughout the year.

KfW continued to support the energy sector through the extension of loans on behalf of the Federal Government in 2024. This funding requirement was addressed through a refinancing facility from the Economic Stabilisation Fund *(Wirtschaftsstabilisierungsfonds)* and liquidity coverage potential provided by the German Finance Agency in the form of ECB-eligible German government securities.

than in the previous year (144 days). The volume outstanding on the reporting date of 31 December 2024 was EUR [illegible] billion. The programme volume of the U.S. Commercial Paper (“USCP”) programme came to USD 30 billion in 2024. KfW Group uses this programme, which is designed specifically for the US market, to cover a large portion of its need for short-term funds in US dollars. The nominal volume issued under the USCP programme was also lower than in the previous year at USD 34.9 billion (2023: USD 40.8 billion). At 53 days, the average term of the issues was similar to that of the previous year (52 days). The outstanding volume amounted to USD 9.3 billion as of 31 December 2024.

CONCENTRATION RISK

Concentration risk refers to the risk of negative effects on net assets, earnings position and liquidity arising from particularly large individual risk exposures or increased correlations of risk exposures. A distinction must be made between intra-risk concentrations (affecting one type of risk) and inter-risk concentrations (affecting different types of risk). Risk definitions were worded with as little overlap as possible in a further developed risk inventory, resulting in concentration risk being discontinued as an independent risk type. Risk concentrations continue to be recognised both within and between risk types. In line with the on-lending principle enshrined in the KfW Law, KfW’s risk profile is essentially characterised by a tendency towards high exposures to individual bank counterparties and the financial sector as a whole. The resulting intra-risk concentrations are limited based on the defined risk appetite and are subject to stress tests. Additionally, KfW’s business model as a promotional bank inevitably involves concentrations of earnings, which are addressed by monitoring the risk appetite for performance and earnings. Inter-risk concentrations are taken into account as part of the stress scenarios for risk-bearing capacity.

REGULATORY RISKS

Regulatory risks for KfW Group arise primarily from an increase in requirements regarding minimum capital ratios and from possible negative effects on the group’s business model due to future changes in the regulatory environment. These include the costs resulting from the implementation and ongoing fulfilment of the additional requirements as well as the associated capital tie-up. As part of the capital adequacy process, regulatory risk is addressed on an ad hoc basis by means of a regulatory scenario through conservative traffic-light limits as a management and early warning instrument with regard to regulatory capital requirements. Risk definitions were worded with as little overlap as possible in a further developed risk inventory, resulting in regulatory risk being discontinued as an independent risk type.

Regulatory monitoring ensures that new regulatory standards that are foreseeable or under discussion are addressed. Transparency regarding material effects of new regulatory requirements is provided in capital planning.

INTRA-GROUP RISK

Due to the risk relevance for the group and the objective of consistent group management, the risks of KfW IPE-Bank, DEG and KfW Capital are fully taken into account as part of group risk management. Risk definitions were worded with as little overlap as possible in a further developed risk inventory, resulting in intra-group risk being discontinued as an independent risk type. In accordance with regulatory consolidation within the individual risk types, the risks of subsidiaries are included in the group-wide limits using a look-through approach and are integrated in the group’s capital allocation and risk-bearing capacity calculation. In addition, representatives of the subsidiaries are members of the group’s risk committees. KfW also monitors the risk situation of its subsidiaries on a stand-alone basis. The management of each subsidiary reports regularly to the responsible members of the Executive Board on risk, as well as finance and strategy. KfW’s Executive Board is also informed of the intra-group risk situation in a quarterly report.

Board an overview of the entire model landscape with further details of the models in focus, as well as a general assessment of model risks at KfW. The ongoing management of model risks is carried out both through active performance of the individual model roles and through discussions and decisions in the risk committee meetings that regularly take place.

Additional internal control procedures

Process-integrated internal control system (ICS)

The aim of KfW Group's ICS is to use suitable principles, measures and procedures to ensure the effectiveness and profitability of business activities, compliance with the legal requirements applicable to KfW Group, the accuracy and reliability of external and internal accounting, and the protection of assets. There are group-wide ICS rules as well as binding group-wide minimum requirements of the ICS. KfW Group's ICS is based on the relevant legal (bank regulatory) requirements[11)], in particular those set forth in the KWG and MaRisk, and the standard market ICS framework, such as the COSO model[12)]. The KfW Executive Board holds overall responsibility for the group's ICS. The respective company management of the subsidiaries KfW IPEX-Bank, KfW Capital and DEG holds overall ICS responsibility. Design and implementation at the different corporate levels are the responsibility of the relevant managers according to the organisational structure. Procedural rules form the basis of the ICS. These constitute the framework for a proper business organisation within KfW Group, in the form of a binding policy. Workflow organisational measures and controls are intended to ensure that monitoring is integrated into processes. Monitoring measures integrated into processes serve to avoid, reduce, detect and correct processing errors or financial loss. The effects of any planned changes to operational processes and structures on the procedure and intensity of monitoring are analysed in advance. KfW Group has implemented accounting-related controls to minimise the risk of error in stand-alone and consolidated financial statements and ensure the correctness and reliability of internal and external financial reporting. The accounting-related controls are part of the ICS. To ensure the adequacy and effectiveness of the ICS, KfW regularly scrutinises and continually refines its standards and conventions. A report is rendered annually to KfW Group's supervisory bodies. The adequacy and effectiveness of the ICS is also assessed by Internal Auditing on the basis of risk-based audits carried out independently of group procedures.

11) See Section 25a (1) no. 1 KWG, MaRisk AT 4.3, and Sections 289 (5), 315 (2) no. 5, 324, and 264d HGB
12) COSO = Committee of Sponsoring Organizations of the Treadway Commission

procedures that influence the day-to-day implementation of values and the corporate culture, which are updated regularly and on an ad hoc basis to reflect current law as well as market requirements. The aim is to manage and assess compliance risks as part of non-financial risks, among other things, by means of key indicators in line with the central requirements for operational risk management. Since the entry into force of the material requirements of the Supply Chain Act *(Lieferkettensorgfaltspflichtengesetz)* on 1 January 2023, the compliance organisation has also acted as a central point for recording, monitoring and controlling compliance with the related requirements. Within the scope of its duties as second line of defence, Compliance is responsible for and authorised to ensure implementation of statutory or regulatory requirements and Executive Board decisions, to analyse individual cases/irregularities, to coordinate necessary measures and, where applicable, to initiate ad hoc measures to limit damage. In relation to all other areas of the group, the Compliance department performs its tasks autonomously and independently and is not subject to any instructions, in particular with regard to analysis (including evaluation of results), monitoring activities, defining and implementing rules and measures, and reporting. In order to perform its duties, Compliance has a complete and unrestricted right to information, inspection and access to all premises, documents, records, audio recordings and systems. Where necessary, internal auditing and monitoring processes of the compliance organisation have been adapted to the changed risk situation (for example, regarding the Russian war on Ukraine and the Gaza war resulting from the Hamas attack). Group-wide task forces were also formed for this purpose where necessary. Compliance monitors legal and regulatory requirements on an ongoing basis and, as necessary, adapts them to the changed risk situation in coordination with the affected functions of the first line of defence.

Internal Auditing

Internal Auditing is an instrument of the Executive Board. As an entity that works independently of KfW Group procedures, it audits and assesses all of KfW Group’s processes and activities to identify the risks involved and reports directly to the Executive Board. With a view to risk management processes, Internal Auditing performed an audit in the reporting year of the decentralised risk management processes and central aspects of risk management and risk control which were relevant group-wide. With regard to risk management, the focus areas of the audit included the application, operation and further development of the models used in risk management across all risk types, as well as KfW’s combined risk assessment within the ICAAP. Additionally, risk-type-specific audits were performed on the management of operational risk and credit risk. Audits of key second line functions were also part of the 2024 audit plan. The risk management projects that Internal Auditing assessed as material were supported by Internal Auditing, maintaining the latter’s impartiality and avoiding any conflicts of interest. Moreover, Internal Auditing continued to monitor the ongoing development of risk measurement procedures in 2024 by attending meetings of decision-making bodies (as a guest). Internal Auditing also functions as KfW Group’s internal auditing department. It is involved in subsidiaries’ audit planning. In addition to the audit results obtained independently in group-wide audits, it also incorporates the audit results of third parties (group auditors, BaFin and the internal auditing departments of the other group companies) in its group-wide internal audit reporting, in the tracking of measures and as a source of information when preparing its own audits.

to International Monetary Fund ("IMF") estimates. The growth rate of real GDP in 2025 for industrialised countries is expected to be at prior year level, and for developing countries and emerging economies, a lower growth rate than the prior year is forecast (see table "Gross domestic product at constant prices"). The IMF's forecasts show that global consumer price inflation is expected to fall from an annual average of 5.7% in 2024 to an annual average of 4.2% in 2025. This means that the inflation rate for industrialised countries in 2025 is expected to be 5.2 percentage points below and that of the developing countries and emerging markets 4.0 percentage points below the highest rate of the past ten years, which was reached in 2022. KfW agrees with the IMF's assessment that the economic outlook will be determined by the extent of geoeconomic fragmentation, fiscal and monetary policy decisions and their international impact, and the ability of governments to implement structural reforms.

Gross domestic product at constant prices

Year-on-year change	2024 estimate	2025 forecast	2014–2023 average
	in %	in %	in %
Global economy*	3.2	3.1	3.1
Industrialised countries*	1.7	1.7	1.9
Developing countries and emerging economies*	4.2	4.1	4.0

* Aggregation of annual GDP growth rates at each country's constant prices based on the shares of each country's GDP valued at purchasing power parity ("PPP") in the corresponding aggregate. Grouped into industrialised countries and developing countries/emerging economies based on IMF classification. The average is calculated as the geometric mean of annual growth rates.

Further global economic development is subject to great uncertainty, with the IMF of the opinion that the risks of worse-than-expected development predominate. For one thing, the latest global interest rate hikes may have an even greater impact than expected and adversely affect the propensity for consumption and investment. For another, inflation could prove to be more persistent than forecast, which would delay monetary easing. In the USA in particular, a more expansionary fiscal policy than expected could be a contributing factor. If commodity prices are more volatile than forecast or rise, due to climate-related and geopolitical shocks as well as regional conflicts, this could boost inflation, particularly in commodity-importing countries. Higher inflation rates could foster social unrest with negative consequences for growth and implementation of necessary structural reforms. A potential reassessment of monetary policy outlooks by the financial markets would potentially tighten global financing conditions and lead to disorderly repricing in assets. If risks are reassessed and risk premiums are consequently increased, this could also result in greater debt stress in developing countries and emerging markets. At the same time, forced fiscal consolidation would have the potential to hamper a fragile recovery. Intensified trade conflicts and protectionist policies beyond the expected level could disrupt international value chains and impede technical progress. And there is not least a risk that China's real estate crisis could unexpectedly escalate and the ensuing economic downturn could have a negative impact on other national economies.

There is also a possibility that the global economy will grow faster than forecast. This would happen if there were an unexpected dramatic improvement in consumer confidence or if, fuelled by the green transformation, government investment were to increase further than forecast and were to also be accompanied by private investment. Global economic development would also be more positive than expected if structural reforms to bolster productivity growth were implemented more rapidly and comprehensively than previously planned.

monetary policy is also fueling growth. Improved financing conditions are likely to lift investment activity slightly. Reactivating the European Union (EU) fiscal rules will lead to a restrictive fiscal policy in the eurozone as a whole due to the need for consolidation in the member states. Numerous factors, including the high energy prices, will continue to burden the international competitiveness of the euro area manufacturing industry. KfW estimates that, among the four largest eurozone countries, Germany and Italy will record growth below the euro area average due to their relatively important industrial sectors and their export orientation, while France can be expected to record average growth and Spain above-average growth compared to the eurozone as a whole.

KfW expects price-adjusted GDP in **Germany** to increase by 0.5% year on year in 2025. Price-adjusted GDP in 2025 is therefore expected to be 0.8% higher than in 2019, the year before the outbreak of the COVID-19 pandemic (see table “Gross domestic product at constant prices, year-on-year change”). In view of the above forecasts for the global economy and assuming that private households’ purchasing power will increase as a result of a decline in headline inflation and a simultaneous rise in nominal wages, KfW assumes that among GDP expenditure components not only household final consumption expenditure but also government final consumption expenditure will grow in 2025. Private gross capital formation will likely stagnate in 2025, while that of the public sector will likely increase. Regarding output, the service sector will make a greater contribution to price-adjusted gross value added in 2025 in line with KfW’s. The average annual number of persons in employment located in Germany is expected to stagnate in 2025, with an increase in the skilled labour shortage expected due to demographics.

Gross domestic product at constant prices, year-on-year change

	2024	2025 forecast	2014–2023 average	2025 forecast
	in %	in %	in %	2019 index = 100
Euro area	0.7	1.0	1.5	105.6
Germany	–0.2	0.5	1.1	100.8
USA	2.8	2.1	2.4	114.8

Should a new German government interpret the debt brake enshrined in the Basic Law differently, reform it or decide to suspend it for reason of an extraordinary emergency situation such as higher military spending, the fiscal stimulus could be more positive than previously assumed.

In June 2024, the European Central Bank (“ECB”) initiated its monetary easing cycle, lowering the 4.00% deposit rate then in place by 25 basis points. This was followed by three more interest rate cuts by the end of the year. It also narrowed its key rate range. KfW assumes that the ECB will continue to gradually lower key rates due to inflationary pressure easing in a weak economy. Monetary easing is expected to be concluded in the course of 2025 with a deposit rate between 1.75% and 2.25%.

The ECB is continuing to shrink its balance sheet. Consequently the redemption amounts of maturing securities from the Asset Purchase Programme (“APP”) have not been reinvested since July 2023. The ECB Governing Council also intends to completely cease reinvestment of redemptions in the Pandemic Emergency Purchase Programme (“PEPP”) initiated during the COVID-19 pandemic. This will likely result in a balance sheet reduction of around EUR 500 billion or approximately 8% of total assets for 2025. The inversion of the euro yield curve (the spread between ten and two-year EUR swap rates) has ended due to initiation of the rate-cutting cycle. KfW expects the curve to stabilise in low positive territory in 2025.

The US Federal Reserve also began cutting key rates in the US in September 2024. KfW expects easing to continue into 2025, with the pace and scope also dependent on the direction fiscal policy will take under the new US government.

In the first half of 2025, the slope of the US dollar yield curve is likely to follow the eurozone into positive territory (the spread between ten and two-year USD swap rates). KfW expects the yield curve to remain almost flat throughout 2025.

New business projections

Overview

KfW Group projects new business volume of EUR 84.4 billion for 2025. This reflects the stabilisation of new commitment growth in uncertain times. It was not possible to prepare projections on the new business figures, promotional ratios or resources that took into account the political developments in November 2024 (upcoming vote of confidence/new elections in Germany, presidential election result in the USA). Nor do these projections take account of any special programmes or Federal Government-mandated transactions, because of the high level of uncertainty characterising their preparation. KfW will fulfil its mandate and support the German economy and society as needed.

KfW is careful to avoid potential adverse effects and risks to society and the environment in its promotional activities, and where possible attempts to reduce or offset such effects via suitable measures (inside-out perspective). Furthermore, KfW considers environmental changes, such as to the climate and biodiversity, social transformation and governance standards with an impact on the credit rating of KfW clients, as well as the effects of various climate scenarios on KfW’s business model and risk profile (outside-in perspective). We do not expect these considerations to have any impact on the new commitment volume projected for 2025.

underpin the primary objective of promotion.

The business sector bundles the retail business capable of being digitalised and automated and carries a large share of the domestic promotional volume. The business sector positions itself as a reliable partner to the Federal Government and is divided into two segments by customer group: The SME Bank segment supports the German economy with a wide range of promotional programmes for commercial customers with various promotional priorities. The Private Clients segment supports education and energy efficiency in the construction and refurbishment of residential buildings, and also promotes the acquisition and construction of owner-occupied housing as well as accessible conversion/construction of homes. The necessary transformation towards renewable energy, the high level of investment required to achieve climate neutrality, the persistent uncertainty regarding the energy supply due to the ongoing war and the worsening consequences of climate change have a direct impact on relevant markets and customer groups in the business sector, while also constituting an opportunity. First, new promotional objectives and approaches to expand renewable energy are emerging, which, among other matters, serve the transformation of companies in order to achieve environmental and climate targets as well as further expanding renewable energy. Second, promotion of energy-efficient buildings plays a key role in achieving the construction sector’s climate targets. What is more, the issue of climate resilience is increasingly coming to the fore as climate change intensifies.

The business sector **Individualfinanzierung & Öffentliche Kunden** ***(Customised Finance*** **&** ***Public Clients)*** bundles innovative and tailored promotional solutions for companies and banks, and promotion of municipal and social infrastructure. Based on its expertise, the business sector is responsible for implementing large-volume Federal Government-mandated transactions in the energy context and focuses its core business on the targeted promotion of environmental protection and climate action, innovations and the acceleration of digitalisation.

This sector is split into three business segments: With regard to customised financing for companies, the moderate economic recovery may generate a slight increase in loan demand. However, even with a moderate economic recovery in Germany, potentially lower risk tolerance on the part of partner banks cannot be ruled out. This could result in greater demand for KfW’s risk participation. In this context, particularly the risk-bearing promotional products in the megatrends “climate change and environment”, “digitalisation and innovation” and “venture debt financing” are achieving greater relevance for young growth-oriented companies.

The demand for investment in municipal and social infrastructure remains strong given the central role municipalities play in meeting the challenges presented by climate change and the digital transformation. However, the strained budget situation of many municipalities in conjunction with limited planning capacities limits their investment and borrowing opportunities. Moreover, the problem of a high EU reference rate with an inverse interest rate structure considerably limits the attractiveness and utilisation of promotional programmes for municipal enterprises without the support of state aid. On the other hand, the heating transformation is expected to generate the chance of high demand for promotion and financing for geothermal energy/district heating and expansion of the electricity distribution grid.

KfW Capital invests in venture capital ("VC") and venture debt funds to improve the sustainable provision of venture and growth capital, thereby also strengthening Germany as an innovation hub for the long term. Strengthening the German VC market is also necessary to tackle the persistent deficit in the amount of VC investment in future technologies compared to other industrialised nations. KfW Capital itself provides more venture capital directly to the market through its own fund investments. Particularly in the years when private investors were hesitant to raise funds, KfW Capital successfully positioned itself as a reliable partner and financier of VC funds and thus indirectly of technology companies in Germany.

ERP Venture Capital Fund Investments and ERP/Future Fund – Growth Facility will remain the two main own-risk programmes of KfW Capital in 2025 as well. The business sector also plans as part of its co-investment approach to make direct investments in companies in future, which will reduce the financing gap in the capital-intensive growth area. This also gives KfW Capital an opportunity for direct involvement in attractive companies with high growth potential and to give a decisive boost to key future areas. Moreover, from 2025, KfW Capital will increasingly invest in VC funds that aim to generate an environmental or social return in addition to a financial return via the new future fund component Impact Pocket.

KfW Capital is also continuing its activities as a financial portfolio manager under the Emerging Manager Facility ("EMF") and Growth Facility trust components, and as investment advisor in connection with the German Growth Fund. KfW Capital will then also act as a financial portfolio manager for KfW in the context of direct co-investments and Impact Pocket. In total, new business volume of around EUR 1.1 billion is expected for 2025, of which EUR 0.4 billion is at KfW Capital's own risk.

Financial markets
KfW Group bundles all funding activities along with its liquidity and operational market price risk management in the business sector **Financial markets.** Other tasks include carrying out holding arrangements on behalf of the Federal Government and mandated transactions in accordance with Article 2 (4) of the KfW Law as well as advising other group units on capital market matters and carrying out capital market transactions on behalf of other group units.

In order to reinforce KfW's sustainability profile and its positioning as a sustainable issuer, KfW consistently develops its green bond issuance strategy and further expanded the green bond programme again in 2024 by linking additional loan programmes. These measures are aimed at growing the investor base and ensuring a long-term stable and well-diversified capital market position.

International business
Economic and geopolitical risks, the uncertainty associated with the Russia-Ukraine war, the Middle East conflict, global economic fragmentation trends and the re-election of Donald Trump as US president are relevant for the business sector **Export and project finance.** There are opportunities in Europe and in the regions relevant for Export and project finance (including North and South America, the Middle East and Asia) in sectors with growth potential (e.g. digital infrastructure, e-mobility, local public transport, energy efficiency, and investments in sustainable transformation). Economic and sustainability programmes and programmes to bolster supply security may also stimulate demand for financing, particularly for infrastructure investments and transformation projects aiming for a climate-neutral economy. Although the future development of the business sector Export and project finance continues to entail many uncertainties, from today's perspective there are sufficient opportunities and potential for the targeted growth path.

The federal budget funds provided for development cooperation will decrease in 2025. Although medium-term financial projections do not specify an extreme reduction, they are subject to considerable uncertainties. The future priorities of the German Federal Ministry for Economic Cooperation and Development (“BMZ”), as KfW Development Bank’s most important contracting authority, are derived from long-term core areas based on the UN’s Sustainable Development Goals (“SDGs”) and the Paris Agreement, as well as initiative areas that inspire action in the medium term. In order to fulfil its ambitious development policy promotional objectives, the Federal Government must continue to provide an adequate guarantee framework for Financial Cooperation. There is potential for KfW Development Bank to play a part in international energy/climate/ infrastructure partnerships. Climate mainstreaming is systematically incorporating climate risk analyses more and more into project design. Biodiversity conservation, which is closely linked to climate action, is also increasing political expectations and opportunities for the business sector to raise its profile. In both climate scenarios, greater climate risks and damage generate a growing demand from partner countries for financing to support the associated transformation processes and improve climate resilience.

Against the backdrop of planned projects of the German Federal Government and international institutions, KfW Development Bank currently expects a new business volume of around EUR 10 billion for 2025.

The subsidiary **DEG** is assigned to the DEG business sector of the same name. Economic growth in developing countries and emerging economies will continue to be characterised by overlapping crises and challenges in 2025. Further signs of a macroeconomic trend reversal are emerging as the peak of the polycrisis has passed, inflation continues to decline and central banks (particularly the US Federal Reserve and the ECB) have initiated an interest rate turnaround, reducing the pressure on local currencies and channelling capital flows into developing countries and emerging economies. However, persistent burdens such as the war in Ukraine, high debt ratios and elevated interest rates are still limiting monetary and fiscal room for manoeuvre. The aim continues to be to provide support to existing and new customers as a reliable partner to generate and secure contributions to local development (labour force, local income, and contributions to local communities). To this end, the business sector provides its customers with long-term financing in the form of loans (also in local currency), mezzanine financing and equity investments for their environmentally and socially responsible investments. DEG provides complementary advice to its customers, particularly on issues relating to sustainability, climate, development impact and corporate governance, in order to support them in their transformation and boost their contribution to local development. With its private sector focus, DEG has a special role to play in mobilising private capital. Private capital mobilisation is essential for achieving the SDGs and climate targets of the Paris Agreement.

DEG is forecasting new business in the amount of EUR 2.2 billion in 2025. As in recent years, this growth will be achieved in a way that conserves resources, including by realising efficiency gains, such as by granting larger financing commitments per customer with a suitable risk/return/impact profile and by using hedging instruments. The stronger alignment of new business with development and positive climate impacts is already embedded in corporate management and is being implemented in the three areas of Financial institutions, infrastructure and energy; Industries and services; and Private equity and venture capital. The focus here is on transformation work with DEG customers. In the coming years, DEG will also focus on its internal transformation, particularly digitalisation, and implement this in a targeted manner in order to sustainably reinforce its business.

Net interest income (before promotional expense) of EUR 2.8 billion is expected for 2025. Higher income from lending business interest margins than was projected the previous year reflects the positive business performance in the business segment Export and project finance. Rising income is expected from strategic equity investments as a result of higher investment interest rates. Opportunities and risks for Consolidated profit may arise, primarily with respect to the structural contribution, from market conditions deviating from projections in conjunction with KfW's positioning.

KfW projects Net commission income totalling EUR 0.7 billion. This includes remuneration for the implementation of promotional programmes in Germany on behalf of the Federal Government as well as remuneration based on KfW Development Bank's General Agreement.

Administrative expense is likely to be approximately EUR 1.7 billion in 2025. This includes the launch of business policy projects in promotion, modernisation, digitalisation and regulation; compared to prior-year projections, costs are expected to rise due to non-recurring effects in the promotional business and the 2024 collective bargaining round.

Overall, the operating result before valuation is expected to be lower than was projected in the previous year.

At EUR 0.5 billion, KfW expects the standard risk costs for 2025 to be at the level of the risk provisions projected for 2024.

For 2025, Net income of EUR 0.2 billion and Net other operating income of EUR 0.1 billion are expected for operational level equity investments (included in Net gains/losses from other financial instruments at fair value and the Net gains/losses from investments accounted for using the equity method).

In this regard, the risk provisions for the lending business and the valuation result depend on the further development of the macroeconomic impact of the current geopolitical situation. The continued uncertain situation may lead to significant positive or negative deviations in the projected result, especially in earnings projections for international and equity investment business.

KfW expects promotional expense of EUR 0.5 billion in 2025.

Overall conclusion

In light of the economic environment and expected demand, KfW projects new business volume of EUR 84.4 billion and Consolidated profit of EUR 1.0 billion for 2025.

The further development of the economic and geopolitical situation, the uncertainty due to the Russia-Ukraine war, the conflict in the Middle East, the US election result and the upcoming new elections in Germany could have an impact on German and global economic performance, which in turn may affect the achievement of KfW's objectives set for financial year 2025. KfW will continue to closely monitor the development of the crises and uncertainty and the consequences thereof for KfW's business.

Consolidated financial statements

	Notes	2024 EUR in millions	2023 EUR in millions
Interest income from the effective interest method		20,132	17,300
Other interest income		1,049	1,099
Interest income, total	(22)	**21,181**	**18,399**
Interest expense	(22)	18,689	15,943
Net interest income[1)]		**2,493**	**2,456**
Net gains/losses from risk provisions	(7), (23)	39	169
Net interest income after risk provisions		**2,531**	**2,625**
Commission income	(11), (24)	693	622
Commission expense	(24)	30	29
Net commission income		**664**	**593**
Net gains/losses from hedge accounting	(8), (25), (57), (58)	107	291
Net gains/losses from other financial instruments at fair value through profit or loss	(26)	44	–177
Net gains/losses from disposal of financial assets at amortised cost	(27)	0	0
Net gains/losses from investments accounted for using the equity method	(6), (28)	20	29
Administrative expense	(29)	1,672	1,561
Net other operating income or loss	(30)	–52	–76
Profit/loss from operating activities		**1,641**	**1,724**
Taxes on income	(19), (31)	239	165
Consolidated profit		**1,402**	**1,559**

1) Refer to Note 22 for a gross presentation of Interest income and Interest expense related to reporting of negative interest income and positive interest expense.

Consolidated statement of comprehensive income

	2024 EUR in millions	2023 EUR in millions
Consolidated profit	**1,402**	**1,559**
Other comprehensive income	**98**	**–65**
Change in own credit risk of liabilities designated at fair value through profit or loss	105	49
Defined benefit pension obligations (before taxes)	–6	–121
Deferred taxes on defined benefit pension obligations	–1	7
Consolidated comprehensive income	**1,500**	**1,494**

Other comprehensive income comprises amounts recognised directly in equity under Revaluation reserves. These amounts include income and expense from the change in own credit risk of liabilities designated at fair value through profit or loss, changes in actuarial gains and losses for defined benefit pension obligations, and changes in deferred taxes reported depending on the underlying transaction.

Assets

	Notes	31 Dec. 2024	31 Dec. 2023
		EUR in millions	EUR in millions
Cash reserves	(34)	26,522	47,431
Financial assets at amortised cost	(7), (12), (35), (36), (37), (57), (58)	502,666	503,175
Financial assets at fair value	(7), (38), (59)	15,716	16,799
Value adjustments from macro fair value hedge accounting	(8), (39), (59)	–9,375	–14,771
Derivatives designated for hedge accounting	(8), (40), (57), (58), (59)	7,445	5,443
Investments accounted for using the equity method	(41), (6)	500	626
Non-current assets held for sale	(13), (42)	37	78
Property, plant and equipment	(15), (43)	922	929
Intangible assets	(17), (44)	69	82
Income tax assets	(19), (45)	109	176
Other assets	(11), (46)	754	772
Total		**545,366**	**560,741**

Liabilities and equity

	Notes	31 Dec. 2024	31 Dec. 2023
		EUR in millions	EUR in millions
Financial liabilities at amortised cost	(7), (47), (57), (58)	485,502	499,700
Financial liabilities at fair value	(7), (48), (59), (60)	9,774	10,365
Value adjustments from macro fair value hedge accounting	(8), (49), (59)	–16	–1
Derivatives designated for hedge accounting	(8), (50), (57), (58), (59)	6,982	9,300
Provisions	(7), (18), (51)	2,948	2,811
Income tax liabilities	(19), (52)	230	107
Other liabilities	(11), (53)	374	386
Equity	(20), (54)	39,573	38,073
Paid-in subscribed capital		3,300	3,300
Capital reserve		8,447	8,447
Reserve from the ERP Special Fund		1,191	1,191
Retained earnings		26,552	25,150
Revaluation reserves	(7), (20), (54)	83	–15
Total		**545,366**	**560,741**

	Subscribed capital	Capital reserve	Reserve from the ERP Special Fund	Retained earnings	Fund for general banking risks	Revalua-tion reserves	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2023	**3,300**	**8,447**	**1,191**	**23,391**	**200**	**50**	**36,579**
Consolidated comprehensive income	0	0	0	1,559	0	–65	1,494
Consolidated profit	*0*	*0*	*0*	*1,559*	*0*	*0*	*1,559*
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*–65*	*–65*
Reclassifications within Equity	0	0	0	200	–200	0	0
As of 31 Dec. 2023	**3,300**	**8,447**	**1,191**	**25,150**	**0**	**–15**	**38,073**
Consolidated comprehensive income	0	0	0	1,402	0	98	1,500
Consolidated profit	*0*	*0*	*0*	*1,402*	*0*	*0*	*1,402*
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*98*	*98*
Reclassifications within Equity	0	0	0	0	0	0	0
As of 31 Dec. 2024	**3,300**	**8,447**	**1,191**	**26,552**	**0**	**83**	**39,573**

The difference to the consolidated comprehensive income is allocated to Other retained earnings or – if recognised directly in equity – to revaluation reserves.

Note 54 provides details on the consolidated statement of changes in equity.

	2024 EUR in millions	2023 EUR in millions
Consolidated profit	**1,402**	**1,559**
Non-cash items included in consolidated profit and reconciliation to cash flow from operating activities:		
Depreciation, amortisation, impairment and reversal of impairment losses (assets) and changes in risk provisions for lending business	143	50
Changes in provisions for pensions and similar commitments and Other provisions	264	235
Other non-cash expenses and income	72	47
Profit/loss from the disposal of assets	0	0
Other adjustments	–2,325	–2,339
Subtotal	**–444**	**–446**
Changes in assets and liabilities from operating activities after adjustment for non-cash items:		
Financial assets at amortised cost	444	–2,893
Financial assets at fair value	1,061	–326
Other assets relating to operating activities	–7,251	–7,302
Financial liabilities at amortised cost	–14,198	7,121
Financial liabilities at fair value	–66	–18
Other liabilities relating to operating activities	–2,836	–2,825
Interest and dividends received	21,181	18,399
Interest paid	–18,689	–15,943
Income tax paid	–167	–117
Cash flow from operating activities	**–20,965**	**–4,350**
Property, plant and equipment/Intangible assets:		
Cash proceeds from disposals	17	2
Cash payments for acquisitions	–90	–77
Securities and investments (equity investments):		
Cash proceeds from disposals/Cash payments for acquisitions	129	7
Cash flow from investing activities	**56**	**–68**
Cash proceeds from/Cash payments for capital increases/decreases	0	0
Changes from other financing activities	0	0
Cash flow from financing activities	**0**	**0**
Cash and cash equivalents as of the end of the previous period	**47,431**	**51,848**
Cash flow from operating activities	–20,965	–4,350
Cash flow from investing activities	56	–68
Cash flow from financing activities	0	0
Cash and cash equivalents as of the end of the period	**26,522**	**47,431**

The statement of cash flows shows the changes in Cash and cash equivalents in the financial year classified as the Cash flows from operating activities, investing activities and financing activities. The Other adjustments item largely comprises the adjustment for net interest income in the amount of EUR –2,493 million (2023: EUR –2,456 million). The cash payments for the repayment portion of lease liabilities included in Cash flow from operating activities amounted to EUR 13 million in financial year 2024 (2023: EUR 13 million). The cash payments for the interest portion of lease liabilities are reported under Interest paid.

For more information on the group's liquidity risk management, see the section on liquidity risk in the combined management report.

Consolidated notes

institution based in Frankfurt am Main (Palmengartenstrasse 5–9, 60325 Frankfurt am Main, Germany). KfW promotes sustainable improvement of economic, environmental and social conditions around the world, but with an emphasis on the German economy.

The Executive Board of KfW is responsible for preparing the consolidated financial statements and the combined management report. The Executive Board will approve the publication of the consolidated financial statements on 11 March 2025.

As of the reporting date, KfW Group comprises KfW and six fully consolidated subsidiaries. One joint venture and two associated companies are accounted for using the equity method. Changes in the group of consolidated companies can be found in Note 5 “Group of consolidated companies”.

Pursuant to Section 315e (1) of the German Commercial Code (Handelsgesetzbuch – *“HGB”),* the consolidated financial statements as of 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”), and with the interpretations set out by the IFRS Interpretations Committee (“IFRS IC”), as mandatory consolidated accounts in accordance with Article 4 of Regulation (EC) No. 1606/2002 (“IAS Regulation”) of the European Parliament and of the Council of 19 July 2002, as well as further regulations on the adoption of certain international accounting standards. The standards and interpretations that apply are those that have been published and endorsed by the European Union as of the reporting date.

The supplementary provisions of the German Commercial Code that also apply to IFRS consolidated financial statements have been taken into account. The combined management report prepared in accordance with Section 315 of the German Commercial Code includes the risk report with risk-oriented information on financial instruments as set out in IFRS 7, as well as information on capital and capital management as set out in IAS 1.134.

The consolidated financial statements were prepared in accordance with accounting policies that are consistent across KfW Group and are prepared on a going-concern basis. The companies included in the consolidated financial statements have prepared their annual financial statements as of 31 December 2024, except for some associated companies accounted for using the equity method, where financial statements as of 30 September 2024 were used. Material events for the latter companies as of the reporting date were also taken into account.

The accounting policies in the consolidated financial statements were applied consistently with the exception of the items listed in Note 3.

The reporting currency is the euro. Unless otherwise specified, all amounts are stated in millions of euros (EUR in millions).

The amendments to IAS 1 from January 2020 serve to clarify the criteria for classifying liabilities as current or non-current. Accordingly, the classification of liabilities as current or non-current will be based on the rights held by the entity on the reporting date. A liability is classified as non-current if, at the end of the reporting period, the entity has a substantial right to defer settlement of the liability for at least 12 months after the reporting date. Further guidance on the interpretation of specific criteria and explanatory notes has also been included.

The amendment to IAS 1 published in October 2022 clarifies when debt is to be classified as current or non-current, taking into account agreed covenants. It stipulates that only covenants that must be complied with on or before the reporting date affect the classification as current or non-current liabilities. For liabilities classified as non-current with covenants which are due within 12 months after the reporting date, additional disclosures must be made in the notes to enable users of the financial statements to assess the risk of a possible early repayment of the liability. The amendments to IAS 1 on liabilities with settlement deferral options or liability extinguishment rights in connection with covenants do not have any material impact on KfW's consolidated financial statements.

The September 2022 amendment to IFRS 16 introduces rules on subsequent measurement for seller-lessees in the case of leases in a sale and leaseback transaction. It stipulates that in the subsequent measurement, the lease liability is to be measured in a way that does not recognise any gain or loss that relates to the right of use it retains.

The amendments to IAS 7 and IFRS 7 published in May 2023 are intended to enhance the transparency of supplier finance arrangements. Qualitative and quantitative information on arrangements with suppliers should be made available in order to understand their effects on the financial liabilities, cash flows and liquidity risk of the reporting entity.

The accounting standards that are new, amended or to be adopted for the first time have no significant impact on the net assets, financial and earnings position of KfW Group.

B. Impact of new or amended IFRS/IFRIC interpretations to be adopted in the future that were endorsed by the EU into European law before the reporting date

Standard concerned	Mandatory application for financial years from	Description
IAS 21	1 Jan. 2025	The amendments to IAS 21 published in August 2023 require an entity to apply a consistent approach when assessing whether a currency is exchangeable into another currency. This determines how an entity determines the exchange rate to be applied when a currency is not exchangeable. Additional information must be disclosed in cases of non-exchangeability.

KfW Group does not utilise the permitted early application options of the standard amendments. The future amendments to the standards described above are not expected to have any significant impact on the group's net assets, financial and earnings position.

Standard concerned	Effective for financial years from	Description
IFRS 9 / IFRS 7	1 Jan. 2026	The amendments to IFRS 7 and IFRS 9 published in May 2024 relate, among other things, to the requirements in IFRS 9 on the derecognition of financial liabilities using electronic payment systems and on the classification of financial assets, particularly taking into account conditional interest payments (linking interest to ESG factors). In addition, disclosure requirements have been added for financial instruments with conditional cash flows (e.g. those tied to ESG factors) and for investments in equity instruments recognised at fair value directly in equity. In mid-December 2024, the IASB published amendments to IFRS 9 and IFRS 7 on nature-dependent electricity contracts. Accordingly, the own-use exception in accordance with IFRS 9.2.4 et seq. is to be applied to long-term physical power purchase agreements if the company has been a net purchaser of renewable electricity under the contract to date and is expected to be a net purchaser for the entire remaining term of the contract. Furthermore, adjustments to the requirements for hedge accounting in IFRS 9 are planned with the possibility of using contracts for electricity from renewable energy sources as a hedging instrument under certain conditions. The hedge accounting requirements in accordance with IAS 39 remain unaffected. Moreover, additional disclosure requirements are to be effected in order to better understand the effects of nature-dependent electricity on the financial performance and future cash flows of an entity.
AIP – Volume 11	1 Jan. 2026	At the end of July 2024, the IASB published the “Annual Improvements to IFRS Accounting Standards – Volume 11” with clarifications and corrections: IFRS 1: Hedge accounting by a first-time adopter. In IFRS 1 paragraphs B5 and B6, cross-references to IFRS 9 6.4.1 have been added, and the term “conditions” has been replaced by “qualifying criteria”. IFRS 7: Gain or loss on derecognition. Disclosure of deferred difference between fair value and transaction price, credit risk disclosures. In particular, changes have been made to referencing and wording to eliminate ambiguities and inconsistencies. IFRS 9: Lessee derecognition of lease liabilities; transaction price. IFRS 9 2.1 (b)(ii) is supplemented by a cross-reference to the IFRS 9 rules on accounting for profit or loss on disposal. The reference to the definition of transaction price in accordance with IFRS 15 in IFRS 9 5.1.3 and in Appendix A has been removed, as the term “transaction price” is used in certain sections of IFRS 9 in a context that does not necessarily correspond to the definition of this term in IFRS 15. IFRS 10: Determination of a ‘de facto agent’. The amendment resolves a confusion between IFRS 10 paragraphs B73 and B74 by aligning the language in the two paragraphs. IAS 7: Cost method. In IAS 7 paragraph 37 the term “cost method”, has been replaced by “at cost”.
IFRS 18	1 Jan. 2027	The new standard IFRS 18 ‘Presentation and Disclosure in Financial Statements’ will replace the previous IAS 1 ‘Presentation of Financial Statements’ and is aimed at more transparent presentation and comparability of the performance of entities with a focus on a restructured income statement. Income and expenses are divided into five categories (operating, investing, financing, income taxes, and discontinued operations) with the income statement broken down by predefined subtotals. IFRS 18 also contains provisions to improve the summary and breakdown of items, as well as disclosure requirements for alternative key figures defined by management that are not specified in the IFRS accounting standards.
IFRS 19	1 Jan. 2027	The new standard IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’ permits certain subsidiaries to apply IFRS accounting standards with reduced disclosure. An entity may elect to apply IFRS 19 if it is a subsidiary (within the meaning of IFRS 10), does not have public accountability (is not a financial institution and not capital market-oriented) and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS accounting standards.

for the group and the associated implementation effort. The future impact of IFRS 18 on presentation and disclosure in the financial statements is currently being examined.

(3) Changes to material accounting policies

There were no changes to material accounting policies or estimates in the reporting period.

(4) Judgements and accounting estimates

The consolidated financial statements include amounts based on management's judgements and/or estimates and assumptions which are determined to the best of our ability and in accordance with the applicable accounting standard. Actual results realised in a future period may differ from these estimates. Material judgements, estimates and assumptions are required, in particular, for calculating risk provisions (including risk provisions for lending business), recognising and measuring provisions (primarily for pension liabilities and legal risks), measuring the fair value of financial instruments based on valuation models (including determining the existence of an active market), determining remaining terms of leases, assessing and measuring impairment of assets, and assessing the utilisation of deferred tax assets. The estimates and the assumptions underlying these estimates are reviewed on an ongoing basis and are based, among other things, on historical experience or expected future events that appear likely given the particular circumstances. Where judgements as well as estimates and their underlying assumptions were required, the assumptions made are explained in the relevant notes.

KfW Group does not expect any deviations from its assumptions and does not foresee any uncertainties in its estimates that could result in a material adjustment to the related assets and liabilities within the next financial year. Given the strong dependency on the development of the economy and financial markets, however, such deviations and uncertainties cannot be fully ruled out. These risks are nevertheless low because valuation models – especially those involving the use of inputs not based on observable market data – are employed to measure only small parts of receivables, securities, investments and borrowings measured at fair value, on the one hand, and only a small portion of financial derivatives used to economically hedge risk, on the other hand.

The anticipated impact of the current geopolitical risks was taken into account in calculating risk provisions and fair values for equity investments within the framework of the established accounting policies.

Risk provisions for performing loans (Stages 1 and 2) are calculated using risk parameters which are geared to regulatory and internal credit risk models for the parameterisation of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") and adjusted to meet IFRS 9 requirements.

The persistent uncertainties regarding future economic developments were further addressed by considering a second, more conservative scenario (post-model adjustment). To reflect the greater forecast uncertainty regarding global economic developments (including the threat of trade conflicts between the USA, China and Europe), a second, more conservative scenario than in the previous quarters was taken into account as a post-model adjustment in the fourth quarter of 2024. The second scenario was weighted at 30% as of 31 December 2024, as in the previous year. Further information can be found in the note 37 "Risk provisions".

2024. These relate in particular to the IFRS 9 non-retail business transfer criterion, the migration matrices and, for DEG, the further development of the LGD model and changes in offsetting personal collateral. The methodological developments described resulted in effects contributing to reduced risk provisioning in 2024, which more than offset the effect from the post-model adjustment and ultimately led to a reversal of risk provisions for performing loans. Environmental, social and governance risks ("ESG risks") do not present new risks for the group to take into account, as Risk Management already addresses ESG risks in the context of business partner ratings, credit approvals and portfolio analyses as part of the group's risk strategy. They are therefore already reflected in the risk provisions for lending business and may also be reflected in the valuation of equity investments as part of a qualitative overall risk view.

(5) Group of consolidated companies

All significant subsidiaries, joint ventures and associated companies are included in the consolidated financial statements.

Subsidiaries are all business units (including structured entities) over which the group exercises control. Control exists when a group is exposed or entitled to variable cash flows through its relationship and has the opportunity to use its power of disposal to influence the amount of such cash flows. Subsidiaries are included in the consolidated financial statements (full consolidation) from the point at which control is transferred to the group. They are deconsolidated when control is lost.

Joint ventures and associated companies are included in the consolidated financial statements in accordance with IFRS 11/IAS 28 if a joint agreement is in place or the group has significant influence. Significant influence exists when KfW can participate in financial and business policy decisions regarding the associated company even if it does not have sole or joint control.

The composition of the group of consolidated companies has changed since the consolidated financial statements as of 31 December 2023. Global Gender-Smart Fund S.A. SICAV-SIF (formerly Microfinance Enhancement Facility S. A.), Luxembourg, has not been accounted for using the equity method since financial year 2024, as KfW no longer has significant influence over this entity.

The composition of the consolidated group is presented in the Notes under "List of KfW Group shareholdings".

(6) Basis of consolidation

Consolidation involves revaluing the total assets and liabilities of the subsidiaries at the acquisition date, irrespective of the equity interest held, and incorporating them into the consolidated statement of financial position and accounting for them in subsequent periods in accordance with the applicable standards. If the revaluation adjustments result in an excess compared to acquisition cost, this excess amount is capitalised as goodwill. No goodwill is currently recognised.

Any intercompany assets and liabilities as well as expenses and revenues from transactions between consolidated group companies are eliminated through debt consolidation, or earnings and expenses consolidation, respectively. Intercompany profits between fully consolidated companies are also eliminated.

Investments in associates and joint ventures are accounted for using the equity method. The group's share of the profits or losses of associates and joint ventures is recognised in the "Net gains/losses from investments accounted for using the equity method" line item in the income statement.

There are no minority interests within KfW Group.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The rules under IFRS 9 “Financial Instruments” serve as the basis for recognition and measurement of financial instruments.

Classification of financial assets at initial recognition thus determines their subsequent measurement. Classification and subsequent measurement of debt instruments is based on the business model and characteristics of the contractual cash flows (solely payments of principal and interest, or “SPPI” criterion). Equity instruments, on the other hand, must always be measured at fair value.

IFRS 9 distinguishes between four categories of measurement for financial assets:

1. At amortised cost;
2. At fair value through profit or loss (“FVTPL”), with the two sub-categories: mandatory and designated;
3. At fair value through other comprehensive income (“FVTOCI”) with no recycling into profit or loss (not used in the group);
4. At fair value through other comprehensive income (“FVTOCI”) with recycling into profit or loss (not used in the group).

Instruments are assigned to business models on a portfolio basis. IFRS 9 provides for three business models to manage financial assets:

1. Hold to collect – financial assets are held with the objective of collecting contractual cash flows.
2. Hold to collect and sell – financial assets are held with the objective of both collecting the contractual cash flows and selling the financial assets (not used in the group).
3. Hold to sell – financial assets held with the objective of selling, or which do not fulfil the “hold to collect” or “hold to collect and sell” criteria.

The cash flow criterion is assessed for each individual financial asset as the second step. The cash flows of financial instruments are then checked for consistency with a basic lending arrangement and as to whether they thus constitute SPPIs on the outstanding loan balance. IFRS 9 defines interest as compensation for the time value of money and credit risk assumed, although it can also include a premium for liquidity risk. As is customary for the sector, compensation (e.g. for equity or administrative costs,) and a profit margin may also be included.

If payments contain payments beyond SPPIs, they must be measured at fair value. This also applies to non-recourse financing where the cash flows of the financed asset are increased or limited in such a way that they no longer constitute interest or principal payments in economic terms and the bank is consequently not exposed to a credit risk but rather to a project or investment risk.

A financing agreement condition does not affect classification if its effect on the contractual cash flows of the financial asset is only minor (de minimis). The group employs group-wide rules and a standardised classification of contractual covenants in assessing the SPPI criterion. For sustainability-linked loans in which the interest rate varies depending on compliance with defined ESG criteria, a de minimis threshold value is generally taken as the basis for assessing the SPPI criterion. The threshold value refers to the level of margin variability.

An assessment is made in non-recourse loans as to whether mitigation of the property or project risks creates a sufficient risk buffer and whether this then outweighs the credit risk.

A financial asset must have been allocated to a portfolio with the “hold to collect” business model and meet the cash flow criterion for measurement at amortised cost. The KfW business model is focused on a long-term sustainability approach. As the group does not enter into any transactions with the intention of generating a short-term profit, the Executive Board has decided on the “hold to collect” business model for all credit portfolios (except for the two cases mentioned below). Moreover, the group’s lending business is largely consistent with the definition of a basic lending arrangement, and thus meets the SPPI criterion.

– Holding arrangements for the Federal Republic of Germany: Holdings KfW maintains by mandate for the Federal Republic of Germany are not subject to KfW management. Sales are to be executed upon the Federal Government’s instruction. As KfW cannot assume that these positions will remain in the portfolio for the long term, it cannot assume a “hold to collect” intention.
– KfW IPEX-Bank’s syndication business: This business focuses on short-term sales and not on the objective of holding and selling the assets in equal measure.

Both cases of exception are assigned to the “hold to sell” business model. The holdings are measured at FVTPL.

Securities portfolios are also assigned to the “hold to collect” business model. This applies to the group’s liquidity portfolio as well. As the group places minimum requirements on the ECB-eligibility of securities with regard to its liquidity portfolio, liquidity is secured by means of repo transactions. This therefore means that sales from the liquidity portfolio are unnecessary. The ancillary agreements are recorded and evaluated in the system to check the SPPI criterion. Securitisations are checked on a case-by-case basis to address the special rules for “contractually linked instruments”. Consequently, the group’s securities portfolios are largely measured at amortised cost using the effective interest method, as is its lending business.

The group’s investments from equity finance are accounted for at fair value through profit or loss, as these are either equity instruments or debt instruments with no fixed interest or principal payments. The group does not exercise the option of FVTOCI for equity instruments.

Consequently, the group applies only the first two categories for financial assets: amortised cost and FVTPL.

IFRS 9 only provides for two categories for financial liabilities: amortised cost and FVTPL. Financial liabilities are accounted for at FVTPL if they are classified as held for trading (mandatory fair value) or assigned to this measurement category at initial recognition through application of the fair value option (designated fair value); otherwise they are accounted for at amortised cost. The classification must be irrevocably determined at initial recognition. Reclassification is not permitted.

All non-derivative financial liabilities are held for non-trading purposes in the group. All non-derivative financial liabilities for which the fair value option has not been exercised are classified as liabilities at amortised cost. These are thus measured at amortised cost using the effective interest method. For the group, this category covers funding reported in Financial liabilities at amortised cost (Liabilities to banks, Liabilities to customers and Certificated liabilities). The fair value option is exercised for some structured liabilities such as promissory note loans (Schuldscheindarlehen) and certificated liabilities. This concerns liabilities with bifurcated structures as well as liabilities with non-bifurcated structures for which there is an accounting mismatch unless they meet the requirements for application of hedge accounting. In exercising the fair value option, valuation effects resulting from changes in own credit risk are recognised directly in equity in the revaluation reserve.

Derivatives are concluded solely for hedging purposes in the group and measured at FVTPL.

Derivatives are recognised as of the trade date, and all other financial assets as of the settlement date. They are derecognised when the contractual rights from the assets have expired, the power of disposal or control has been transferred, or a substantial portion of the risks and rewards has been transferred to a third party unrelated to KfW Group. Financial liabilities are derecognised if the obligations specified in the contract have been discharged or cancelled, or have expired.

Financial instruments are initially recognised at fair value. Directly attributable transaction costs are included as incidental acquisition costs.

flows. Discounts are amortised in the promotional lending business until the end of the first fixed interest rate period (generally five to ten years).

Subsequent measurement at fair value for recognition in the financial statements or for the disclosure of financial instruments in the Notes is presented in Section D. “Fair value” below.

In accordance with Article 2 (4) of the KfW Law, the German Federal Government may mandate transactions to KfW on a case-by-case basis involving a public interest on the part of the Federal Republic of Germany. Such transactions are referred to as mandated transactions. This means that KfW is mandated by the Federal Government to enter into or acquire certain financial instruments. Both equity and debt instruments can be used for such purposes. Mandated transactions are accounted for by applying the generally accepted IFRS rules on additions and disposals, but also on the receipt of income.

Due to the supplemental agreements with the Federal Government often associated with mandated transactions, the disposal criteria and, in particular, the existence of on-lending agreements must also be checked. In addition, a review of the initial recognition of the relevant financial instruments must be conducted. On-lending agreements ensure that cash flows between KfW and the respective party to the agreement are ultimately passed on to the Federal Government. While the disposal criteria are normally not met with respect to debt instruments, they are generally met when applied to equity instruments, and the financial instrument is thus de-recognised immediately after initial recognition in the statement of financial position. Equity instruments resulting from mandated transactions are therefore not recognised in the financial statements, but are included in disclosures on trust activities in the notes.

B. Impairments

In the group, provisions for loan losses are accounted for in accordance with IFRS 9 requirements and applied to the following financial instruments:

- Loans and receivables as well as third-party securities measured at amortised cost;
- Loan commitments not measured at fair value through profit or loss;
- Financial guarantees not measured at fair value through profit or loss.

Impairments are calculated based on a three-stage model. All assets are assigned to Stage 1 at initial recognition and an impairment is calculated that is equivalent to the 12-month expected credit loss (“ECL”).

Subsequently, expected credit losses are calculated based on changes in a financial instrument’s credit risk since initial recognition. If there has been a significant deterioration of the credit risk (Stage 2) or objective evidence of impairment is identified (Stage 3), expected credit losses are to be calculated over the remaining lifetime (lifetime ECLs). If, in contrast, there has been no significant increase in credit risk, the financial instrument is still assigned to Stage 1 and only the ECLs for the term of the instrument resulting within the next 12 months from potential loss events are taken into account.

A lifetime ECL is recognised for financial instruments in Stage 2 as risk provisioning. This is based on risk parameters oriented to regulatory and internal credit risk models for parameterisation of probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). Interest income for financial instruments in Stage 2 is recorded using the effective interest method based on the gross carrying amount.

A lifetime ECL is also recognised for financial instruments in Stage 3 as risk provisioning. Assignment to Stage 3 and thus classification as impaired is undertaken in line with the group-wide default definition, which reflects the definition of “default of an obligor” in accordance with Article 178 of the Capital Requirements Regulation (“CRR”). The definition distinguishes between the 90 days past due and unlikely to pay criteria. A distinction is made in calculating impairment in Stage 3 between significant (non-retail) and non-significant (retail) financial instruments. Impairment for retail business in Stage 3 is calculated based on risk parameters and applying a PD of 1. Individual impairment is recognised for incurred losses and is computed on the basis of individual loans for significant portfolios in the lending business. The amount of the impairment loss equals the difference between the carrying amount of the loan and the present value of discounted expected future cash flows from interest, redemption payments and collateral cash flows. Any reversals of individual impairment losses are accounted for through profit or loss. Interest income for these financial instruments is recognised based on the net carrying amount.

Purchased or originated credit-impaired financial assets (“POCI”) are not significant due to the group’s business model. The group has therefore decided not to separately disclose these special requirements. If there are individual cases that meet the POCI definition, they will be assigned to Stage 3 based on the default rating at the time of purchase.

The group takes a nuanced approach to assignment to stages that takes both rating and qualitative information into account.

It uses the change in the probability of default over the remaining term (lifetime PD) compared with the probability of default expected for this period at initial recognition (forward lifetime PD) as a basis to assess whether a transaction can migrate from Stage 1 to Stage 2. This ensures that only transactions for which there is a significant deviation from the originally expected probability of default are transferred to Stage 2. Concessions (contractual modifications) made to the obligor for economic or legal reasons (forbearance), are also considered as a factor in transfer to a subsequent stage.

As there is no individual rating specific to an obligor in the retail business, transfers from Stage 1 to stage 2 are based on other credit deterioration indicators, such as negative factors or 30-days-past-due status.

The group does not exercise the option of waiving assessment on whether there has been a significant increase in credit risk, if the instrument is determined to have low credit risk at the reporting date (low credit risk exemption).

The IFRS 9 impairment model takes a symmetrical approach to migration, meaning that forward migration to Stage 2 or Stage 3 as well as reversion back from Stages 2 and 3 are possible. Periods of good conduct are defined for the retail business, based on previous past-due status (>30 days) or default. These range from 90 days to two years, depending on the specifics of the case. This accounts for the fact that no rating-based transfer criterion is applied to the retail business, and therefore, for example, in the absence of a payment default (>30 days) without a good conduct period, there would be an immediate reversion to Stage 1.

Expected credit losses for Stage 1 and Stage 2 and the retail business in Stage 3 are calculated based on individual transactions using statistical risk parameters. The regulatory and internal credit risk models for parametrisation of PD, EAD and LGD that are used in risk management serve as the basis for this calculation. These parameters are adequately adjusted to determine expected credit losses in accordance with IFRS 9. This enables largely uniform credit risk modelling in line with supervisory law, risk management and IFRS requirements even though they may individually differ somewhat in scope. Therefore, essentially best estimate parameters are used to determine the expected credit loss; margins of conservatism are not included. Downturn components are only taken into account in the risk parameters in crisis situations.

Calculation of one-year PD is based on the internal rating system, in which every exposure is assigned a PD score that corresponds to a rating scale of 18 levels for non-defaulted transactions (“PL”) and two levels for defaulted transactions (“NPL”). The lifetime PDs are derived from the one-year PD via migration matrices. For IFRS-9-compliant PD modelling, the internal credit risk parameters are adjusted by placing a greater weight on macroeconomic factors from a point-in-time (“PIT”) perspective. The adjustment is made through segment and rating-specific modelling of PD premiums and discounts on regulatory PD (through-the-cycle PD). This is based on expert estimates of the economic situation of sectors and countries, with assessment of expected effects, taking into account forward-looking information. This approach differs for the retail business, for which premiums and discounts are calculated applying an expert model based on econometric factors.

The EAD per time bucket corresponds to the loan drawdown expected at the time of default, taking into account additional drawings on open lines of credit. For the off-balance sheet portion, the expected drawdown is calculated based on credit conversion factors (“CCFs”).

In times of greater uncertainty, the economic environment is taken into account in addition to the point-in-time adjustment of default probabilities by means of a further macroeconomic scenario.

Risk provisions for on-balance sheet lending and securities business are deducted directly from the statement of financial position item Financial assets at amortised cost. Risk provisions for the off-balance sheet lending business are accounted for on the liabilities side under Provisions (sub-item: Risk provisions for lending business).

The credit risks resulting from the on- and off-balance sheet lending business and from financial assets measured at amortised cost are accounted for through impairments recognised in profit or loss in the amount of the one-year expected credit loss (Stage 1) or the lifetime expected credit loss (Stage 2 and Stage 3). Additions to and reversals of risk provisions are recognised in Net gains/losses from risk provisions in the income statement.

An asset is written off in the event that it, or a portion thereof, is estimated as irrecoverable (write-off). In the non-retail business, this is not performed until there is no longer a prospect of recovery, as, for instance, all collateral has been realised or, in the event of insolvency, creditor quotas have been distributed or insolvency proceedings have been discontinued for lack of assets. Write-offs in the retail business are performed pursuant to defined criteria such as insolvency or a fixed default period, both of which are related to termination of the loan. Recovery is pursued as long as it is economically viable.

In the case of a write-off, the gross carrying amount is reduced by the amount of the write-off. Current provisions for loan losses are utilised first, and any remaining amount is written off directly. Similar to recoveries on loans already written off, this direct write-off is also reported through profit or loss in the Net gains/losses from risk provisions item.

C. Contractual modifications

Contractual modifications are credit rating or market-induced adjustments to contractual cash flows. By contrast, an adjustment of contractual payments agreed at the time the contract was concluded is not deemed a contractual modification.

Substantial contractual modifications result in derecognition of financial assets even if the same or the modified contract legally remains valid. The modified financial instrument is treated in accordance with IFRS 9 as a new contract and reclassified on the basis of classification criteria. Derecognition resulting from substantial modification is not relevant for the “hold to collect” business model.

There is no write-off for non-substantial contractual modifications. Instead, the gross carrying amount is adjusted to the present value of the modified cash flows calculated using the original effective interest rate. This valuation difference is recognised in profit or loss as a modification gain or loss and amortised through net interest income on subsequent reporting dates.

whether a stage transfer may consequently be necessary. This ensures that a credit risk-related contractual modification triggers an ad hoc rating as an early warning signal or at least a documented review of the need for an ad hoc rating in accordance with requirements for early detection of risks. This current rating is taken into account accordingly in the assignment to stages.

D. Fair value

Subsequent measurement at fair value, which, depending on the measurement category, is regularly determined either for recognition in the statement of financial position or for the disclosure of financial instruments in the Notes, is based on the following hierarchy at KfW Group:

Active market – allocation to level 1 (Quoted market price)

The best objective evidence of fair value is provided by published price quotations in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent current – i.e. traded on the date of conclusion or shortly before – and regularly occurring market transactions on an arm’s length basis. Together with the traded nominal volumes, the contract sizes and the number of contracts, this assessment takes into account in particular the bid-ask spreads observed which in the event of a significant increase indicate the absence of an active market.

No active market – allocation to level 2 (Valuation methods based on observable market data [model]) or level 3 (Valuation methods based in part on data not observable in a market)

If the financial instrument is not quoted in an active market, valuation techniques are used. The valuation techniques applied include, in particular, the discounted cash flow (“DCF”) method and option pricing models, as well as a comparison to the fair value of a financial instrument with almost identical characteristics (e.g. multiple-based models). The valuation techniques take account of all input parameters that the market participants would include in the pricing of that financial instrument, e.g. market interest rates, risk-free interest rates, credit spreads or swap curves. As these input parameters can generally be observed in the market and are usually the only significant parameters for measuring financial instruments using valuation techniques, the level for the financial instruments measured at fair value using valuation methods is usually level 2. This allocation also generally applies for prices quoted on inactive markets published by price service agencies.

If significant input parameters that are not observable on the market, such as expected risk-free customer margins or capital costs, are used in valuation techniques, the financial instrument is allocated to level 3.

If, at the date of initial recognition, differences arise between the market-based transaction price and the model price resulting from a valuation technique that makes significant use of unobservable parameters, an analysis is performed to determine whether there are economic reasons for these initial differences (e.g. conclusion of a transaction on a market that is not the main market for this transaction). These economic reasons only apply to a small part of the derivative portfolio of KfW Group, which comprises a hedging instrument for customers with respect to the export and project financing business. In relation to this, OTC (over the counter) derivatives in line with the market are not concluded on the main market (OTC interbank market) relevant to valuation. The initial differences determined upon conclusion of these derivatives are amortised through profit or loss over the life of the financial instruments, as the valuation parameters unobservable on the market are relevant to the valuation procedure. The reliability of this valuation technique is ensured via regular model validations.

under Financial assets at fair value (loans and advances to banks, loans and advances to customers, and equity investments) and Financial liabilities at fair value (liabilities to banks, liabilities to customers, and certificated liabilities). Valuation techniques are also used for OTC derivatives.

The steps detailed below are taken for certain product groups:

For securities in the Securities and investments line item, the group examines whether a financial instrument is quoted on an active market on the basis of homogeneous portfolios. Market activity is assessed based on the following criteria:

- There is more than one market maker.
- Prices are set on a regular basis.
- Prices deviate only slightly between market makers.
- The bid-ask spread is narrow.

Prices on active markets are used to determine the fair value of the group's asset securities as of the reporting date. In addition, for parts of the portfolio, prices from price service agencies are used that do not qualify as prices quoted on active markets. Should these not be available in individual cases, valuation techniques are used to determine fair value taking into account observable market parameters. The input parameters include, in particular, changes in creditworthiness and risk-free interest rates, but they also take into account general and financial instrument-specific tightening of the market due to lower liquidity.

In measuring OTC derivatives, valuation adjustments are determined for counterparty risks (credit valuation adjustments – "CVA"), own default risk (debt valuation adjustments – "DVA"), collateral costs under credit support annexes ("CSA") (collateral valuation adjustments – "ColVa") and funding cost adjustments ("FCA"). KfW's institute-specific funding costs are used to calculate the FCA. Value adjustments are not calculated separately for each transaction but for the portfolio of transactions on which a framework agreement is based. The allocation to individual transactions is based on the relative credit adjustment approach. The resulting adjustment amounts are very low as KfW generally pledges collateral for positive market values in accordance with standard market collateral agreements. In accordance with market practices, risk-free overnight interest rates are used for the valuation of the derivatives portfolio.

The fair value of Loans to banks and customers is calculated using the discounted cash flow ("DCF") method based on the discounting of the risk-adjusted cash flows. The expected loss calculated for the respective reporting date is used to correct the contractual cash flows.

The holding arrangements for the Federal Republic of Germany are accounted for as receivables from the Federal Government. The receivables comprise the KfW-funded purchase price of the items held for the Federal Republic of Germany as well as an additional benefit from the sales proceeds of the items. The receivables are measured at fair value, with the additional benefit being accounted for as a key value driver using current market prices of the items held.

Valuation methods based on net asset value for fund investments are also used in addition to the discounted cash flow method for valuation of direct investments. Due to the three-month time lag between the group's reporting date (31 December 2024) and the reporting date for the equity funds (30 September 2024), the net asset values are adjusted, if necessary, in the event of short-term changes in the economic environment or new information regarding individual investments. In this context, listed investments within the fund investments are also valued as of the balance sheet date 31 December 2024. If identical investments are held via several funds, the valuations are reviewed and standardised.

amount.

When no prices from liquid markets are available and prices on inactive markets cannot be provided by price service agencies, recognised valuation models and methods are used. The DCF method is used for securities, swaps, and currency and money market transactions with no embedded options or complex coupons. Stand-alone options, as well as derivatives with embedded options, triggers, guaranteed interest rates and/or complex coupon agreements, are measured using recognised models (e.g. Hull & White) unless they are listed on a stock exchange.

The aforementioned models are calibrated, if possible, on the basis of observable market data for instruments that are similar in terms of the type of transaction, maturity, and credit quality.

E. Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments that compensate the holder for a loss it incurs because a specified debtor fails to meet its contractual payment obligations. For the guarantor, a financial guarantee contract is to be measured at fair value at initial recognition, which is zero at contract conclusion, as the value of the premium on fair value contracts is equal to the value of the guarantee obligation (net presentation). Moreover, fair value at initial recognition is no longer carried forward in such net presentation, but rather incoming premium payments are recognised through profit or loss in Net commission income. If a financial guarantee contract is not designated to the fair value measurement category at initial recognition, a provision is recognised for expected losses from a financial guarantee as part of a subsequent assessment, applying IFRS 9 rules for risk provisioning. The group does not voluntarily designate financial guarantee contracts for measurement at fair value.

For the holder, on the other hand, this is a contingent asset that may not be capitalised. However, a (non-impaired) financial guarantee contract is, for the holder, collateral that may be included in calculating risk provisions for the recognised reference asset.

Provisions for expected losses from financial guarantees are reported under Provisions for credit risks.

F. Reporting and Notes

Current interest and similar income from a financial asset are generally recorded under Interest income. If, due to the low interest environment, negative interest rates arise from a financial asset, these are also recorded in Interest income, with a minus sign. Premiums, discounts, processing fees and charges are amortised in Interest income using the effective interest method. Processing fees that are not amortised under the effective interest method are recognised under Commission income.

Any fair value changes of financial assets at fair value through profit or loss are recognised in Net gains/ losses from other financial instruments at fair value through profit or loss.

Current interest arising from a financial liability is recorded in Interest expense. This also applies in the case of negative interest resulting from a low interest rate environment. Premiums and discounts are also amortised in Interest expense using the effective interest method over the expected life.

Results from the repurchase of own issues categorised as liabilities measured at amortised cost are recognised at the repurchase date in Net other operating income.

Classes for financial instruments have been largely defined in agreement with the group’s business model which is focused on the lending business. The definition is based in particular on the national requirements for balance sheet classification at banks and financial services institutions. The following classes (and sub-classes) were defined for financial assets and financial liabilities:

Statement of financial position item	Class	Sub-class
Financial assets at amortised cost	*Loans and advances to banks*	Money-market transactions
		Loans and advances
		Promissory note loans
		Other receivables
	Loans and advances to customers	Money-market transactions
		Loans and advances
		Promissory note loans
		Other receivables
	Securities and investments	Bonds and other fixed-income securities
Financial assets at fair value	*Loans and advances to banks*	Money-market transactions
		Loans and advances
		Promissory note loans
		Other receivables
	Loans and advances to customers	Money-market transactions
		Loans and advances
		Promissory note loans
		Other receivables
	Securities and investments	Bonds and other fixed-income securities
		Shares and other non-fixed income securities
		Equity investments
		Shares in non-consolidated subsidiaries
	Other derivatives	Interest-related derivatives
		Cross-currency derivatives
		Other derivatives
Financial liabilities at amortised cost	*Liabilities to banks*	Money-market transactions
		Promissory note loans
		Other financial liabilities
	Liabilities to customers	Money-market transactions
		Promissory note loans
		Other financial liabilities
	Certificated liabilities	Money-market issues
		Bonds and notes
Financial liabilities at fair value	*Liabilities to banks*	Money-market transactions
		Promissory note loans
		Other financial liabilities
	Liabilities to customers	Money-market transactions
		Promissory note loans
		Other financial liabilities
	Certificated liabilities	Money-market issues
		Bonds and notes
	Other derivatives	Interest-related derivatives
		Cross-currency derivatives
		Other derivatives

of the liability. Promotional loans that commercial banks on-lend without underwriting of liability are recognised in the class Loans and advances to customers.

The Loans and advances to banks and Loans and advances to customers classes also include loans that benefit from a subsidy (interest rate reductions) granted by KfW under the ERP economic promotion programme. The promotional grants awarded annually to KfW through the ERP Special Fund based on the ERP Economic Planning Act (*ERP-Wirtschaftsplangesetz*) for the purpose of executing the ERP economic promotion programme are recognised as deferred income in Other liabilities and are amortised in profit or loss under Interest income as the underlying funding expenses occur.

The Securities and investments class mainly comprises bonds and other fixed-income securities held in securities portfolios that belong to KfW and its subsidiaries, along with equity investments.

The securities portfolios mainly serve to support KfW's liquidity position and to stabilise and ensure the group's promotional capacity in the long term.

To achieve the same accounting treatment for equity investments with and without significant influence, individual group business areas that provide equity finance as part of their promotional mandate are considered as venture capital organisations for accounting purposes provided they meet the respective requirements. These equity investments, like other equity investments, are allocated to the Securities and investments class.

The Liabilities to banks and Liabilities to customers classes largely comprise KfW Group borrowings and money-market transactions.

Issued bonds, notes and money market securities are allocated to the Certificated liabilities class. Own issues repurchased in the open market are deducted from the liabilities as of the repurchase date.

In some of the Notes, these classes are broken down into additional sub-classes that relate mainly to products (for example, Loans and advances to banks are reported separately for money-market transactions and loans and advances).

Information about the type and extent of risks associated with financial instruments is also provided in the risk report section of the combined management report.

(8) Derivatives and hedging relationships

A. Hedging transactions/Hedge accounting

KfW Group enters into financial derivatives to economically hedge interest rate fluctuation and currency risks, particularly those related to funding, lending and securities activities. Interest rate swaps, interest rate/currency swaps and base currency swaps are mainly used for this purpose. Interest rate swaps are used to convert fixed rate interest payments of the issuances or lending transactions into variable payments. In the case of refinancing in a foreign currency, payments are also converted into the functional currency (EUR). The hedge ratio for the issues is normally 1:1. Ineffectiveness therefore results exclusively from unhedged risks such as counterparty risk or tenor or basis spread risks.

statement substantially reflects the risk-mitigating impact of these hedging relationships.

However, not all economic hedging relationships qualify for hedge accounting or the fair value option. In these cases, the risk-mitigating impact of the derivatives used for hedging purposes is not reflected in the accounts because the hedged risk associated with the underlying transactions is not recognised in profit or loss under IFRS. The applicable recognition requirements may therefore lead to one-sided valuation results from the derivatives used for hedging purposes in the group’s income statement – as well as volatility in profit or loss – despite an economically effective hedging relationship.

Hedge accounting in the group is used solely in the form of fair value hedges to recognise economic hedging relationships. The hedging relationship is designated, firstly, at individual transaction and group level in the form of micro fair value hedge accounting, and, secondly, at portfolio level in the form of macro fair value hedge accounting. The group has exercised the option of applying IAS 39 rules for hedge accounting. If risk-free overnight interest rates are used in the valuation of the derivatives, this market practice is also subject to micro fair value hedge accounting for the measurement of the hedged risk related to the hedged item. The hedged risk in macro fair value hedge accounting generally relates to the variable interest rates of the derivative portfolio. The effectiveness of the hedging relationships is assessed using the dollar offset method and a regression analysis (80%–125% range for assessing effectiveness).

In micro fair value hedge accounting, interest and currency risks from bonds allocated to Securities and investments (in the Financial assets at amortised cost item) and, above all, from borrowings (in the Financial liabilities at amortised cost item) are hedged. In micro fair value hedging relationships at individual transaction level, the fair value changes attributable to the hedged risks are reported as an adjustment of the carrying amount of the hedged items with the corresponding gain or loss recognised under Net gains/ losses from hedge accounting. The hedging instruments used for this purpose are recognised at fair value in Derivatives designated for hedge accounting. Changes in the value of the hedging instruments are also recognised in Net gains/losses from hedge accounting, largely compensating the profit or loss effects of the hedged items.

Macro fair value hedge accounting is used to hedge against interest risks primarily from loan receivables (in the Financial assets at amortised cost item) and firm obligations via future fixed-rate financing that are hedged against interest risks as part of dynamic asset liability management in the group. The fair value changes attributable to the hedged risks in the hedged portfolios in the Amortised cost category (loans and advances/liabilities) are accounted for in Value adjustments from macro fair value hedge accounting on the assets or liabilities side. Fair value changes attributable to the hedged risks from the hedged portfolios are reported in Net gains/losses from hedge accounting.

The hedging instruments are reported at fair value in Derivatives designated for hedge accounting. Changes in the value of these instruments are also recognised in Net gains/losses from hedge accounting, with the effect that they almost fully offset the earnings effects from the valuation of the hedged portfolios.

The portfolio of hedged items is updated monthly in the context of a dynamic hedge de-designation and designation process. The resulting fair value adjustments are amortised over the residual term of the maturity period in Net gains/losses from hedge accounting. Disposals from the hedged portfolios result in a proportional amortisation of the related fair value adjustments in Net gains/losses from hedge accounting. When cash flows from hedging instruments are derecognised while the economic hedge based on non-derivative financial instruments remains, the related fair value adjustments from the hedged portfolios are amortised in Net interest income.

Further derivative financial instruments are used to hedge risks, but their economic hedging relationships are not reflected in the accounts. The fair values of these hedging instruments are also presented in Financial assets at fair value or Financial liabilities at fair value, and the changes are presented in Net gains/losses from other financial instruments at fair value through profit or loss.

KfW Group neither uses derivatives for trading purposes nor does it enter into derivatives acting as a broker or intermediary on behalf of third parties.

B. Embedded derivatives

Derivative financial instruments can be part of a hybrid (combined) financial liability as embedded derivatives. Under certain conditions, they are accounted for separately from the host contract, similar to stand-alone derivatives. They must be bifurcated if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The host contract is accounted for according to its classification at inception.

KfW Group enters into contracts with separable embedded derivatives particularly with respect to its own funding. In the case of these products, the embedded derivatives must be bifurcated and recognised separately. Changes in fair value are then recognised in Net gains/losses from other financial instruments at fair value through profit or loss in the sub-line item Financial derivatives not qualifying for hedge accounting, where they have a compensatory effect on the valuation of the economic hedging derivatives.

The fair value option was selected for certificated liabilities with bifurcated (embedded) derivatives recorded prior to bifurcation.

(9) Offsetting of financial instruments

KfW uses the EUREX central clearing system to settle some of its derivative transactions. This form of settling derivative transactions results in the recognition of a net amount in the statement of financial position for the transactions affected, as the involvement of EUREX as the central counterparty (“CCP”) meets all of the requirements for offsetting as set out in the relevant IFRS standard. This means that positive and negative fair values of derivatives for which EUREX acts as the central counterparty are offset against the corresponding collateral and reported in a net item in the statement of financial position.

In the case of reverse repo and repo transactions, for which EUREX acts as the central counterparty, receivables and liabilities are also offset if the currencies and the value dates are the same.

In addition, framework agreements featuring netting agreements are in place between KfW and its business partners for OTC derivatives and securities repo transactions.

One form of netting is close-out netting, which provides for the elimination of all rights and obligations relating to individual transactions under the framework agreement upon termination of said framework agreement by the contractual partner, or upon the latter’s insolvency, with the rights and obligations replaced by a single compensation claim (or obligation) in the amount of the net replacement costs of the terminated individual transactions. This does not represent a present legal claim for offsetting.

Close-out netting is not to be confused with the offsetting of payments in normal business. The same framework agreement may provide for the latter, i.e. that payments due on the same day and in the same currency may be offset and a net payment made instead of each individual payment (payment netting). This represents a present legal claim for offsetting.

KfW's framework agreements for repo transactions include close-out netting agreements and, in some cases, payment netting agreements with the business partners as well. However, as KfW does not, as a rule, perform multiple transaction payment netting with repo transactions, the requirements for the offsetting of financial assets and financial liabilities are not met for such KfW repo transactions.

In accordance with the collateral agreements concluded for OTC derivatives and repo transactions, the values of the available collateral are used in determining the single compensation claim (or obligation) in close-out netting. Both cash and securities are permitted forms of collateral under the existing collateral agreements between KfW and its business partners. The collateral agreements provide for a transfer of title in the case of securities as collateral. Consequently, the transferred securities are not subject to any selling or pledging restrictions.

(10) Foreign currency translation

The functional currency of KfW and its consolidated subsidiaries is the euro. Monetary assets and liabilities denominated in a foreign currency are converted at the spot rate as of the reporting date.

Non-monetary assets and liabilities denominated in a foreign currency are normally converted at historical rates if they are measured at (amortised) cost. Currency translation is based on the European Central Bank reference rates.

The changes in value resulting from foreign currency translation are reported in the income statement under Net gains/losses from other financial instruments at fair value through profit or loss.

(11) Revenue from contracts with customers

IFRS 15 defines the nature, amount and timing of revenue arising from contracts with customers. Such revenue includes fees which are not an integral part of the effective interest rate and which are reported under Commission income. In this context, a five-step principle-based model is to be applied to relevant customer contracts. Moreover, the Notes are to include comprehensive detailed quantitative and qualitative information. IFRS 15 does not apply to fees and charges that are an integral part of the effective interest rate as they fall under the scope of IFRS 9.

There are primarily mandate contractual arrangements with the Federal Government as contracting authority within the meaning of IFRS 15. They include fees for the administration of German Financial Cooperation for the promotion of developing countries and emerging economies, fees for the administration of certain programmes subsidised by the Federal Government, and fees for debt collection on certain loans. The group also charges fees for administrative services for other mandate agreements as well as for processing services and for services for lending and trust activities. Individual services may be grouped together into a bundle of services that qualifies as a separate performance obligation within the meaning of IFRS 15. The value of the transaction is therefore not broken down.

As performance obligations are mostly satisfied over time, revenue from customer contracts is recognised according to the measure of progress and is thus normally recognised over time.

KfW Group has no items that require recognising customer acquisition or contract fulfilment costs as assets. One-time advance payments to be allocated are deferred and recognised as contract liabilities in the statement of financial position under Other liabilities.

(12) Promotional lending business at KfW

The general promotional loans market, which distinguishes itself from the market for general lending business, is relevant for KfW's promotional lending business conducted as part of its legal promotional mandate. This market is characterised by the fact that promotional banks, as part of their legal mandate, pass on all funding advantages to the ultimate borrowers in financing projects eligible for promotion. In setting the terms and conditions of the corresponding promotional loans, KfW uses its current term-differentiated refinancing rates.

At initial recognition of such loans, the fair value is thus equivalent to the transaction value.

KfW also grants promotional loans which include additional subsidies granted during the first fixed interest rate period, in the form of interest rate reductions impacting KfW's earnings position. The fair value of these promotional loans – measured using the parameters of the general promotional loan market – is thus not equivalent to the transaction value at initial recognition as in this case the interest rate is below the market rate.

The difference that normally results from such loan commitments – present value of the nominal scheduled interest rate reductions during the first fixed interest rate period – is recognised in profit or loss as an interest expense and accounted for as an adjustment to the carrying amount in loans and advances under the item Financial assets at amortised cost. The adjustment to the carrying amount is amortised in Net interest income using the effective interest rate method. In the event of unscheduled repayment in full, this is recognised in profit or loss under Interest income.

Differences that relate to irrevocable loan commitments are reported in Provisions. Changes to the portfolio are offset via the adjustments to the carrying amounts of already disbursed promotional loans recognised on the assets side.

(13) Non-current assets held for sale

Under IFRS 5, separate presentation and measurement requirements apply to non-current assets held for sale if the assets are available for immediate sale and such sale is highly probable. Assets that meet the IFRS 5 criteria are reported in the separate statement of financial position item: Non-current assets held for sale. The IFRS 5 measurement requirements are not applied if they relate to financial assets. In this case, the IFRS 9 measurement requirements continue to apply instead.

(14) Repurchase agreements and securities lending

KfW Group enters into repurchase agreements as standardised repos or reverse repos. These are combinations of simultaneous spot and forward transactions on interest-bearing securities with the same counterparty. The terms and modalities of collateral and its use follow common market practice. Credit claims are also an eligible type of collateral for open-market transactions.

The interest-bearing securities sold under repo transactions (spot sales) continue to be recognised and measured under Financial assets at amortised cost. The repayment obligation towards the counterparty is carried under Financial liabilities at amortised cost for the amount of cash consideration received. The repo rate as a fee for borrowing is recorded by the group, as the borrower, under Interest expense over the term of the agreement. The borrower is entitled to the coupon on the security. A repayment claim is recognised and measured under Financial assets at amortised cost for the amount of cash outflow generated by reverse repos. The securities received (spot purchases) are not recognised or measured. The repo rate as a fee for lending is recorded in the group as the lender under Interest income over the term of the agreement.

With respect to the refinancing of the loans mandated to it for the energy sector support measures, KfW acts as both borrower and lender in essentially uncollateralised securities lending transactions in dealing with the German Finance Agency, although as a lender it does not recognise the securities. They remain capitalised at the German Finance Agency. KfW recognises the cash collateral received under the item Financial liabilities at amortised cost.

The fee received or paid is recognised in Net interest income.

(15) Property, plant and equipment

The land and buildings and the plant and equipment reported by KfW Group are carried at cost less depreciation on a straight-line basis and any impairment, both recognised in Administrative expense. In accordance with the requirements in IAS 36, an impairment is recognised if there are indications of impairment and the carrying amount of the asset exceeds the recoverable amount, i.e. the lower of fair value less costs of disposal and value in use. The useful life is determined based on expected wear and tear. KfW Group assumes an estimated useful life of 40 to 50 years for buildings, four years for workstation computer equipment and five to 15 years for other property, plant and equipment. Gains and losses from the sale of property, plant and equipment are recognised in Net other operating income.

Payments in advance and assets under construction are recognised in Other property, plant and equipment and are not subject to depreciation.

(16) Leases

In accordance with IFRS 16 “Leases”, KfW as lessee reports each right of use in Property, plant and equipment and the associated lease obligation in Other liabilities. The lessee shall measure the lease liabilities at the present value of the lease payments not paid at that date, discounted at the lessee’s incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Accordingly, KfW determines the incremental borrowing rate of the basis of the refinancing rate it uses for its own issues.

KfW applies IAS 36 “Impairment of Assets” to rights of use to determine whether the right of use is impaired and to recognise any impairment loss identified. Depreciation, amortisation and impairments of rights of use are reported in Administrative expense. Interest expense from discounting the rights of use and the interest compounded on lease liabilities are included in Other interest expense.

The only minimal effects on net assets, financial and earnings position arise exclusively from the “leasing buildings” class.

For short-term leases with a maximum term of 12 months and leases in which the underlying asset is of low value, KfW utilises the relief provided for in IFRS 16.5 and does not recognise a right of use.

The small number of contracts in which KfW Group acts as a lessor are classified as operating leases. The leased asset is recognised under Property, plant and equipment and the corresponding rental income in Other operating income.

Assets are impaired when the carrying amount of an asset exceeds the recoverable amount. An impairment is recorded when no future economic benefits can be identified.

Internally generated software under development is reported under Other intangible assets and is not subject to amortisation.

(18) Risk provisions

Provisions include provisions for pensions and similar commitments, credit risks, interest rate reductions in irrevocable loan commitments granted by KfW in the promotional lending business and negatively impacting its earnings position, as well as other obligations of uncertain amount and timing involving a probable outflow of funds.

The employees of the group participate in a company pension plan that pays retirement, long-term disability and survivor benefits. KfW Group has various pension plans, consisting exclusively of defined-benefit schemes. The benefits largely depend on the length of company service and salary. The pension plan that was applied for new hires until 1985 offered a full pension (Gesamtversorgung), in which a certain portion of the income paid before the benefits were due was allocated as a benefit after deducting the state pension. Apart from employer-financed pension plans there are also plans in place involving contributions by employees.

KfW Group pension plans are subject to the following risks in particular: longevity, interest rate fluctuation, pension adjustment risk as well as the risk of future changes to the assessment bases.

Longevity risk is the risk that higher expenses will be incurred for the company pension plan if the pensioners live longer than projected. In general, this risk is balanced out across all pensioners and would only have an impact if life expectancy were to rise faster in the future than anticipated.

Due to the long term of the company pension plan, provisions for pension obligations are subject to general interest rate fluctuation risks.

Pension adjustment risk largely relates to the pension plan offering a full pension (Gesamtversorgung). In this scheme, benefits are recalculated as soon as there is a change in the base income eligible for pension or the state pension to be offset. Another pension plan must be examined regularly in terms of forecast and actual pension adjustments, undertaking such adjustments if necessary.

The amount of the benefits promised under the existing pension plans in the group depends, among other things, on development of the income eligible for benefits and the social security contribution ceiling (Beitragsbemessungsgrenze). There is a risk that the basis of assessment will develop differently than was assumed.

Pension obligations are calculated by an independent qualified actuary in accordance with the projected unit credit method on the basis of group-wide uniform parameters such as age, length of company service and salary. The pension provision is recognised at the present value of the defined-benefit obligations as of the reporting date. The discount factor is based on current market conditions for a portfolio of high-quality corporate bonds/bonds from supranational issuers with a maturity matching that of the obligations. The definition of the portfolio takes into account current market conditions. Additional demographic factors (including the 2018 G Heubeck actuarial tables) and actuarial assumptions (rate of salary and pension increases, rate of staff turnover, etc.) are taken into account.

Additions to pension provisions distinguish between service cost and interest expense. Service cost is reported under Administrative expense; interest expense is reported under Other interest expense. The pension provision changes recognised directly in equity comprise the actuarial gains and losses reported in Revaluation reserves; these are reported in Other comprehensive income.

Pension-like obligations include commitments for deferred compensation, early retirement and partial retirement. Actuarial reports are prepared and a provision is recognised accordingly for these types of commitments as well. No actuarial gains or losses are incurred.

Other provisions, including those for obligations to employees and for audit and consultancy services, are recognised at the estimated expenditure. Long-term provisions are discounted where the effect is material. Added to this are obligations arising from the assumption of the tasks of the State Insurance Company of the German Democratic Republic in liquidation (*Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – "SinA"* institution under public law), which are offset by receivables in the same amount from the Federal Agency for Special Tasks Associated with Unification *(Bundesanstalt für vereinigungs-bedingte Sonderaufgaben – "BvS")* reported under Other assets. If the provision is not required in full or if the reason for creating the provision no longer applies, the provision is reversed via the same income statement item that was used in creating the provision.

(19) Income tax assets and liabilities

Income taxes are accounted for and measured in accordance with IAS 12. Current and deferred income tax assets are reported in the item Income tax assets; current and deferred income tax liabilities under Income tax liabilities. Current income tax assets and liabilities are recognised in the amount expected to be returned or paid in the future.

The tax rates applicable are those in effect on the reporting date or those that can be assumed with sufficient certainty to be in effect on the reporting date. KfW itself is exempt from income taxes pursuant to Section 5 (1) no. 2 of the German Corporation Tax Act (*Körperschaftsteuergesetz – "KStG")* and Section 3 no. 2 of the German Trade Tax Act (*Gewerbesteuergesetz – "GewStG")*.

Deferred income tax assets and liabilities are generally recognised on temporary differences between the carrying amounts of assets and liabilities in accordance with IFRS and the corresponding tax value. Deferred tax assets are only recognised for temporary differences from items and for unused tax loss carryforwards if their realisation is sufficiently probable; the impairment test is carried out on the basis of group business sector planning for each group company. Deferred taxes are measured at the tax rates expected at the time of realisation of the deferred taxes. The tax rates used are those in force or that have been announced as of the reporting date. Deferred income tax assets and liabilities are offset on the assumption that they relate to the same taxable entity, the same tax type and the same tax authority.

If temporary differences have arisen from a transaction recognised directly in equity, the resulting deferred income tax assets and liabilities are also recognised directly in equity. Income from and expenses for current and deferred income taxes is recognised in the consolidated income statement under Income taxes.

KfW Group reports a fund for general banking risks in equity. Additions to or reductions of the fund are presented in accordance with IFRS as an addition to or reduction of retained earnings.

Under IFRS, any remaining consolidated net income is allocated to Other retained earnings in the same period.

Revaluation reserves comprise transactions to be recognised directly in equity in accordance with IFRS. These include valuation results from the change in own credit risk of liabilities measured at fair value through profit or loss and from defined benefit pension obligations. They also may include deferred taxes, depending on the underlying transaction.

(21) Trust activities

Assets and liabilities held by KfW Group in its own name but for the account of third parties are not recognised if the trustor retains all risks and opportunities. At KfW, this applies in particular to loans and equity investments made by KfW on behalf of the Federal Government. Both opportunities and risks remain with the Federal Government in such transactions.

Fees from trust activities are recognised under Commission income.

Further information can be found in the note “Financial instruments” in section “A. Classification and measurement” in the comments on mandated transactions.

	2024 EUR in millions	2023 EUR in millions
Interest and similar income from loans and advances to banks and customers	10,358	8,806
Similar income from off-balance sheet transactions	38	33
Interest income from securities and investments	703	454
Interest income from hedges recognised in the statement of financial position	7,464	6,409
Other interest income	1,568	1,598
Interest income from the effective interest method	**20,132**	**17,300**
Interest and similar income from loans and advances to banks and customers	343	329
Interest income from securities and investments	86	85
Interest income from Other derivatives	619	685
Other interest income	**1,049**	**1,099**
Interest income, total	**21,181**	**18,399**
Interest and similar expense for liabilities to banks and customers	795	1,157
Interest expense for certificated liabilities	8,969	6,623
Interest expense from hedges recognised in the statement of financial position	7,653	7,078
Interest expense from Other derivatives	518	417
Other interest expense	754	667
Interest expense, total	**18,689**	**15,943**
Net interest income	**2,493**	**2,456**

Expenses for granting promotional loans below market rates – due to additional promotional funds in the form of interest rate reductions with an impact on KfW's earnings position – amount to EUR 408 million (2023: EUR 282 million) and are reported in Other interest expense. In addition to the charges resulting from the present value of the nominal scheduled interest rate reductions in new lending business, the Other interest expense item also comprises the expenses arising from amortisation at a constant effective interest rate. Interest and similar income from loans and advances to banks and customers also comprises income from accrual-based amortisation in the amount of the pro-rata nominal planned interest rate reductions for these promotional loans in the amount of EUR 211 million (2023: EUR 189 million).

Interest income resulting from balances with central banks in the amount of EUR 1,565 million (2023: EUR 1,596 million) is reported under Other interest income from the effective interest method.

Interest income from hedges recognised in the statement of financial position comprises interest income from derivatives designated for hedge accounting as well as interest income from amortisation of value adjustments from hedge accounting. Interest income or interest expense from derivatives designated for hedge accounting is recognised depending on the related hedged item in the interest income or interest expense from hedges recognised in the statement of financial position for related financial assets or liabilities. Including the interest income or expense from the hedged items and derivatives in hedge accounting means that presentation is based on the economic substance of the hedged financial assets (floating rate financial assets) or hedged financial liabilities (floating rate financial liabilities).

Gross analysis of negative interest contributions

	2024 EUR in millions	2023 EUR in millions
Interest income, total	21,181	18,399
Negative interest from the lending business	49	60
Interest income from the deposit-taking business	252	303
Interest income (gross)	**21,482**	**18,763**
Interest expense, total	18,689	15,943
Negative interest from the deposit-taking business	252	303
Interest expense from the lending business	49	60
Interest expense (gross)	**18,989**	**16,307**

The negative interest contributions included in Interest income resulted from loans and advances to banks, loans and advances to customers, and securities and investments.

The positive interest contributions in Interest expense are largely due to liabilities to banks and liabilities to customers and certificated liabilities.

	2024 EUR in millions	2023 EUR in millions
Expenses for risk provisions for lending business (Loans and advances to banks/customers and off-balance sheet lending transactions)	781	905
Expenses for additions to risk provisions	730	873
Direct write-offs	51	32
Expenses for risk provisions for securities and investments	11	4
Expenses for additions to risk provisions	11	4
Expenses for risk provisions	**792**	**910**
Income from risk provisions for lending business (Loans and advances to banks/ customers and off-balance sheet lending transactions)	832	1,063
Income from the reversal of risk provisions	789	998
Income from recoveries of amounts previously written off	43	66
Income from risk provisions for securities and investments	11	8
Income from the reversal of risk provisions	11	8
Income from risk provisions	**843**	**1,072**
Net gains/losses from non-substantial contractual modifications	**–4**	**–1**
Other risk provisions for lending business	**–8**	**8**
Total	**39**	**169**

(24) Net commission income

Analysis of Commission income

	2024 EUR in millions	2023 EUR in millions
Revenue from contracts with customers	**690**	**610**
From mandate contractual arrangements with the Federal Government[1)]	626	539
Fee income from mandate agreements, processing activities and services	20	16
Fee income from the lending business	37	47
Other revenue from contracts with customers	7	7
Other commission income	**3**	**12**
Financial guarantee contracts	0	0
Other	3	12
Commission income, total	**693**	**622**

[1)] Includes commission income in the amount of EUR 68 million (2023: EUR 70 million) from mandate contractual arrangements with the Federal Government in trust activities

2024	Mittelstandsbank & Private Kunden *(SME Bank & Private Clients)*	Individualfinanzierung & Öffentliche Kunden *(Customised Finance & Public Clients)*	KfW Capital	Export and project finance
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Commission income	**328**	**32**	**16**	**26**
of which Federal Government	326	29	9	0
%	99%	89%	59%	0%

2024	KfW Development Bank	DEG	Financial markets	Head office	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	Mio. EUR
Commission income	**274**	**12**	**0**	**4**	**693**
of which Federal Government	255	4	0	4	626
%	93%	33%	0%	81%	90%

Commission income by segment in financial year 2023

2023	Mittelstandsbank & Private Kunden *(SME Bank & Private Clients)*	Individualfinanzierung & Öffentliche Kunden *(Customised Finance & Public Clients)*	KfW Capital	Export and project finance
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Commission income	**254**	**36**	**13**	**43**
of which Federal Government	251	32	6	0
%	99%	88%	48%	0%

2023	KfW Development Bank	DEG	Financial markets	Head office	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	Mio. EUR
Commission income	**260**	**11**	**0**	**5**	**622**
of which Federal Government	245	0	0	4	539
%	94%	4%	0%	87%	87%

	2024 EUR in millions	2023 EUR in millions
Revenue in current period resulting from services performed in the previous period(s)	26	8

Analysis of Commission expense

	2024 EUR in millions	2023 EUR in millions
Commission expense for lending business	10	10
Other commission expense	19	18
Commission expense	**30**	**29**

(25) Net gains/losses from hedge accounting

Analysis of Net gains/losses from hedge accounting by type of hedging relationship

	Hedge ineffectiveness		Items in the income statement that contain cases of hedge ineffectiveness
	2024 EUR in millions	2023 EUR in millions	
Micro fair value hedges	**–52**	**44**	Net gains/losses from hedge accounting
Interest risk	–13	45	–
Interest-currency risk	–39	0	–
Macro fair value hedges	**159**	**247**	Net gains/losses from hedge accounting
Interest risk	159	247	–
Total	**107**	**291**	Net gains/losses from hedge accounting

Analysis of Net gains/losses from micro fair value hedge accounting by hedged item

	2024 EUR in millions	2023 EUR in millions
Hedging of securities and investments	3	–2
Hedging of liabilities to banks and customers	–5	5
Hedging of certificated liabilities	–49	42
Subtotal: Effectiveness of hedges	**–51**	**45**
Amortisation of value adjustments	–1	0
Total	**–52**	**44**

	Hedged items EUR in millions	Hedging instruments EUR in millions	Effectiveness of hedges EUR in millions
Hedging of securities and investments	655	–652	3
Hedging of liabilities to banks and customers	–605	600	–5
Hedging of certificated liabilities	–5,961	5,911	–50
Total	**–5,911**	**5,858**	**–52**

Gross analysis of valuation gains/losses from micro fair value hedge accounting: Comparison of hedged items and hedging instruments in financial year 2023

	Hedged items EUR in millions	Hedging instruments EUR in millions	Effectiveness of hedges EUR in millions
Hedging of securities and investments	1,156	–1,159	–2
Hedging of liabilities to banks and customers	–860	864	5
Hedging of certificated liabilities	–12,952	12,994	42
Total	**–12,656**	**12,700**	**44**

Gross analysis of net gains/losses from macro fair value hedge accounting: Comparison of hedged items and hedging instruments in financial year 2024

	Hedged items EUR in millions	Hedging instruments EUR in millions	Effectiveness of hedges EUR in millions
Valuation result	2,193	–1,526	667
Amortisation	3,209	–3,761	–552
Realisation	43	0	43
Net gains/losses from macro fair value hedge accounting	**5,446**	**–5,287**	**159**

Gross analysis of net gains/losses from macro fair value hedge accounting: Comparison of hedged items and hedging instruments in financial year 2023

	Hedged items EUR in millions	Hedging instruments EUR in millions	Effectiveness of hedges EUR in millions
Valuation result	6,589	–7,307	–718
Amortisation	4,465	–3,586	879
Realisation	85	0	85
Net gains/losses from macro fair value hedge accounting	**11,139**	**–10,893**	**247**

portfolios as well as the pull-to-par effect of the hedging derivatives.

(26) Net gains/losses from other financial instruments at fair value through profit or loss

Analysis of Net gains/losses from other financial instruments at fair value through profit or loss

	2024 EUR in millions	2023 EUR in millions
Loans and advances to banks/customers	35	19
Loans and advances	16	15
Miscellaneous receivables (money market transactions, promissory note loans and Other receivables)	19	4
Securities and investments	–6	–38
Bonds and other fixed-income securities	0	0
Shares and other non-fixed income securities	–28	0
Equity investments	23	–37[1]
Liabilities to banks and customers	–5	–39
Certificated liabilities	199	–147
Other derivatives	–267	104
Financial derivatives not qualifying for hedge accounting	–267	104
Foreign currency translation	88	–75
Total	**44**	**–177**

[1] A net gain from fund investments of EUR 48 thousand was reported in the previous year under equity investments. As of financial year 2024, net gains/losses from fund investments are reported under Net gains/losses from shares and other non-fixed income securities.

Net gains/losses from assets include the net gains/losses from holding arrangements for the Federal Republic of Germany – if attributable to KfW –, KfW IPEX-Bank's syndication business with a focus on short-term placement, loans that do not meet the SPPI criterion (loans and advances to banks and loans and advances to customers), and equity investments (securities and investments).

The gains realised from the disposal of non-current assets held for sale included in net gains/losses from securities and investments amounted to EUR 0 million in financial year 2024 (2023: EUR 6 million).

Net gains/losses from liabilities measured at fair value include the results from promissory note loans (liabilities to banks/liabilities to customers) and bonds and notes (certificated liabilities).

Net gains/losses from financial derivatives not qualifying for hedge accounting are mainly attributable to derivatives in economic hedges. Economic hedges are recognised by exercising the fair value option for the hedged items. The hedged items include, in particular, borrowings in the form of Certificated liabilities, Liabilities to banks and Liabilities to customers.

Furthermore, this line item includes gains/losses from bifurcated embedded derivatives resulting from hybrid contracts under financial liabilities. The net gains/losses from the valuation of the associated hedging derivatives are thus compensated for.

	2024 EUR in millions	2023 EUR in millions
Borrowings	194	–186
Hedging instruments	–249	162
Total (effectiveness of economic hedges)	**–55**	**–24**

(27) Net gains/losses from disposal of financial assets at amortised cost

	2024 EUR in millions	2023 EUR in millions
Income from the disposal of financial assets at amortised cost	0	0
Expense from the disposal of financial assets at amortised cost	0	0
Total	**0**	**0**

(28) Net gains/losses from investments accounted for using the equity method

	2024 EUR in millions	2023 EUR in millions
Net gains/losses from investments accounted for using the equity method	20	29

(29) Administrative expense

Analysis of Administrative expense

	2024 EUR in millions	2023 EUR in millions
Wages and salaries	795	722
Social security contributions	116	108
Expenses for pension provision and other employee benefits	49	43
Personnel expense	**961**	**873**
Other administrative expenses	621	596
thereof Office costs	62	63
thereof Personnel-related material costs	44	42
thereof Office operating costs	123	120
thereof Costs of external services	355	330
thereof Costs of public relations work	27	29
thereof Other material costs	10	12
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	90	92
of which impairments of rights of use arising from leases	10	9
Non-personnel expense	**711**	**688**
Total	**1,672**	**1,561**

	EUR in millions	EUR in millions
Other operating income	31	41
Other operating expense	83	117
Total	**–52**	**–76**

Other operating income primarily includes income from the reversal of other provisions in the amount of EUR 12 million (2023: EUR 17 million).

The Other operating expense item included contributions payable by KfW IPEX-Bank to the restructuring fund for banks in the amount of EUR 15 million in the previous year. As the build-up of the European resolution fund has been concluded, no further contribution was made in 2024. KfW is not obligated to contribute to the fund in accordance with Section 2 of the Restructuring Fund Act *(Restrukturierungsfondsgesetz – "RStrukFG").*

In addition, the obligation to award grants under KfW's ERP promotional programmes was included in the amount of EUR 70 million (previous year: EUR 62 million) in Other operating expense.

(31) Taxes on income

Analysis of Taxes on income by component

	2024 EUR in millions	2023 EUR in millions
Current taxes on income	167	117
Deferred taxes	72	47
Total	**239**	**165**

Current taxes include taxes on income for group companies and non-deductible investment income tax recorded at the level of KfW and DEG.

The reconciliation presents the relationship between the calculated income tax expense for the financial year and reported taxes on income.

Profit/loss from operating activities (before taxes)	1,641	1,724
Group income tax rate	0%	0%
Calculated income tax expense in the financial year	**0**	**0**
Effects of tax rate differentials within the group	177	159
Effect of tax rate changes	36	0
Effects of previous year taxes recorded in the reporting year	7	0
Effects of non-deductible taxes on income	0	0
Effects of non-deductible business expenses	3	7
Effects of tax-free income	–22	12
Trade tax add-ons/reductions	0	0
Permanent accounting differences	37	–14
Effects of changes in recognised deferred tax assets	1	1
Reported taxes on income/expense	**239**	**165**
Average effective tax rate	**15%**	**10%**

KfW's applicable income tax rate of 0%, on which the reconciliation is based, takes into account the tax status of KfW as a non-taxable public-law institution and the fact that this status predominantly determines profit/loss from operating activities.

The effects of tax rate differentials result from individual group companies being taxable and the related different tax rates. The tax rates continue to range from 0% to 32%.

Global Minimum Tax ("GMT") in accordance with the OECD Pillar Two rules

KfW Group falls within the scope of the GMT pursuant to the OECD Pillar Two rules. In accordance with the German Minimum Tax Act *(Mindeststeuergesetz – "MinStG")*, KfW Group must pay a top-up tax per country where KfW Group entities are based, in the amount of the difference between the GloBE effective tax rate (which is equal to GloBE tax expense or income divided by GloBE profit or loss) and the minimum tax rate of 15%. The law applies for financial years beginning on or after 31 December 2023.

KfW as group parent is a state-owned promotional bank and is therefore deemed an excluded entity pursuant to Section 5 (1) no. 1 MinStG. KfW Capital GmbH & Co. KG is also excluded from the scope of the Minimum Tax Act. The remainder of the KfW enterprise group that fall(s) within the scope of the Minimum Tax Act applies the transitional safe harbour rules pursuant to Section 83 Minimum Tax Act. The group assumes that there will be no relevant tax burden as a result of the global minimum taxation law due to this transitional arrangement.

The UK has introduced a national supplementary tax as part of transposing global minimum taxation pursuant to the OECD Pillar Two rules. The group further assumes that a transitional arrangement can be made for KfW IPEX-Bank GmbH's permanent establishment in London. Singapore will not implement the national rules until 2025.

KfW Group currently expects that the DC Nordseekabel GmbH und Co. KG joint venture falls within the scope of the CbCR safe harbour according to Section 84 (1) no. 3 of the Minimum Tax Act, and that, consequently, no domestic top-up tax is triggered.

In accordance with the amendments to IAS 12 published in May 2023, the group has exercised the option of temporary exemption from recognising deferred taxes in connection with implementation of the Pillar Two rules. The group consequently reports neither deferred tax assets nor deferred tax liabilities arising under the OECD's Pillar Two income taxes.

In accordance with the provisions of IFRS 8, segment reporting follows the internal management reporting system, which is used by the group's main decision-makers to assess each segment's performance and to allocate resources to segments.

In accordance with the business sector structure for the group, the segments and their products and services can be presented as follows:

Mittelstandsbank & Private Kunden (*SME Bank* & *Private Clients*)	– Start-up financing – Financing of general corporate investments and investments in innovation, energy and environmental protection – Education financing – Financing for housing construction, conversion and refurbishment
Individualfinanzierung & Öffentliche Kunden (*Customised Finance* & *Public Clients*)	– Financing of municipal and social infrastructure – Customised corporate financing with equity and debt capital – Customised financing of banks and promotional institutions of the federal states – Mandated transactions for energy supply (debt capital)
KfW Capital	– Investments in German and European venture capital and venture debt funds
Export and project finance	– Financing of German and European export activities – Financing of projects and investments which are of special interest for Germany and Europe
KfW Development Bank	– Promotion of developing countries and emerging economies on behalf of the Federal Government with standard loans/grants refinanced through budget funds and promotional/development loans from market funds raised by KfW
DEG	– Financing provided by DEG – Deutsche Investitions- und Entwicklungs-gesellschaft mbH in developing countries and emerging economies (private enterprise financing)
Financial markets	– Securities and money market investments – Holding arrangements for the Federal Republic of Germany – Transactions mandated by the Federal Government, loan granted to Greece – Funding
Head office	– Central interest rate and currency management – Strategic equity investments

The business sectors are measured on the basis of their contribution to consolidated profit. The individual items are based on the following methods:

– Net interest income (before promotional expense) comprises the net interest generated from lending business calculated on the basis of the market interest rate method1). The item also includes the imputed return on equity allocated according to the business sectors' planned regulatory capital. Head office also includes the treasury result, which largely comprises the income/loss from maturity transformation. The profit contribution from KfW funding2) is allocated to the Financial markets business sector.

– Promotional expense included in Interest, Commission and Administrative expense and Other operating expense in the income statement is reported separately pursuant to the internal management report due to the special relevance of promotional expense as a management variable.

[1] Funding at matching maturities using KfW's internal refinancing curve is assumed for the calculation of net interest income in this method.
[2] The difference between the realised refinancing rates and the maturity-matched refinancing rates calculated in-house.

innovative digital promotional approaches (included in Commission and Administrative expense), for available and product-related marketing and sales measures (included in Administrative expense), and, from 2023, for promotional grants awarded by KfW under ERP promotion (included in Other operating expense).

- The allocation of Administrative expense (before promotional expense) is based on the results from activity-based accounting by cost centres4). Administrative expense (before promotional expense) includes depreciation on property, plant and equipment and amortisation of intangible assets and rights of use.

- In the Risk provisions for lending business item, net impairment charges, direct write-offs, recoveries on loans written off and the net gains/losses from non-substantial contractual modifications are distributed among the segments according to the underlying loan.

- The valuation result (before promotional expense) comprises the net gains/losses from hedge accounting, the net gains/losses from other financial instruments at fair value, net gains/losses from risk provisions in the securities business, the net gains/losses from the disposal of financial instruments measured at amortised cost, the net gains/losses from investments accounted for using the equity method and net other operating income (before promotional expense).

- When taxes on income are allocated to the business sectors (excluding the Head office), only the current taxes on income are taken into account. Deferred taxes are allocated to the Head office.

- In accordance with the internal management reporting system, segment assets are not reported as they are used neither to assess each segment's performance nor to allocate resources to segments.

- The presentation of segment income and expense is based on consolidated figures. Administrative and commission expense as well as commission income and other operating income resulting from service relationships within KfW Group are adjusted in segment reporting. Any remaining negligible consolidation effects are reported in the reconciliation/consolidation column.

[3] See Note 12 for details on KfW's interest rate reductions in the promotional lending business.
[4] The costs incurred in the organisational units are largely allocated to the products by means of core services.

Net interest income (before promotional expense)	531	108	–22	1,012	202
Net commission income (before promotional expense)	327	32	16	26	274
Administrative expense (before promotional expense)	462	87	27	321	436
Operating result before valuation (before promotional expense)	**397**	**53**	**–32**	**717**	**40**
Risk provisions for lending business	–56	0	0	28	12
Valuation result (before promotional expense)	**0**	**1**	**31**	**16**	**20**
Profit/loss from operating activities (before promotional expense)	**341**	**54**	**–2**	**761**	**73**
Promotional expense	477	26	0	0	0
Taxes on income	0	0	1	150	0
Consolidated profit	**–136**	**28**	**–2**	**611**	**73**

	DEG	Financial markets	Head office	Reconciliation/ consolidation	KfW Group
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**
Volume of new commitments	**2,470**	**0**	**0**	**–369**	**112,831**
Net interest income (before promotional expense)	136	478	454	0	2,900
Net commission income (before promotional expense)	1	–5	4	0	675
Administrative expense (before promotional expense)	153	99	73	0	1,658
Operating result before valuation (before promotional expense)	**–17**	**375**	**385**	**0**	**1,917**
Risk provisions for lending business	58	–4	0	0	39
Valuation result (before promotional expense)	3	13	103	0	188
Profit/loss from operating activities (before promotional expense)	**44**	**384**	**488**	**0**	**2,145**
Promotional expense	0	0	0	0	504
Taxes on income	16	0	72	0	239
Consolidated profit	**29**	**384**	**416**	**0**	**1,402**

[1] The valuation result of the business sectors includes the following net gains/losses from investments accounted for using the equity method: KfW Capital EUR –1.9 million, Export and project finance EUR 14.2 million and KfW Development Bank EUR 7.3 million.

Net interest income (before promotional expense)	578	165	1	915	202
Net commission income (before promotional expense)	253	37	12	42	260
Administrative expense (before promotional expense)	422	81	21	298	418
Operating result before valuation (before promotional expense)	**409**	**120**	**–7**	**660**	**44**
Risk provisions for lending business	49	5	0	–11	15
Valuation result (before promotional expense)	0	–9	–92	–23	70
Profit/loss from operating activities (before promotional expense)	**458**	**116**	**–99**	**626**	**129**
Promotional expense	358	14	0	0	0
Taxes on income	0	0	1	86	0
Consolidated profit	**100**	**102**	**–100**	**540**	**129**

	DEG	**Financial markets**	**Head office**	**Reconciliation/ consolidation**	**KfW Group**
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**
Volume of new commitments	**1,869**	**480**	**0**	**–1,327**	**111,312**
Net interest income (before promotional expense)	155	447	275	0	2,738
Net commission income (before promotional expense)	3	–5	3	0	606
Administrative expense (before promotional expense)	144	94	70	0	1,547
Operating result before valuation (before promotional expense)	**14**	**349**	**209**	**0**	**1,797**
Risk provisions for lending business	110	–3	0	0	165
Valuation result (before promotional expense)	–42	15	215	0	134
Profit/loss from operating activities (before promotional expense)	**82**	**360**	**423**	**0**	**2,095**
Promotional expense	0	0	0	0	371
Taxes on income	31	0	48	0	165
Consolidated profit	**51**	**360**	**376**	**0**	**1,559**

[1)] The valuation result of the business sectors includes the following net gains/losses from investments accounted for using the equity method: KfW Capital EUR 0.7 million, Export and project finance EUR 18.2 million and KfW Development Bank EUR 10.2 million.

made by Mittelstandsbank & Private Kunden *(SME Bank & Private Clients)* and Individualfinanzierung & Öffentliche Kunden *(Customised Finance & Public Clients)* for which KfW IPEX-Bank acts as on-lending bank. The other amounts in this column result from minimal consolidation effects.

(33) Segment reporting by region

Net interest and commission income are allocated on the basis of the customers' geographical location. The imputed return on equity included in net interest income, the profit contribution from KfW funding and the treasury result are allocated to Germany. KfW receives commission income from the Federal Government for supporting developing countries and emerging economies using budget funds of the Federal Government. These funds are allocated according to the region of the country receiving the investment.

Property, plant and equipment and intangible assets are not reported according to region because, apart from immaterial amounts, these assets relate to Germany.

Segment reporting by region for financial year 2024

	Germany	Europe (excl. Germany)	Rest of the world	Reconciliation/ consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Net interest income	1,360	524	609	0	2,493
Net commission income	370	39	254	0	664
Segment income	**1,730**	**563**	**863**	**0**	**3,156**

Segment reporting by region for financial year 2023

	Germany	Europe (excl. Germany)	Rest of the world	Reconciliation/ consolidation	KfW Group
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Net interest income	1,360	457	639	0	2,456
Net commission income	297	47	249	0	593
Segment income	**1,657**	**504**	**888**	**0**	**3,049**

The reconciliation/consolidation column includes all adjustments that were necessary to reconcile segment information with the aggregated information for the group. The amounts in this column result solely from minimal consolidation effects.

Analysis of Cash reserves

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Cash	0	0
Balances with central banks	26,522	47,430
Total	**26,522**	**47,431**

(35) Financial assets at amortised cost

Analysis of Financial assets at amortised cost by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Loans and advances to banks		
Money-market transactions	16,499	14,353
Loans and advances	291,690	299,388
Other receivables	12,339	10,901
Loans and advances to customers		
Money-market transactions	500	270
Loans and advances	141,993	140,705
Promissory note loans	1,989	1,611
Other receivables	1,492	1,742
Securities and investments		
Bonds and other fixed-income securities	37,991	36,065
Total gross	**504,492**	**505,035**
less risk provisions for		
Loans and advances to banks	–122	–167
Loans and advances to customers	–1,696	–1,685
Securities and investments	–8	–8
Total net	**502,666**	**503,175**

The receivables from reverse repurchase agreements (reverse “repos”) are included in Loans and advances to banks – Other receivables.

The cash collateral pledged of EUR 2,469 million (31 Dec. 2023: EUR 5,260 million) is attributable to cash collateral on derivatives and included in Loans and advances to banks – Other receivables and Loans and advances to customers – Other receivables.

	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Direct loans	68,919	70,221	132,812	130,092
On-lent customer loans with full underwriting borne by the on-lending commercial bank	209,116	209,573	0	0
On-lent customer loans with partial underwriting borne by the on-lending commercial bank	14,248	20,001	0	0
On-lent customer loans without underwriting borne by the on-lending commercial bank	0	0	5,159	6,650
Direct customer loans with full underwriting borne by the on-lending commercial bank	0	0	3,074	2,947
Direct and on-lent subordinated loans	314	356	983	1,054
Adjustment to the carrying amount due to the interest rate being below the market rate for promotional loans paid out with additional promotional funds in the form of interest rate reductions with an impact on KfW's earnings position.	–907	–762	–33	–37
Total	**291,690**	**299,388**	**141,993**	**140,705**

Direct loans to banks include in particular global loans granted as part of financing for domestic housing construction and SMEs.

Direct loans to customers include in particular loans granted under export and project financing, municipal financing and education financing. The item also includes loans connected with certain transactions mandated by the Federal Government in accordance with the KfW Law.

	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions
As of 1 Jan.	**321,416**	**2,098**	**1,128**	**324,642**	**310,314**	**2,836**	**1,018**	**314,168**
Transfer from stage 2 and stage 3 to stage 1	657	–656	–1	0	715	–714	–1	0
Transfer from stage 1 and stage 3 to stage 2	–503	531	–27	0	–986	1,001	–16	0
Transfer from stage 1 and stage 2 to stage 3	–665	–208	873	0	–633	–260	893	0
Additions – New business and increased utilisation	123,210	29	68	123,307	108,196	54	12	108,263
Disposals	–126,710	–578	–769	–128,056	–93,852	–821	–756	–95,429
of which financial assets written off	*–126,710*	*–578*	*–713*	*–128,000*	*–93,852*	*–821*	*–743*	*–95,416*
of which default on receivables	*0*	*0*	*–56*	*–56*	*0*	*0*	*–13*	*–13*
Changes from non-substantial contractual modification	0	0	0	0	0	1	0	1
Exchange rate and other changes	704	7	–77	635	–2,339	1	–23	–2,361
As of 31 Dec.	**318,108**	**1,223**	**1,196**	**320,527**	**321,416**	**2,098**	**1,128**	**324,642**

Development of gross carrying amounts of financial assets at amortised cost – Loans and advances to customers

	Financial year 2024				Financial year 2023			
	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions
As of 1 Jan.	**134,370**	**5,252**	**4,707**	**144,328**	**140,311**	**8,827**	**5,339**	**154,478**
Transfer from stage 2 and stage 3 to stage 1	1,778	–1,774	–5	0	3,819	–3,819	0	0
Transfer from stage 1 and stage 3 to stage 2	–1,567	1,666	–98	0	–2,712	2,799	–87	0
Transfer from stage 1 and stage 2 to stage 3	–864	–305	1,169	0	–724	–554	1,278	0
Additions – New business and increased utilisation	36,386	271	41	36,698	33,599	474	63	34,137
Disposals	–33,541	–1,500	–1,386	–36,428	–41,467	–2,401	–1,808	–45,676
of which financial assets written off	*–33,541*	*–1,499*	*–1,251*	*–36,291*	*–41,467*	*–2,400*	*–1,664*	*–45,531*
of which default on receivables	*0*	*–1*	*–135*	*–137*	*–1*	*0*	*–144*	*–145*
Changes from non-substantial contractual modification	–4	0	0	–4	–1	0	–2	–4
Exchange rate and other changes	1,509	104	–234	1,379	1,544	–74	–76	1,394
As of 31 Dec.	**138,066**	**3,714**	**4,193**	**145,974**	**134,370**	**5,252**	**4,707**	**144,328**

	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan.	**36,001**	**64**	**0**	**36,065**	**33,725**	**8**	**0**	**33,733**
Transfer from stage 2 and stage 3 to stage 1	65	–65	0	0	7	–7	0	0
Transfer from stage 1 and stage 3 to stage 2	–84	84	0	0	–117	117	0	0
Additions – New business and increased utilisation	33,632	0	0	33,632	25,942	0	0	25,942
Disposals	–32,406	–1	0	–32,407	–24,653	–51	0	–24,704
of which financial assets written off	*–32,406*	*–1*	*0*	*–32,407*	*–24,653*	*–51*	*0*	*–24,704*
Exchange rate and other changes	700	1	0	701	1,096	–2	0	1,093
As of 31 Dec.	**37,907**	**83**	**0**	**37,991**	**36,001**	**64**	**0**	**36,065**

Development of gross carrying amounts of off-balance sheet lending transactions

	Financial year 2024				Financial year 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan.	**137,227**	**1,847**	**455**	**139,528**	**129,693**	**2,777**	**532**	**133,002**
Transfer from stage 2 and stage 3 to stage 1	14	–14	0	0	40	–40	0	0
Transfer from stage 1 and stage 3 to stage 2	–390	390	0	0	–63	64	–1	0
Transfer from stage 1 and stage 2 to stage 3	–50	0	50	0	–5	–1	6	0
Additions – New business and increased utilisation	65,955	448	9	66,412	66,223	147	134	66,503
Disposals	–62,261	–1,349	–231	–63,842	–58,633	–1,097	–211	–59,941
Exchange rate and other changes	–18	0	0	–18	–28	–3	–5	–36
As of 31 Dec.	**140,475**	**1,322**	**283**	**142,081**	**137,227**	**1,847**	**455**	**139,528**

The gross carrying amount of financial assets for which risk provisioning at the time of modification was assigned to stage 2 or 3 and was transferred back to stage 1 during the reporting period amounted to EUR 103 million as of the reporting date (31 Dec. 2023: EUR 1,083 million).

	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions
As of 1 Jan.	**52**	**32**	**84**	**167**	**81**	**40**	**128**	**248**
Transfer from stage 2 and stage 3 to stage 1	14	–14	0	0	13	–13	0	0
Transfer from stage 1 and stage 3 to stage 2	0	0	0	0	–5	6	–1	0
Transfer from stage 1 and stage 2 to stage 3	0	–3	3	0	0	–3	4	0
Additions	27	27	14	68	22	20	11	54
Utilisation	0	0	–49	–49	0	0	–9	–9
Reversals	–49	–18	–24	–92	–54	–17	–11	–83
Net present value effect	0	0	4	4	0	0	5	5
Exchange rate and other changes	1	0	21	22	–4	0	–43	–48
As of 31 Dec.	**45**	**24**	**52**	**122**	**52**	**32**	**84**	**167**

Development of risk provisions for financial assets at amortised cost – Loans and advances to customers

	Financial year 2024				Financial year 2023			
	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions	Stage 1 EUR in millions	Stage 2 EUR in millions	Stage 3 EUR in millions	Total EUR in millions
As of 1 Jan.	**162**	**300**	**1,223**	**1,685**	**237**	**406**	**1,211**	**1,853**
Transfer from stage 2 and stage 3 to stage 1	62	–62	0	0	128	–127	0	0
Transfer from stage 1 and stage 3 to stage 2	–7	23	–16	0	–34	54	–20	0
Transfer from stage 1 and stage 2 to stage 3	–8	–24	31	0	–6	–81	87	0
Additions	169	133	271	573	132	243	330	705
Utilisation	0	0	–93	–93	0	0	–197	–197
Reversals	–188	–146	–258	–593	–296	–190	–291	–776
Net present value effect	0	0	95	95	0	0	89	89
Exchange rate and other changes	3	4	22	29	2	–4	13	10
As of 31 Dec.	**192**	**229**	**1,276**	**1,696**	**162**	**300**	**1,223**	**1,685**

	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan.	**8**	**0**	**0**	**8**	**11**	**1**	**0**	**12**
Transfer from stage 2 and stage 3 to stage 1	6	–6	0	0	1	–1	0	0
Additions	5	6	0	11	4	1	0	4
Reversals	–10	–1	0	–11	–8	0	0	–8
As of 31 Dec.	**8**	**0**	**0**	**8**	**8**	**0**	**0**	**8**

Development of Risk provisions for lending business (off-balance sheet lending transactions)

	Financial year 2024				**Financial year 2023**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**	**EUR in millions**
As of 1 Jan.	**24**	**16**	**50**	**90**	**42**	**26**	**47**	**115**
Transfer from stage 2 and stage 3 to stage 1	2	–2	0	0	9	–9	0	0
Transfer from stage 1 and stage 3 to stage 2	–1	1	0	0	–2	2	0	0
Transfer from stage 1 and stage 2 to stage 3	0	0	0	0	0	–3	3	0
Additions	28	14	47	89	44	31	40	115
Reversals	–36	–19	–50	–105	–68	–31	–39	–138
Exchange rate and other changes	0	0	0	1	–1	0	–2	–2
As of 31 Dec.	**17**	**9**	**48**	**74**	**24**	**16**	**50**	**90**

The post-model adjustment for the greater forecast uncertainty regarding global economic development particularly due to geopolitical crises and the threat of trade conflicts amounted to EUR 100 million as of the reporting date (31 Dec. 2023: EUR 52 million).

Provisions for losses on loans and advances also include money market investments and reverse repos.

In the reporting year, EUR 100 million (2023: EUR 95 million) in interest income was not collected for impaired loans and advances.

The contractual balance outstanding of financial assets that were written off during the reporting period and that are still subject to enforcement measures amounted to EUR 98 million as of the reporting date (31 Dec. 2023: EUR 76 million).

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Loans and advances to banks – FVM		
Loans and advances	0	0
Other receivables	58	41
Loans and advances to customers – FVM		
Loans and advances	8,232	9,927
Other receivables	0	1
Securities and investments – FVM		
Bonds and other fixed-income securities	0	0
Shares and other non-fixed income securities	3,919	0
Equity investments	1,112	4,418[1)]
Shares in non-consolidated subsidiaries	92	90
Other derivatives – FVM		
Interest-related derivatives	1,357	1,630
Cross-currency derivatives	947	692
Total	**15,716**	**16,799**

1) Fund investments of EUR 3,362 thousand were reported the previous year under equity investments. As of financial year 2024, fund investments are reported under shares and other non-fixed income securities.

Cross-currency swaps are presented under Cross-currency derivatives.

Other derivatives include derivatives with positive fair values of EUR 87 million (31 Dec. 2023: EUR 106 million) attributable to embedded derivatives that are bifurcated.

(39) Value adjustments from macro fair value hedge accounting

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Value adjustments to assets under macro fair value hedge accounting	–9,375	–14,771

The fair values attributable to hedged risks in the hedged portfolios in the at amortised cost measurement category are included in this item.

(40) Derivatives designated for hedge accounting

Analysis of derivatives with positive fair values designated for hedge accounting by type of hedging relationship

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Micro fair value hedge accounting	6,572	3,980
Macro fair value hedge accounting	873	1,463
Total	**7,445**	**5,443**

	31 Dec. 2024	31 Dec. 2023
	EUR in millions	EUR in millions
Interest-related derivatives	1,529	2,326
Cross-currency derivatives	5,916	3,118
Total	**7,445**	**5,443**

Only Interest-related derivatives are designated for macro fair value hedge accounting. Cross-currency swaps are presented under Cross-currency derivatives.

(41) Investments accounted for using the equity method

	31 Dec. 2024	31 Dec. 2023
	EUR in millions	EUR in millions
Investments accounted for using the equity method	500	626
Total	**500**	**626**

The note regarding “Disclosures on shareholdings” includes a list of Investments accounted for using the equity method.

(42) Non-current assets held for sale

This item from the statement of financial position contains equity investments of DEG with a fair value of EUR 37 million (31 Dec. 2023: EUR 78 million) in companies in Asia and Latin America, which meet the criteria under IFRS 5 as “non-current assets held for sale”, and are therefore to be reported separately. These equity investments are recognised in the business sector DEG.

Disposal of the equity investments within the next twelve months is highly likely.

It was not possible in 2024 to sell, as planned, two equity investments recognised as assets held for sale in the consolidated financial statements as of 31 December 2023 (31 Dec. 2022: four equity investments). In one case this is due to delays in the selling process. As the sale is planned for the beginning of 2025, the relevant investment is still reported under non-current assets held for sale. In the second case, there was no sale due to deterioration of the market environment. For purely accounting purposes, the investment was reclassified to the statement of financial position item Financial assets at fair value, due to the lower probability of realisation. The reclassification had no effect on the earnings position.

Analysis of Property, plant and equipment by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Land and buildings	818	828
Plant and equipment	65	67
Rights of use arising from leases	29	31
Other property, plant and equipment	10	4
Total	**922**	**929**

Additions to rights of use arising from leases amounted to EUR 4 million (2023: EUR 1 million). Payments in advance and assets under construction are presented in Other property, plant and equipment.

Development of Property, plant and equipment in financial year 2024

	Acquisition/ production cost EUR in millions	Accumulated amortisation, impairment and reversal of impairment losses EUR in millions	Net carrying amount EUR in millions
Carrying amount as of 1 Jan. 2024	**1,533**	**–604**	**929**
Additions/reversals of impairment losses	70	–2	68
Disposals	–109	92	–17
Amortisation	0	–57	–57
Impairment losses	0	0	0
Carrying amount as of 31 Dec. 2024	**1,493**	**–571**	**922**

Development of Property, plant and equipment in financial year 2023

	Acquisition/ production cost EUR in millions	Accumulated amortisation, impairment and reversal of impairment losses EUR in millions	Net carrying amount EUR in millions
Carrying amount as of 1 Jan. 2023	**1,496**	**–568**	**929**
Additions/reversals of impairment losses	58	0	58
Disposals	–22	20	–2
Amortisation	0	–55	–55
Impairment losses	0	–1	–1
Carrying amount as of 31 Dec. 2023	**1,533**	**–604**	**929**

Analysis of intangible assets by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Software	60	75
Purchased software	*24*	*31*
Internally generated software	*36*	*44*
Other intangible assets	8	7
Total	**69**	**82**

Other intangible assets include, in particular, software under development.

Development of Intangible assets in financial year 2024

	Acquisition/ production cost EUR in millions	Accumulated amortisation, impairment and reversal of impairment losses EUR in millions	Net carrying amount EUR in millions
Carrying amount as of 1 Jan. 2024	**473**	**–391**	**82**
Additions/reversals of impairment losses	19	0	19
Disposals	–33	33	0
Amortisation	0	–33	–33
Impairment losses	0	0	0
Carrying amount as of 31 Dec. 2024	**459**	**–391**	**69**

Development of Intangible assets in financial year 2023

	Acquisition/ production cost EUR in millions	Accumulated amortisation, impairment and reversal of impairment losses EUR in millions	Net carrying amount EUR in millions
Carrying amount as of 1 Jan. 2023	**457**	**–357**	**100**
Additions/reversals of impairment losses	18	0	18
Disposals	–2	2	0
Amortisation	0	–36	–36
Impairment losses	0	0	0
Carrying amount as of 31 Dec. 2023	**473**	**–391**	**82**

Analysis of income tax assets

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Current income tax assets	23	15
Deferred income tax assets	86	161
Total	**109**	**176**

Current income tax assets result from creditable taxes (investment income tax/solidarity surcharge) and tax receivables from advance tax payments of the taxable group subsidiaries during financial year 2024 and previous years.

Deferred income tax assets mostly result from valuation differences relating to the statement of financial position items listed below and to loss carryforwards. The amount of deferred tax assets relating to loss carryforwards is based on a corresponding forecast of future income. As of 31 December 2024, the volume of deferred tax assets not recognised was EUR 8 million (31 Dec. 2023: EUR 4 million) relating to loss carryforwards, and EUR 0 million (31 Dec. 2023: EUR 0 million) relating to accounting issues.

Further information on the amount recognised directly in equity as deferred taxes under Revaluation reserves can be found in the note on “Equity”.

Composition of deferred tax assets by statement of financial position item

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Financial assets at amortised cost	52	76
Financial assets at fair value	2	3
Financial liabilities at amortised cost	0	1
Financial liabilities at fair value	2	2
Provisions	31	42
Other statement of financial position items	1	0
Tax loss carryforwards	4	41
Subtotal	**92**	**165**
Offset against deferred tax liabilities	6	4
Total	**86**	**161**

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Other assets and receivables	696	723
Prepaid expenses	57	49
Total	**754**	**772**

Other assets and receivables includes primarily the receivables from the Federal Agency for Special Tasks Associated with Unification *(Bundesanstalt für vereinigungsbedingte Sonderaufgaben – “BvS”)* amounting to EUR 634 million (31 Dec. 2023: EUR 633 million), which are offset in equal amount by provisions arising from the assumption of the operations of the State Insurance Company of the German Democratic Republic in liquidation *(Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – “SinA”, an institution under public law)*.

Development of assets from contractual rights

	2024 EUR in millions	2023 EUR in millions
As of 1 Jan.	**0**	**0**
Additions	0	0
Disposals	0	0
As of 31 Dec.	**0**	**0**

(47) Financial liabilities at amortised cost

Analysis of Financial liabilities at amortised cost by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Liabilities to banks		
Money-market transactions	982	2,104
Promissory note loans	1,087	1,123
Other financial liabilities	4,393	2,549
Liabilities to customers		
Money-market transactions	471	975
Promissory note loans	23,964	38,027
Other financial liabilities	5,654	9,288
Certificated liabilities		
Money-market issues	32,494	37,694
Bonds and notes	416,457	407,940
Total	**485,502**	**499,700**

Liabilities from cash collateral received are included in Other financial liabilities. These are attributable to cash collateral on derivatives in the amount of EUR 3,339 million (31 Dec. 2023: EUR 1,549 million), and to cash collateral on other transactions in the amount of EUR 1,148 million (31 Dec. 2023: EUR 1,324 million).

volume of repayments due to maturity during the same period amounted to EUR 167.2 billion (nominal) (2023: EUR 181.4 billion) and the volume of early repurchases to EUR 0.5 billion (nominal) (2023: EUR 0.4 billion).

Liabilities include liabilities from repurchase agreements and securities lending transactions under Other financial liabilities.

(48) Financial liabilities at fair value

Analysis of Financial liabilities at fair value by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Liabilities to banks – FVD		
Promissory note loans	225	221
Liabilities to customers – FVD		
Promissory note loans	719	818
Certificated liabilities – FVD		
Bonds and notes	6,537	6,613
Other derivatives – FVM		
Interest-related derivatives	1,494	1,585
Cross-currency derivatives	799	1,129
Total	**9,774**	**10,365**

As in the previous year, there were no new issues in the current financial year under sub-item certificated liabilities to be measured at fair value. The volume of repayments due to maturity during the same period amounted to EUR 0.2 billion (nominal) (2023: EUR 0.3 billion) and the volume of early repurchases to EUR 0.0 billion (nominal) (2023: EUR 0.0 billion).

Cross-currency swaps are presented under Cross-currency derivatives.

Other derivatives include derivatives with negative fair values of EUR 5 million (31 Dec. 2023: EUR 6 million) attributable to embedded derivatives that are bifurcated.

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Value adjustments to liabilities under macro fair value hedge accounting	–16	–1

The fair values attributable to hedged risks in the hedged portfolios in the at amortised cost measurement category are included in this item.

(50) Derivatives designated for hedge accounting

Analysis of derivatives with negative fair values designated for hedge accounting by type of hedging relationship

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Micro fair value hedge accounting	5,619	8,188
Macro fair value hedge accounting	1,362	1,112
Total	**6,982**	**9,300**

Analysis of derivatives with negative fair values designated for hedge accounting by type of hedging instrument

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Interest-related derivatives	5,068	5,834
Cross-currency derivatives	1,914	3,466
Total	**6,982**	**9,300**

(51) Risk provisions

Analysis of Provisions by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Provisions for pensions and similar commitments	1,904	1,844
Provisions for credit risks	74	90
Other provisions	969	877
Total	**2,948**	**2,811**

As of 1 Jan. 2024	**1,809**	**33**	**2**	**1,844**
Additions	108	3	1	112
Current service cost	*46*	*0*	*1*	*48*
Interest cost	*62*	*2*	*0*	*64*
Actuarial gains and losses	6	0	0	6
Changes in demographic assumptions	*0*	*0*	*0*	*0*
Changes in financial assumptions	*–22*	*0*	*0*	*–22*
Changes in experience adjustments	*28*	*0*	*0*	*28*
Utilisation	–63	–9	–1	–73
Reversals	0	0	0	0
Transfers	0	0	0	0
Contributions by members (recognised in equity)	14	0	0	14
As of 31 Dec. 2024	**1,874**	**27**	**3**	**1,904**

The average expected residual term of the defined-benefit pension obligations is 16.0 years as of 31 December 2024 (31 Dec. 2023: 16.4 years).

Development of Provisions for pensions and similar commitments in financial year 2023

	Defined benefit obligations	**Early retirement**	**Partial retirement**	**Total**
	EUR in millions	**EUR in millions**	**EUR in millions**	**EUR in millions**
As of 1 Jan. 2023	**1,638**	**42**	**3**	**1,683**
Additions	104	1	1	105
Current service cost	*40*	*0*	*1*	*41*
Interest cost	*64*	*0*	*0*	*64*
Actuarial gains and losses	121	0	0	121
Changes in demographic assumptions	*0*	*0*	*0*	*0*
Changes in financial assumptions	*124*	*0*	*0*	*124*
Changes in experience adjustments	*–3*	*0*	*0*	*–3*
Utilisation	–60	–9	–2	–70
Transfers	0	0	0	0
Contributions by members (recognised in equity)	6	0	0	6
As of 31 Dec. 2023	**1,809**	**33**	**2**	**1,844**

Actuarial assumptions in % p.a.

	31 Dec. 2024	31 Dec. 2023
Technical discount rate	3.49	3.41
Rate of salary increases	3.00	2.20
Rate of pension increases	2.00	2.50
Rate of staff turnover	3.23	3.17

The technical discount rate as of 31 December 2024 reflects an adjustment to the average residual term of the defined benefit pension obligations translating into an adjustment to the average capital commitment period used.

Sensitivity of defined benefit pension obligations as of 31 December 2024

	Difference	Change in defined benefit obligations	Difference	Change in defined benefit obligations
		EUR in millions		EUR in millions
Life expectancy	+1 year	71	–1 year	–73
Technical discount rate	+0.25%	–70	–0.25%	75
Rate of salary increases	+0.50%	13	–0.50%	–12
Rate of pension increases	+0.50%	103	–0.50%	–57
Rate of staff turnover	+1.00%	–1	–1.00%	1

Sensitivity of defined benefit pension obligations as of 31 December 2023

	Difference	Change in defined benefit obligations	Difference	Change in defined benefit obligations
		EUR in millions		EUR in millions
Life expectancy	+1 year	71	–1 year	–73
Technical discount rate	+0.25%	–69	–0.25%	74
Rate of salary increases	+0.50%	13	–0.50%	–12
Rate of pension increases	+0.50%	102	–0.50%	–57
Rate of staff turnover	+1.00%	–1	–1.00%	1

Development of Risk provisions for lending business

For the development of Risk provisions for lending business (off-balance sheet transactions) see the note regarding “Risk provisions”.

	Obligations to employees	Other provisions	Total
	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2024	**35**	**842**	**877**
Additions	11	154	165
Utilisation	–8	–53	–61
Reversals	–1	–12	–13
As of 31 Dec. 2024	**38**	**931**	**969**

The Obligations to employees column shows other long-term employee benefits including provisions for service anniversaries. Corresponding actuarial reports have been prepared for these obligations.

Provisions for the obligation vis-à-vis the ERP Special Fund to award grants in an amount of EUR 135 million (31 December 2023: EUR 62 million) in the years ahead are recognised in Other provisions.

An Other provision item in the amount of EUR 100 million (31 Dec. 2023: EUR 57 million) is reported due to the interest rate being below the market rate for irrevocable promotional loan commitments with additional promotional funds in the form of interest rate reductions impacting KfW's earnings position. Changes to existing provisions are presented as net additions or, in the case of a decline, as a transfer via the adjustments to the carrying amounts of already disbursed promotional loans recognised on the assets side under Financial assets at amortised cost – Loans and advances to banks or customers.

Other provisions also comprise obligations in the amount of EUR 634 million (31 Dec. 2023: EUR 633 million) arising from the assumption of the operations of the State Insurance Company of the German Democratic Republic in liquidation *(Staatliche Versicherung der Deutschen Demokratischen Republik in Abwicklung – "SinA", an institution under public law)*, which are offset by receivables in the same amount from the Federal Agency for Special Tasks Associated with Unification *(Bundesanstalt für vereinigungsbedingte Sonderaufgaben – "BvS")* recognised in Other assets. Other provisions also include provisions for legal risks offset by receivables from the Federal Government in the same amount.

Development of Other provisions in financial year 2023

	Obligations to employees	Other provisions	Total
	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2023	**32**	**842**	**873**
Additions	8	141	148
Utilisation	–4	–123	–127
Reversals	0	–18	–18
As of 31 Dec. 2023	**35**	**842**	**877**

(52) Income tax liabilities

Analysis of Income tax liabilities

	31 Dec. 2024	31 Dec. 2023
	EUR in millions	EUR in millions
Current income tax liabilities	206	82
Deferred income tax liabilities	23	26
Total	**230**	**107**

Deferred income tax liabilities mostly resulted from valuation differences relating to the statement of financial position items listed below.

Composition of deferred tax liabilities by statement of financial position item

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Financial assets at fair value – Other derivatives	0	1
Financial assets at amortised cost	0	1
Financial assets at fair value – Securities and investments	24	23
Investments accounted for using the equity method	4	4
Other statement of financial position items	1	1
Subtotal	**29**	**30**
Offset against deferred tax assets	6	4
Total	**23**	**26**

(53) Other liabilities

Analysis of Other liabilities

	31 Dec. 2024 Mio. EUR	31 Dec. 2023 Mio. EUR
Other financial liabilities	300	312
thereof Accruals	202	186
Deferred income	44	39
Lease liabilities	30	34
Total	**374**	**386**

Deferred income contains liabilities resulting from contractual obligations (“contract liabilities” in accordance with IFRS 15). These developed as follows:

Development of liabilities from contractual obligations

	2024 EUR in millions	2023 EUR in millions
As of 1 Jan.	**37**	**38**
Additions	25	15
Disposals	–19	–16
As of 31 Dec.	**43**	**37**

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Subscribed capital	3,750	3,750
less uncalled outstanding contributions	–450	–450
Paid-in subscribed capital	**3,300**	**3,300**
Capital reserve	8,447	8,447
Reserve from the ERP Special Fund	1,191	1,191
Retained earnings	26,552	25,150
Statutory reserve under Article 10 (2) KfW Law	*1,875*	*1,875*
Special reserve under Article 10 (3) KfW Law	*17,988*	*17,117*
Special reserve less the special loss account from provisioning pursuant to Section 17 (4) of the D-Mark Balance Sheet Law	*21*	*21*
Other retained earnings	*6,668*	*6,137*
Revaluation reserves	83	–15
Valuation result from the change in own credit risk of liabilities designated at fair value through profit or loss	*160*	*55*
Actuarial gains and losses from defined-benefit pension obligations (after tax)	*–77*	*–70*
Total	**39,573**	**38,073**

The Federal Government owns 80% of KfW's share capital, the German federal states 20%. In accordance with Article 1a of the KfW Law, the Federal Republic of Germany is liable for certain liabilities of KfW. There is no profit distribution in accordance with Article 10 (1) of the KfW Law. KfW's net income amounting to EUR 871 million (2023: EUR 1,336 million) was used to increase the special reserve under Article 10 (3) KfW Law.

Equity forms the basis for the capital available for covering risks, which is matched against the capital requirements derived from internal management.

For information concerning Equity in relation to risk-bearing capacity, see the risk report in the combined management report.

The revaluation reserves developed as follows:

Development of revaluation reserves

	Valuation result from the change in own credit risk of liabilities designated at fair value through profit or loss EUR in millions	Actuarial gains and losses from defined benefit pension obligations EUR in millions	Effects of deferred taxes EUR in millions	Total EUR in millions
As of 1 Jan. 2023	**6**	**52**	**–9**	**50**
Consolidated comprehensive income	49	–121	7	–65
Other comprehensive income	*49*	*–121*	*7*	*–65*
As of 31 Dec. 2023	**55**	**–68**	**–2**	**–15**
Consolidated comprehensive income	105	–6	–1	98
Other comprehensive income	*105*	*–6*	*–1*	*98*
As of 31 Dec. 2024	**160**	**–74**	**–3**	**83**

FVD = Financial instruments designated at fair value

(55) Gains and losses from financial instruments by measurement category

The following tables show the results from financial instruments included in the different statement of comprehensive income items presented by measurement category. The result from foreign currency translation is not included.

Gains and losses from financial instruments by measurement category in financial year 2024

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value – FVM	Financial liabilities at fair value – FVM	Financial liabilities at fair value – FVD	Derivatives designated for hedge accounting	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Interest income	12,644[1]	0	808	241	0	7,488	21,181
Interest expense	–406	–9,579	–89	–430	–356	–7,765	–18,624
Net gains/losses from risk provisions	39	0	0	0	0	0	39
Commission income	3	0	0	0	0	0	3
Commission expense	–10	–5	0	0	0	0	–16
Net gains/losses from hedge accounting	6,085	–6,550	0	0	0	572	107
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	–162	58	194	0	90
Net gains/losses from disposal of financial assets at amortised cost	0	0	0	0	0	0	0
Net other operating income or loss	0	3	0	0	0	0	3
Change in revaluation reserves	0	0	0	0	105	0	105
Total	**18,356**	**–16,132**	**557**	**–130**	**–58**	**295**	**2,888**

[1] Includes interest income from financial guarantees of EUR 38 million.

	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at fair value – FVM	at fair value FVM	FVD	Derivatives designated for hedge accounting	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Interest income	10,837[1)]	0	725	374	0	6,464	18,399
Interest expense	–284	–7,599	–64	–354	–347	–7,231	–15,878
Net gains/losses from risk provisions	169	0	0	0	0	0	169
Commission income	9	0	0	0	0	0	9
Commission expense	–10	–5	0	0	0	0	–15
Net gains/losses from hedge accounting	12,277	–13,793	0	0	0	1,807	291
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	–311	304	–186	0	–194
Net gains/losses from disposal of financial assets at amortised cost	0	0	0	0	0	0	0
Net other operating income or loss	0	6	0	0	0	0	6
Change in revaluation reserves	0	0	0	0	49	0	49
Total	**22,997**	**–21,391**	**350**	**323**	**–484**	**1,040**	**2,836**

1) Includes interest income from financial guarantees of EUR 33 million.

Fair value of financial instruments by valuation method as of 31 December 2024

	Carrying amount (statement of financial position)	Fair Value Level 1	Level 2	Level 3	Total	Difference from carrying amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets						
Cash reserves	26,522	26,522	0	0	26,522	0
Financial assets at amortised cost						
Loans and advances to banks	320,406	0	28,320	279,286	307,607	–12,799
Loans and advances to customers	144,278	0	778	141,528	142,306	–1,972
Securities and investments	37,982	29,660	3,257	4,899	37,816	–167
Financial assets at fair value						
Loans and advances to banks – FVM	58	0	0	58	58	0
Loans and advances to customers – FVM	8,232	0	8,085	147	8,232	0
Securities and investments – FVM	5,123	91	2,699	2,334	5,123	0
Other derivatives – FVM	2,303	0	2,299	4	2,303	0
Value adjustments from macro fair value hedge accounting	–9,375	n/a	n/a	n/a	n/a	9,375
Derivatives designated for hedge accounting	7,445	0	7,445	0	7,445	0
Non-current assets held for sale	37	0	37	0	37	0
Total	**543,012**	**56,273**	**52,920**	**428,256**	**537,449**	**–5,563**
Liabilities and equity						
Financial liabilities at amortised cost						
Liabilities to banks	6,462	0	6,447	0	6,447	–15
Liabilities to customers	30,089	0	29,367	0	29,367	–722
Certificated liabilities	448,951	396,089	46,383	0	442,472	–6,479
Financial liabilities at fair value						
Liabilities to banks – FVD	225	0	225	0	225	0
Liabilities to customers – FVD	719	0	719	0	719	0
Certificated liabilities – FVD	6,537	4,152	2,385	0	6,537	0
Other derivatives – FVM	2,293	0	2,275	18	2,293	0
Value adjustments from macro fair value hedge accounting	–16	n/a	n/a	n/a	n/a	16
Derivatives designated for hedge accounting	6,982	0	6,982	0	6,982	0
Total	**502,241**	**400,241**	**94,782**	**18**	**495,042**	**–7,200**

	Carrying amount (statement of financial position)	Fair Value Level 1	Level 2	Level 3	Total	Difference from carrying amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets						
Cash reserves	47,431	47,431	0	0	47,431	0
Financial assets at amortised cost						
Loans and advances to banks	324,475	12	24,706	282,628	307,346	–17,129
Loans and advances to customers	142,644	0	1,257	139,437	140,694	–1,950
Securities and investments	36,057	28,723	2,637	4,609	35,969	–88
Financial assets at fair value						
Loans and advances to banks – FVM	41	0	0	41	41	0
Loans and advances to customers – FVM	9,928	0	9,644	284	9,928	0
Securities and investments – FVM	4,509	109	3,029	1,370	4,509	0
Other derivatives – FVM	2,322	0	2,278	44	2,322	0
Value adjustments from macro fair value hedge accounting	–14,771	n/a	n/a	n/a	n/a	14,771
Derivatives designated for hedge accounting	5,443	0	5,443	0	5,443	0
Non-current assets held for sale	78	0	66	12	78	0
Total	**558,156**	**76,275**	**49,061**	**428,424**	**553,760**	**–4,396**
Liabilities and equity						
Financial liabilities at amortised cost						
Liabilities to banks	5,777	0	5,754	0	5,754	–23
Liabilities to customers	48,290	0	47,455	0	47,455	–835
Certificated liabilities	445,634	387,020	52,738	0	439,758	–5,875
Financial liabilities at fair value						
Liabilities to banks – FVD	221	0	221	0	221	0
Liabilities to customers – FVD	818	0	818	0	818	0
Certificated liabilities – FVD	6,613	4,095	2,519	0	6,613	0
Other derivatives – FVM	2,714	0	2,691	23	2,714	0
Value adjustments from macro fair value hedge accounting	–1	n/a	n/a	n/a	n/a	1
Derivatives designated for hedge accounting	9,300	0	9,300	0	9,300	0
Total	**519,363**	**391,115**	**121,493**	**23**	**512,631**	**–6,732**

Interest-related changes in value are also included in measuring the fair value of the financial instruments. Accordingly, when the comparison is made with the carrying amount, it is necessary to take into account the changes in value (interest-related) resulting from the recognition of Loans and advances and borrowings in macro fair value hedge accounting.

	Transfer from level 1 to level 2	Transfer from level 2 to level 1
	EUR in millions	EUR in millions
Assets		
Financial assets at fair value		
Loans and advances to banks – FVM	0	0
Loans and advances to customers – FVM	0	0
Securities and investments – FVM	0	3
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Non-current assets held for sale	0	0
Total	**0**	**3**

Liabilities and equity		
Financial liabilities at fair value		
Liabilities to banks – FVD	0	0
Liabilities to customers – FVD	0	0
Certificated liabilities – FVD	0	0
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Total	**0**	**0**

The group primarily made transfers from level 2 to level 1 in financial year 2024 as quoted market prices from active markets were available again for the respective financial instruments. In contrast, there were transfers from level 1 to level 2 in financial year 2023 where there were no quoted market prices from active markets available for the respective financial instruments.

	Transfer from level 1 to level 2	Transfer from level 2 to level 1
	EUR in millions	EUR in millions
Assets		
Financial assets at fair value		
Loans and advances to banks – FVM	0	0
Loans and advances to customers – FVM	0	0
Securities and investments – FVM	0	6
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Non-current assets held for sale	0	0
Total	**0**	**6**
Liabilities and equity		
Financial liabilities at fair value		
Liabilities to banks – FVD	0	0
Liabilities to customers – FVD	0	0
Certificated liabilities – FVD	278	0
Other derivatives – FVM	0	0
Derivatives designated for hedge accounting	0	0
Total	**278**	**0**

	Financial assets at fair value					
	Loans and advances to banks – FVM	Loans and advances to customers – FVM	Securities and investments – FVM	Other derivatives – FVM	Non-current assets held for sale	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2024	**41**	**284**	**1,370**	**44**	**12**	**1,751**
A. Changes recognised in the income statement						
Net interest and commission income	0	–5	0	0	0	–5
Contracts still valid at year-end	*0*	*–4*	*0*	*0*	*0*	*–4*
Net gains/losses from hedge accounting	0	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*	*0*
Net gains/losses from other financial instruments at fair value through profit or loss	14	0	72	4	0	90
Contracts still valid at year-end	*16*	*1*	*–9*	*–2*	*0*	*5*
Total changes recognised in the income statement	**14**	**–5**	**72**	**4**	**0**	**85**
B. Changes recognised directly in equity						
Changes in level assignment	0	0	919	–43	0	877
Transfer from level 1 and level 2	0	0	1,200	0	0	1,200
Transfer to level 1 and level 2	0	0	–280	–43	0	–323
Additions	0	13	450	6	0	470
Disposals	0	–152	–491	–7	0	–651
Total changes recognised directly in equity	**0**	**–139**	**879**	**–44**	**0**	**695**
Changes in consolidated group	0	0	0	0	0	0
Exchange rate changes	3	7	1	1	0	12
Other changes	0	0	12	–1	–12	–1
As of 31 Dec. 2024	**58**	**147**	**2,334**	**4**	**0**	**2,542**

	Financial liabilities at fair value				
	Liabilities to banks – FVD	Liabilities to customers – FVD	Certificated liabilities – FVD	Other derivatives – FVM	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2024	**0**	**0**	**0**	**23**	**23**
A. Changes recognised in the income statement					
Net interest and commission income	0	0	0	3	3
Contracts still valid at year-end	*0*	*0*	*0*	*4*	*4*
Net gains/losses from hedge accounting	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	0	–6	–6
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Total changes recognised in the income statement	**0**	**0**	**0**	**–3**	**–3**
B. Changes recognised directly in equity					
Change in revaluation reserves	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Changes in level assignment	0	0	0	0	0
Transfer from level 1 and level 2	0	0	0	0	0
Transfer to level 1 and level 2	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	–2	–2
Total changes recognised directly in equity	**0**	**0**	**0**	**–2**	**–2**
Exchange rate changes	0	0	0	2	2
Other changes	0	0	0	–1	–1
As of 31 Dec. 2024	**0**	**0**	**0**	**18**	**18**

The group carried out transfers from levels 1 and 2 to level 3 because in financial years 2024 and 2023 quoted prices on the active market or observable market parameters were no longer available or their effect on fair value was deemed material. In contrast, the group carried out transfers from level 3 to levels 1 and 2 if quoted prices on the active market or observable market parameters were available again or the effect of non-observable parameters on fair value was deemed immaterial.

	Financial assets at fair value					
	Loans and advances to banks – FVM	Loans and advances to customers – FVM	Securities and investments – FVM	Other derivatives – FVM	Non-current assets held for sale	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2023	**38**	**202**	**1,000**	**1**	**49**	**1,289**
A. Changes recognised in the income statement						
Net interest and commission income	0	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*	*0*
Net gains/losses from hedge accounting	0	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*	*0*
Net gains/losses from other financial instruments at fair value through profit or loss	4	0	4	35	–4	39
Contracts still valid at year-end	*4*	*–1*	*–75*	*16*	*–4*	*–61*
Total changes recognised in the income statement	**4**	**0**	**4**	**35**	**–4**	**39**
B. Changes recognised directly in equity						
Changes in level assignment	0	0	398	1	–24	375
Transfer from level 1 and level 2	0	0	711	2	0	712
Transfer to level 1 and level 2	0	0	–313	0	–24	–337
Additions	1	288	40	0	0	329
Disposals	–1	–202	–48	0	0	–252
Total changes recognised directly in equity	**0**	**86**	**390**	**1**	**–24**	**453**
Changes in consolidated group	0	0	0	0	0	0
Exchange rate changes	–1	–3	–21	6	–2	–22
Other changes	0	0	–3	1	–6	–8
As of 31 Dec. 2023	**41**	**284**	**1,370**	**44**	**12**	**1,751**

	Financial liabilities at fair value				
	Liabilities to banks – FVD	Liabilities to customers – FVD	Certificated liabilities – FVD	Other derivatives – FVM	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
As of 1 Jan. 2023	**0**	**0**	**0**	**43**	**43**
A. Changes recognised in the income statement					
Net interest and commission income	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Net gains/losses from hedge accounting	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Net gains/losses from other financial instruments at fair value through profit or loss	0	0	0	–15	–15
Contracts still valid at year-end	*0*	*0*	*0*	*–25*	*–25*
Total changes recognised in the income statement	**0**	**0**	**0**	**–14**	**–14**
B. Changes recognised directly in equity					
Change in revaluation reserves	0	0	0	0	0
Contracts still valid at year-end	*0*	*0*	*0*	*0*	*0*
Changes in level assignment	0	0	0	–6	–6
Transfer from level 1 and level 2	0	0	0	10	10
Transfer to level 1 and level 2	0	0	0	–17	–17
Additions	0	0	0	0	0
Disposals	**0**	**0**	**0**	**0**	**0**
Total changes recognised directly in equity	**0**	**0**	**0**	**–6**	**–6**
Exchange rate changes	0	0	0	0	0
Other changes	0	0	0	1	1
As of 31 Dec. 2023	**0**	**0**	**0**	**23**	**23**

Information on unobservable data as of 31 December 2024

Major classes	Valuation method used	Relevant unobservable data with alternative determination	Range
Loans and advances to banks and loans and advances to customers – FVM	Discounted cash flow method	Risk costs	+/– 10%
Securities and investments from equity finance business – FVM	Discounted cash flow method[1)]	Cost of capital	0.5% to 1.5% (absolute fluctuation)
		Long-term result	5% (relative fluctuation)
		Risk costs	+/– 10%
Other derivatives – derivatives with positive or negative fair values, which comprise a hedging instrument for customers with respect to export and project finance – FVM	Discounted cash flow method	Expected loss	+/– 30%

[1)] If the cost of capital and the long-term result could not be used for valuation, the sensitivities were calculated on the basis of the cost of risk.

Information on unobservable data as of 31 December 2023

Major classes	Valuation method used	Relevant unobservable data with alternative determination	Range
Loans and advances to banks and loans and advances to customers – FVM	Discounted cash flow method	Risk costs	+/– 10%
Securities and investments from equity finance business – FVM	Discounted cash flow method[1)]	Cost of capital	0.5% to 1.5% (absolute fluctuation)
		Long-term result	5% (relative fluctuation)
		Risk costs	+/– 10%
Non-current assets held for sale	Discounted cash flow method	Cost of capital	0.5% to 1.5% (absolute fluctuation)
		Long-term result	5% (relative fluctuation)
Other derivatives – derivatives with positive or negative fair values, which comprise a hedging instrument for customers with respect to export and project finance – FVM	Discounted cash flow method	Expected loss	+/– 30%

[1)] If the cost of capital and the long-term result could not be used for valuation, the sensitivities were calculated on the basis of the cost of risk.

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial assets at fair value			
Loans and advances to banks – FVM	60	58	56
Loans and advances to customers – FVM	155	147	137
Securities and investments – FVM	2,256	2,334	2,435
Other derivatives – FVM	4	4	4
Non-current assets held for sale	0	0	0
Total	**2,474**	**2,542**	**2,631**

Sensitivity analysis for the financial liabilities measured at fair value assigned to level 3 as of 31 December 2024

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at fair value			
Other derivatives – FVM	18	18	18
Total	**18**	**18**	**18**

Sensitivity analysis for the financial assets measured at fair value assigned to level 3 as of 31 December 2023

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial assets at fair value			
Loans and advances to banks – FVM	43	41	39
Loans and advances to customers – FVM	292	284	275
Securities and investments – FVM	1,527	1,370	1,225
Other derivatives – FVM	46	44	43
Non-current assets held for sale	13	12	11
Total	**1,921**	**1,751**	**1,593**

Sensitivity analysis for the financial liabilities measured at fair value assigned to level 3 as of 31 December 2023

	Best case scenario	Reported value	Worst case scenario
	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at fair value			
Other derivatives – FVM	23	23	23
Total	**23**	**23**	**23**

	Carrying amount of hedged items	Accumulated hedge fair value adjustment (fair value of the hedged risk for the hedged item)	Hedge fair value adjustment to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported	Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
	EUR in millions	EUR in millions	EUR in millions		EUR in millions
Assets					
Interest risk					
Securities and investments – Bonds and other fixed-income securities	29,301	–642	0	Financial assets at amortised cost	655
Interest-currency risk					
Securities and investments – Bonds and other fixed-income securities	0	0	0	Financial assets at amortised cost	0
Liabilities and equity					
Interest risk					
Liabilities to banks/customers – promissory note loans	19,419	–710	0	Financial liabilities at amortised cost	–605
Certificated liabilities	246,255	–6,842	90	Financial liabilities at amortised cost	–5,173
Interest-currency risk					
Liabilities to banks/customers – promissory note loans	0	0	0	Financial liabilities at amortised cost	0
Certificated liabilities	113,898	–1,329	221	Financial liabilities at amortised cost	–788

	Carrying amount of hedged items	Accumulated hedge fair value adjustment (fair value of the hedged risk for the hedged item)	Hedge fair value adjustment to be amortised (discontinued hedge relationships)	Statement of financial position items in which the hedged items are reported	Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)
	EUR in millions	EUR in millions	EUR in millions		EUR in millions
Assets					
Interest risk					
Securities and investments – Bonds and other fixed-income securities	28,866	–1,296	0	Financial assets at amortised cost	1,156
Interest-currency risk					
Securities and investments – Bonds and other fixed-income securities	0	0	0	Financial assets at amortised cost	1
Liabilities and equity					
Interest risk					
Liabilities to banks/customers – promissory note loans	29,549	–1,314	1	Financial liabilities at amortised cost	–860
Certificated liabilities	223,440	–12,002	135	Financial liabilities at amortised cost	–9,891
Interest-currency risk					
Liabilities to banks/customers – promissory note loans	0	0	0	Financial liabilities at amortised cost	0
Certificated liabilities	114,305	–2,286	523	Financial liabilities at amortised cost	–3,062

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)	Average interest rate of hedging instruments[1]
	EUR in millions	EUR in millions		EUR in millions	%
Assets					
Interest risk					
Interest-related transactions: interest rate swap	99,353	656	Derivatives designated for hedge accounting	–652	–1.2
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	105,672	5,916	Derivatives designated for hedge accounting	0	1.9[2]
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	202,989	3,705	Derivatives designated for hedge accounting	5,761	–2.3
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	76,683	1,914	Derivatives designated for hedge accounting	749	–0.4[2]

[1] Average interest rate based on the coupon of the fixed leg of the derivatives weighted with nominal volume
[2] Cross-currency interest rate swaps are primarily used to hedge interest risks, but also to hedge foreign currency risks. The difference between the average interest rate of the interest rate swaps and the cross-currency interest rate swaps results from the different interest rate of the hedged currencies, among other factors.

Disclosures on hedging instruments in micro fair value hedge accounting by risk type – 2023

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)	Average interest rate of hedging instruments[1]
	EUR in millions	EUR in millions		EUR in millions	%
Assets					
Interest risk					
Interest-related transactions: interest rate swap	71,418	863	Derivatives designated for hedge accounting	–1,158	–2.1
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	68,931	3,118	Derivatives designated for hedge accounting	–1	1.9[2]
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	224,233	4,722	Derivatives designated for hedge accounting	10,797	–3.7
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	113,102	3,466	Derivatives designated for hedge accounting	3,061	–0.2[2]

[1] Average interest rate based on the coupon of the fixed leg of the derivatives weighted with nominal volume
[2] Cross-currency interest rate swaps are primarily used to hedge interest risks, but also to hedge foreign currency risks. The difference between the average interest rate of the interest rate swaps and the cross-currency interest rate swaps results from the different interest rate of the hedged currencies, among other factors.

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets					
Interest risk					
Interest-related transactions: interest rate swap	616	3,788	6,915	49,387	38,646
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	50	3,765	22,542	63,221	16,094
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	790	11,516	29,453	100,947	60,283
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	60	6,204	12,251	47,582	10,587

Analysis of par values of hedging instruments by hedge relationship according to remaining terms as of 31 December 2023

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets					
Interest risk					
Interest-related transactions: interest rate swap	731	1,302	3,042	36,229	30,115
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	215	7,423	9,903	34,736	16,654
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	4,107	2,035	36,775	115,733	65,583
Interest-currency risk					
Cross-currency transactions: cross-currency interest rate swap	0	9,913	19,431	74,855	8,902

				Statement of financial position items in which the hedged items are reported		
	Carrying amount of hedged items	**Value adjustment from macro fair value hedge accounting**	**Value adjustment from macro fair value hedge accounting to be amortised (discontinued hedge relationships)**	**Carrying amount before value adjustment from macro fair value hedge accounting**	**Value adjustment from macro fair value hedge accounting**	**Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)**
	EUR in millions	**EUR in millions**	**EUR in millions**			**EUR in millions**
Interest risk						
Assets	*265,340*	*–9,375*	*4*	*Financial assets at amortised cost*	*Value adjustment from macro fair value hedge accounting*	*5,431*
Liabilities and equity	*0*	*–16*	*–16*	*Financial liabilities at amortised cost*	*Value adjustment from macro fair value hedge accounting*	*15*

Disclosures on hedged items in macro fair value hedge accounting by risk type – 2023

				Statement of financial position items in which the hedged items are reported		
	Carrying amount of hedged items	**Value adjustment from macro fair value hedge accounting**	**Value adjustment from macro fair value hedge accounting to be amortised (discontinued hedge relationships)**	**Carrying amount before value adjustment from macro fair value hedge accounting**	**Value adjustment from macro fair value hedge accounting**	**Fair value changes in hedged items to determine hedge ineffectiveness (income statement effect – hedged items)**
	EUR in millions	**EUR in millions**	**EUR in millions**			**EUR in millions**
Interest risk						
Assets	*277,527*	*–14,771*	*27*	*Financial assets at amortised cost*	*Value adjustment from macro fair value hedge accounting*	*11,120*
Liabilities and equity	*0*	*–1*	*–1*	*Financial liabilities at amortised cost*	*Value adjustment from macro fair value hedge accounting*	*19*

	hedging instruments	amount of hedging instruments	financial position items in which the hedging instruments are reported	in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)
	EUR in millions	EUR in millions		EUR in millions
Assets				
Interest risk				
Interest-related transactions: interest rate swap	180,701	873	Derivatives designated for hedge accounting	–4,610
Liabilities and equity				
Interest risk				
Interest-related transactions: interest rate swap	69,494	1,362	Derivatives designated for hedge accounting	–677

Disclosures on hedging instruments in macro fair value hedge accounting by risk type – 2023

	Par value of hedging instruments	Carrying amount of hedging instruments	Statement of financial position items in which the hedging instruments are reported	Fair value changes in hedging instruments to determine hedge ineffectiveness (income statement effect – hedging instruments)
	EUR in millions	EUR in millions		EUR in millions
Assets				
Interest risk				
Interest-related transactions: interest rate swap	199,107	1,463	Derivatives designated for hedge accounting	–9,338
Liabilities and equity				
Interest risk				
Interest-related transactions: interest rate swap	47,231	1,112	Derivatives designated for hedge accounting	–1,555

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets					
Interest risk					
Interest-related transactions: interest rate swap	1,296	1,796	23,358	82,880	71,371
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	325	1,057	6,100	22,090	39,922

Analysis of par values of hedging instruments by remaining terms as of 31 December 2023

Due	In up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5 years	In more than 5 years
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets					
Interest risk					
Interest-related transactions: interest rate swap	1,245	1,582	20,643	89,843	85,793
Liabilities and equity					
Interest risk					
Interest-related transactions: interest rate swap	846	850	1,215	17,048	27,271

	Notional amount		Fair Value 31 Dec. 2024		Fair Value 31 Dec. 2023	
	31 Dec. 2024	31 Dec. 2023	positive	negative	positive	negative
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Interest-related derivatives	675,658	662,522	2,807	6,559	3,861	7,417
Cross-currency derivatives	150,258	156,750	6,854	2,710	3,799	4,590
Credit derivatives	0	0	0	0	0	0
Total	**825,916**	**819,271**	**9,661**	**9,269**	**7,660**	**12,007**

Cross-currency swaps are presented under Cross-currency derivatives.

Analysis of derivatives by counterparty

	Notional amount		Fair Value 31 Dec. 2024		Fair Value 31 Dec. 2023	
	31 Dec. 2024	31 Dec. 2023	positive	negative	positive	negative
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OECD banks	775,691	771,486	8,692	7,303	6,843	9,424
Non-OECD banks	176	142	5	5	4	4
Other counterparties	49,890	47,515	963	1,945	812	2,560
Public sector	159	129	1	17	0	20
Total	**825,916**	**819,271**	**9,661**	**9,269**	**7,660**	**12,007**

The analysis includes financial and credit derivatives which are presented in derivatives designated for hedge accounting and the sub-item other derivatives under Financial assets at fair value or Financial liabilities at fair value. Embedded derivatives that must be bifurcated are not included.

The economic hedge effect of financial derivatives with an aggregate principal amount of EUR 747.4 billion (31 Dec. 2023: EUR 736.2 billion) is reflected in the accounts; it was not possible to reflect the risk-mitigating impact of the remaining financial derivatives in the accounts (hedge accounting).

Unchanged from 31 December 2023, KfW Group did not pledge any collateral (in the form of securities) under derivative transactions that can be resold or repledged at any time without payments being past due.

However, liquid collateral totalling EUR 2,469 million (31 Dec. 2023: EUR 5,260 million) was provided, which is recognised under Financial assets at amortised cost – Loans and advances to banks or customers.

Unchanged from 31 December 2023, KfW Group did not receive any collateral (in the form of securities) under derivative transactions that can be resold or repledged at any time without payments by the protection seller being past due.

However, liquid collateral totalling EUR 3,339 million (31 Dec. 2023: EUR 1,549 million) was accepted, which was reported under Financial liabilities at amortised cost – Liabilities to banks or Liabilities to customers.

	2024 EUR in millions	2023 EUR in millions
As of 1 Jan.	–112	–108
Addition	–9	–22
Reversal	15	16
Exchange rate changes	–2	1
As of 31 Dec.	**–108**	**–112**

The net gains/losses from financial derivatives not qualifying for hedge accounting includes amortisation effects in the amount of EUR 11 million (2023: EUR 11 million).

(60) Additional disclosures on financial liabilities at fair value

Disclosures on financial liabilities at fair value as of 31 December 2024

	Financial liabilities at fair value			
	Liabilities to banks EUR in millions	Liabilities to customers EUR in millions	Certificated liabilities EUR in millions	Total EUR in millions
Carrying amount	225	719	6,537	7,481
Repayment amount at maturity	245	994	9,120	10,359
Difference	**20**	**275**	**2,583**	**2,879**
thereof borrowings for which the repayment amount builds up as a result of the capitalisation over time of interest due	0	273	2,739	3,012

Disclosures on financial liabilities at fair value as of 31 December 2023

	Financial liabilities at fair value			
	Liabilities to banks EUR in millions	Liabilities to customers EUR in millions	Certificated liabilities EUR in millions	Total EUR in millions
Carrying amount	221	818	6,613	7,651
Repayment amount at maturity	245	1,137	8,900	10,281
Difference	**24**	**319**	**2,287**	**2,630**
thereof borrowings for which the repayment amount builds up as a result of the capitalisation over time of interest due	0	316	2,522	2,838

	Up to 1 month	More than 1 and up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at amortised cost						
Liabilities to banks	4,397	19	1,055	896	312	6,679
Liabilities to customers	4,255	2,524	12,008	6,366	6,630	31,782
Certificated liabilities	25,854	29,860	59,643	249,993	124,296	489,646
Financial liabilities at fair value						
Liabilities to banks	0	0	1	250	0	251
Liabilities to customers	0	1	3	327	733	1,064
Certificated liabilities	16	40	214	3,789	6,805	10,865
Net obligations arising from derivative financial instruments	–216	–25	–945	–3,464	1,257	–3,392
thereof gross obligations arising from derivative financial instruments	*16,995*	*16,073*	*32,268*	*97,221*	*32,759*	*195,316*
Obligations arising from on-balance sheet financial instruments	**34,306**	**32,419**	**71,980**	**258,156**	**140,033**	**536,894**
Obligations arising from off-balance sheet transactions	**145,116**	**0**	**0**	**0**	**0**	**145,116**
Total	**179,422**	**32,419**	**71,980**	**258,156**	**140,033**	**682,010**

1) Net obligations arising from derivative financial instruments comprise payment obligations which are offset against the corresponding payment claims from derivative contracts; gross obligations are reported as obligations arising from derivative financial instruments. Off-balance sheet transactions are generally allocated to the first maturity range.

Analysis of payment obligations by maturity range as of 31 December 2023[1)]

	Up to 1 month	More than 1 and up to 3 months	More than 3 months and up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Financial liabilities at amortised cost						
Liabilities to banks	2,549	1,674	529	822	378	5,952
Liabilities to customers	9,520	2,449	12,247	19,838	6,670	50,723
Certificated liabilities	19,930	24,939	78,067	240,928	122,946	486,809
Financial liabilities at fair value						
Liabilities to banks	0	0	1	5	246	252
Liabilities to customers	0	1	6	266	998	1,271
Certificated liabilities	46	15	209	3,806	6,820	10,896
Net obligations arising from derivative financial instruments	518	–151	334	1,407	3,307	5,416
thereof gross obligations arising from derivative financial instruments	*14,911*	*19,557*	*40,188*	*104,057*	*37,311*	*216,024*
Obligations arising from on-balance sheet financial instruments	**32,562**	**28,928**	**91,393**	**267,071**	**141,365**	**561,318**
Obligations arising from off-balance sheet transactions	**142,462**	**0**	**0**	**0**	**0**	**142,462**
Total	**175,024**	**28,928**	**91,393**	**267,071**	**141,365**	**703,781**

1) Net obligations arising from derivative financial instruments comprise payment obligations which are offset against the corresponding payment claims from derivative contracts; gross obligations are reported as obligations arising from derivative financial instruments. Off-balance sheet transactions are generally allocated to the first maturity range.

(62) Disclosures on repurchase agreements

Disclosures on repo transactions

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Carrying amount of securities sold under repo transactions that continue to be recognised in Financial assets at amortised cost – Securities and investments	313	260
Financial liabilities at amortised cost – Liabilities to banks (countervalue)	311	257

The fair value of interest-bearing securities sold under repo transactions that continue to be recognised in Financial assets at amortised cost totalled EUR 311 million (31 Dec. 2023: EUR 260 million). The fair value of the corresponding repayment obligations was EUR 311 million (31 Dec. 2023: EUR 257 million).

Moreover, as in 2023, KfW Group did not pledge any collateral (in the form of securities) under repo transactions that can be resold or repledged at any time without payments being past due.

As in 2023, the group did not receive any collateral (in the form of securities) under repo transactions that can be resold or repledged at any time without payments being past due.

As in 2023, the group neither pledged nor accepted any liquid collateral.

Disclosures on reverse repo transactions

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Financial assets at amortised cost – Loans and advances to banks (countervalue)	9,630	6,083
Financial assets at amortised cost – Loans and advances to customers (countervalue)	0	0
Total	**9,630**	**6,083**

The fair value of interest-bearing securities purchased under reverse repos that are not recognised amounted to EUR 9,600 million (31 Dec. 2023: EUR 5,950 million).

Moreover, KfW Group did not receive any collateral (in the form of securities) under reverse repo transactions that can be resold or repledged at any time without payments by the protection seller being past due, unchanged from 31 December 2023.

As in 2023, the group did not pledge any collateral (in the form of securities) under reverse repo transactions that can be resold or repledged at any time without payments being past due.

As in 2023, the group neither pledged nor accepted any liquid collateral.

	Carrying amount of financial assets before offsetting (gross amount)	Netted figure as carrying amount of financial liabilities (gross amount)	Reported financial assets (net amount)	Carrying amount of non-offsettable financial liabilities	Fair value of collateral received	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	25,636	16,080[1)]	9,556	6,066	3,318	172
Reverse repos	9,630	0	9,630	272	9,358	0
Total	**35,266**	**16,080**	**19,186**	**6,338**	**12,676**	**172**

1) Thereof obligations from cash collateral for OTC derivatives with EUREX as the central counterparty in the amount of EUR 4,425 million

Disclosures on financial liabilities with netting agreements as of 31 December 2024

	Carrying amount of financial liabilities before offsetting (gross amount)	Netted figure as carrying amount of financial assets (gross amount)	Reported financial liabilities (net amount)	Carrying amount of non-offsettable financial assets	Fair value of collateral pledged	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	20,083	11,655	8,427	6,066	2,299	62
Repos	311	0	311	272	40	0
Total	**20,394**	**11,655**	**8,739**	**6,338**	**2,339**	**62**

The disclosures on financial instruments with netting agreements only include gross and net amounts for financial assets and financial liabilities with netting agreements. The Notes on the two classes Derivatives designated for hedge accounting and Other derivatives also include financial assets with a carrying amount of EUR 192 million (31 Dec. 2023: EUR 207 million) and financial liabilities with a carrying amount of EUR 848 million (31 Dec. 2023: EUR 910 million), in particular from bifurcated embedded derivatives and derivatives not subject to netting agreements.

Receivables from reverse repo transactions are reported under Financial assets at amortised cost – Loans and advances to banks and Loans and advances to customers.

	Carrying amount of financial assets before offsetting (gross amount)	Netted figure as carrying amount of financial liabilities (gross amount)	Reported financial assets (net amount)	Carrying amount of non-offsettable financial liabilities	Fair value of collateral received	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	27,775	20,217[1)]	7,559	5,912	1,538	109
Reverse repos	6,083	0	6,083	178	5,905	0
Total	**33,858**	**20,217**	**13,641**	**6,089**	**7,443**	**109**

[1)] Thereof obligations from cash collateral for OTC derivatives with EUREX as the central counterparty in the amount of EUR 4,827 million

Disclosures on financial liabilities with netting agreements as of 31 December 2023

	Carrying amount of financial liabilities before offsetting (gross amount)	Netted figure as carrying amount of financial assets (gross amount)	Reported financial liabilities (net amount)	Carrying amount of non-offsettable financial assets	Fair value of collateral pledged	Total net amount
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC derivatives	26,480	15,377	11,103	5,912	5,107	85
Repos	257	0	257	178	80	0
Total	**26,737**	**15,377**	**11,360**	**6,089**	**5,186**	**85**

Analysis by class

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Irrevocable loan commitments	138,628	136,159
Financial guarantee contracts	1,101	1,454
Contingent liabilities from financial guarantees	2,362	2,033
Other contingent liabilities	2,951	2,727
Total	**145,041**	**142,372**

All off-balance-sheet transactions are disclosed in the Notes at their par values less any related provisions.

Other contingent liabilities include payment obligations attributable to equity investments which are not fully paid up and do not have to be consolidated.

As part of the sale of its stake in Deutsche Industriebank (“IKB”) in 2008, KfW agreed to indemnify IKB for certain legal risks up to a certain amount after IKB’s excess. As of the end of the reporting period, no proceedings are pending against IKB which are relevant in this context.

In accordance with IAS 37.92, no further disclosures on contingent liabilities were made.

(65) Trust activities and administered loans

Analysis of trust activities (transactions in KfW’s own name but for the account of third parties)

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Loans and advances to banks	785	692
Loans and advances to customers	10,502	10,590
Securities and investments	11,565	10,018
Assets held in trust	**22,853**	**21,299**
Liabilities to banks	0	0
Liabilities to customers	22,853	21,299
Liabilities held in trust	**22,853**	**21,299**

EUR 13,381 million (31 Dec. 2023: EUR 13,654 million) of the assets held in trust is attributable to KfW Development Bank and DEG. Additional transactions with the Federal Government as trustor in the amount of EUR 5,787 million (31 Dec. 2023: EUR 5,253 million) are transactions mandated by the German Federal Government in accordance with Article 2 (4) of the KfW Law and are included in Securities and investments.

Moreover, KfW held guarantees of EUR 145 million (31 Dec. 2023: EUR 145 million) issued under the European Fund for Sustainable Development (“EFSD”), in trust for the European Union.

	31 Dec. 2024 EUR in millions	31 Dec. 2023 EUR in millions
Administered loans	22,879	21,549

(66) Leasing transactions as lessee

Disclosures on lessee agreements as of 31 December 2024

	Due within one year EUR in millions	Due in between one and five years EUR in millions	Due in more than five years EUR in millions	Total EUR in millions
Lease liabilities (undiscounted)	8	21	1	30

Disclosures on lessee agreements as of 31 December 2023

	Due within one year EUR in millions	Due in between one and five years EUR in millions	Due in more than five years EUR in millions	Total EUR in millions
Lease liabilities (undiscounted)	12	21	5	38

Lease payments in the amount of EUR 1 million (2023: EUR 1 million) were incurred for short-term leases in the reporting period. For leases in which the underlying asset is of low value, lease payments amounted to EUR 4 million (2023: EUR 4 million). The group does not apply recognition requirements in either case as provided for in IFRS 16.5.

(67) Average number of employees during the financial year

	2024	2023
Female employees	4,084	3,878
Male employees	4,409	4,195
Gender not indicated	0	0
Total	**8,493**	**8,073**
Staff not covered by collective agreements	*5,679*	*5,409*
Staff covered by collective agreements	*2,382*	*2,240*
Staff in external offices	*433*	*425*

Supervisory Directors; it also discloses their remuneration on an individual basis. The remuneration report is an integral part of the notes to the consolidated financial statements.

Overview of total remuneration of members of the Executive Board and Board of Supervisory Directors

	2024	2023[1]
	EUR in thousands	EUR in thousands
Members of the Executive Board	3,972.0	3,766.7
Former members of the Executive Board and their surviving dependants	4,575.3	4,781.3
Members of the Board of Supervisory Directors	188.6	185.2
Total	**8,735.9**	**8,733.3**

1) Katharina Herrmann was appointed to the Executive Board of KfW with effect from 8 April 2023.

Remuneration of the Executive Board

The remuneration system for KfW's Executive Board is aimed at appropriately compensating members of the Executive Board for their duties and responsibilities. Executive Board contracts are drawn up based on the 1992 version of the policy for hiring executive board members at credit institutions of the Federal Government *(Grundsätze für die Anstellung der Vorstandsmitglieder bei den Kreditinstituten des Bundes)*. The Federal Public Corporate Governance Code *(Public Corporate Governance Kodex des Bundes – "PCGK")* is taken into account when drawing up contracts. Each contract is individualised accordingly on this basis.

Components of remuneration

The Executive Board members receive fixed monetary remuneration paid in equal monthly instalments.

The following table shows total remuneration, broken down into remuneration components and other forms of remuneration, as well as additions to pension provisions for each member of the Executive Board.

Annual remuneration of the Executive Board and additions to pension provisions in financial years 2024 and 2023

	Salary		Other remuneration		Total		Additions to pension provisions[1]	
	2024	2023	2024	2023	2024	2023	2024	2023
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	838.7	830.5	18.7	18.0	857.4	848.5	693.3	710.5
Katharina Herrmann[2]	568.4	412.7	5.1	3.7	573.5	416.4	367.1	627.8
Melanie Kehr	603.4	597.4	15.0	12.2	618.4	609.6	563.1	485.9
Christiane Laibach	568.4	562.8	12.3	14.8	580.7	577.6	300.3	313.9
Bernd Loewen	682.4	665.8	34.4	30.9	716.8	696.7	1,894.4	778.3
Dr Stefan Peiß	603.4	597.4	21.8	20.5	625.2	617.9	362.9	573.0
Total	**3,864.7**	**3,666.6**	**107.3**	**100.1**	**3,972.0**	**3,766.7**	**4,181.1**	**3,489.4**

1) The discount rate for pension obligations increased in 2024 due to the rise in long-term capital market rates, from 3.41% (31 Dec. 2023) to 3.49% (31 Dec. 2024).
2) Executive Board member since 8 April 2023

	Company car	Group accident insurance	Health insurance	Long-term care insurance	Cost of maintaining a second home	Other	Total
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	12.0	0.6	5.1	1.1	0.0	0.0	18.8
Katharina Herrmann	0.0	0.4	4.1	0.5	0.0	0.0	5.0
Melanie Kehr	9.2	0.4	4.9	0.5	0.0	0.0	15.0
Christiane Laibach	6.5	0.4	4.8	0.6	0.0	0.0	12.3
Bernd Loewen	15.6	0.5	17.2	1.1	0.0	0.0	34.4
Dr Stefan Peiß	13.0	0.4	7.3	1.1	0.0	0.0	21.8
Total	**56.3**	**2.7**	**43.4**	**4.9**	**0.0**	**0.0**	**107.3**

Breakdown of other remuneration of the Executive Board in financial year 2023

	Company car	Group accident insurance	Health insurance	Long-term care insurance	Cost of maintaining a second home	Other	Total
	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)	11.5	0.6	4.9	1.0	0.0	0.0	18.0
Katharina Herrmann[1)]	0.0	0.3	3.0	0.4	0.0	0.0	3.7
Melanie Kehr	7.1	0.4	4.2	0.5	0.0	0.0	12.2
Christiane Laibach	9.6	0.4	4.2	0.6	0.0	0.0	14.8
Bernd Loewen	12.3	0.5	17.2	1.0	0.0	0.0	31.0
Dr Stefan Peiß	12.0	0.4	7.1	1.0	0.0	0.0	20.5
Total	**52.5**	**2.6**	**40.6**	**4.5**	**0.0**	**0.0**	**100.1**

1) Executive Board member since 8 April 2023

Breakdown of remuneration of the Executive Board from secondary employment in financial years 2024 and 2023

	2024	2023
	EUR in thousands	EUR in thousands
Stefan Wintels (Chief Executive Officer)[1)]	328.6	342.0
Katharina Herrmann[2)]	0.0	0.0
Melanie Kehr	38.9	37.8
Christiane Laibach	0.0	0.0
Bernd Loewen	0.0	0.0
Dr Stefan Peiß	0.0	0.0

1) Remuneration payments for 2023 were made in 2024.
2) since 8 April 2023

Fringe benefits

Other remuneration largely comprises the contractual fringe benefits. Executive Board members are entitled to a company car with driver services for business and personal use. Executive Board members reimburse KfW for using a company car with a driver for private purposes in accordance with applicable tax regulations. They are reimbursed under tax regulations for the cost of maintaining a second home for business reasons.

Executive Board members are insured under a group accident insurance policy. Allowances are provided for health and long-term care insurance. Executive Board members are covered by a directors' and officers' liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Executive Board members and by a supplemental legal expenses insurance policy and a contractual protection insurance policy. KfW Executive Board members acting in their management capacity are also protected by a special legal expenses group policy for employees covering criminal activities.

No remuneration is paid to members of the Executive Board for assuming executive body functions at group companies.

As with all other executives, Executive Board members may also opt to participate in the deferred remuneration programme – a supplemental company pension scheme financed via tax-free salary conversion. Moreover, they are entitled to anniversary bonuses in accordance with KfW's general company policy.

In addition, the fringe benefits include the cost of security systems at Executive Board members' homes; these benefits are not recognised as Other remuneration but as Non-personnel expenses.

The contractual fringe benefits are subject to taxation as benefits in money's worth for Executive Board members if they cannot be granted on a tax-free basis or if this is contractually agreed. No Executive Board member was granted or promised any benefits by a third party during the past financial year with a view to his/her position as a member of the KfW Executive Board.

Pension benefits and other benefits in the case of early retirement

In accordance with Article 1 (3) of the KfW Bylaws, the appointment of an Executive Board member should not generally extend past the legal age of retirement. Upon reaching the statutory retirement age and the expiry of their Executive Board contract, Executive Board members are entitled to claim pension payments; they are also entitled to pension benefits if their employment relationship terminates due to permanent disability.

Pension commitments for Executive Board members as well as their surviving dependants are based on the 1992 version of the Federal Government's policy for hiring executive board members at credit institutions. The PCGK is taken into account when drawing up the Executive Board contracts.

Executive Board member contracts include a severance pay cap in accordance with the recommendations of the PCGK. In other words, payments to these Executive Board member due to early termination of the Executive Board function without good cause in accordance with Section 626 of the German Civil Code *(Bürgerliches Gesetzbuch – "BGB")* should not exceed the equivalent of two years' salary or compensation including fringe benefits for the remainder of the contract, depending on which of the amounts is lower.

The Executive Board contracts contain additional individual provisions, in particular concerning vesting of pension benefits. The newer contracts also include provisions on retrospective pension contributions where pension benefits are not yet vested and the member in question has not been reappointed, as well as on pension reductions in case of early retirement.

Pension payments to former Executive Board members or their surviving dependants were as follows in 2024 and 2023:

Pension payments to former Executive Board members or their surviving dependants

	2024		2023	
	Headcount	EUR in thousands	Headcount	EUR in thousands
Former members of the Executive Board	17	4,035.3	18	4,033.8
Surviving dependants	4	540.0	7	747.5
Total	**21**	**4,575.3**	**25**	**4,781.3**

Provisions for pension obligations to former members of the Executive Board and their surviving dependants in the amount of EUR 51,462 thousand (31 Dec. 2023: EUR 61,827 thousand) were set up at the end of financial year 2024.

Remuneration of members of the Board of Supervisory Directors

The amount of remuneration to members of the Board of Supervisory Directors is determined by the supervisory authority in accordance with Article 7 (10) of the KfW Bylaws. With the last revision in May 2010, compensation to members of the Federal Government who are members of the Board of Supervisory Directors pursuant to Article 7 (1) nos. 1 and 2 of the KfW Law was set at EUR 0.

In the reporting year, remuneration for other members of the Board of Supervisory Directors pursuant to Article 7 (1) nos. 3–7 of the KfW Law amounted to EUR 5,100 p.a.; remuneration for membership of a Board of Supervisory Directors committee was a standard amount of EUR 600 p.a. for each member. Committee chairs did not receive special remuneration.

Members who join during the year receive their remuneration on a pro rata basis.

A daily allowance (EUR 200 per meeting day) is paid and travel expenses and applicable VAT are reimbursed upon request.

The following table provides details on the remuneration paid to the Board of Supervisory Directors in financial year 2024; stated amounts are net amounts in thousands of euros. Travel expenses are reimbursed upon submission of receipts and are not taken into account in the table.

No.	Name	Dates of membership	Board of Supervisory Directors membership[1]	Committee membership[1]	Daily allowance[3]	Total
		2024	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
1.	Dr Robert Habeck	1 Jan. –31 Dec.	0.0	0.0	0.0	0.0
2.	Christian Lindner	1 Jan. – 7 Nov.	0.0	0.0	0.0	0.0
3.	Dr Jörg Kukies	7 Nov. – 31 Dec.	0.0	0.0	0.0	0.0
4.	Annalena Baerbock	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
5.	Katharina Beck	1 Jan. – 31 Dec.	5.1	1.2	0.6	6.9
6.	Dr André Berghegger	1 Jan. – 20 Feb.	0.9	0.3	0.0	1.2
7.	Volker Bouffier[2]	1 Jan. – 31 Dec.	5.1	1.2	0.2	6.5
8.	Dr Andreas Dressel[2]	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
9.	Yasmin Fahimi	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
10.	Björn Fecker[2]	1 Jan. – 31 Dec.	5.1	1.2	0.0	6.3
11.	Robert Feiger	1 Jan. – 31 Dec.	5.1	0.6	0.4	6.1
12.	Tanja Gönner[4]	1 Jan. – 31 Dec.	5.1	1.2	0.2	6.5
13.	Olav Gutting	22 Feb. –31 Dec.	4.5	1.1	0.4	6.0
14.	Gerald Heere[2]	1 Jan. – 31 Dec.	5.1	1.8	0.4	7.3
15.	Prof. Dr Hans-Günter Henneke	1 Jan. – 31 Dec.	5.1	0.6	1.4	7.1
16.	Marion Höllinger	1 Jan. – 31 Dec.	5.1	2.5	0.0	7.6
17.	Verena Hubertz	1 Jan. – 31 Dec.	5.1	1.8	0.0	6.9
18.	Harald Hübner[2]	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
19.	Dr Dirk Jandura	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
20.	Andrea Kocsis	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
21.	Stefan Körzell	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
22.	Ulrich Lange	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
23.	Steffi Lemke	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
24.	Rainer Neske	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
25.	Dr Marcus Optendrenk[2], [4], [5]	1 Jan. – 31 Dec.	0.0	0.0	0.2	0.2
26.	Dr Bettina Orlopp	1 Jan. – 31 Dec.	5.1	0.6	0.0	5.7
27.	Cem Özdemir	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
28.	Achim Post	1 Jan. – 22 Mar.	1.3	0.3	0.0	1.6
29.	Daniel Quinten[4]	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
30.	Prof. Dr Ulrich Reuter	1 Jan. – 31 Dec.	5.1	2.5	0.0	7.6
31.	Michael Richter[2]	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
32.	Dr Thorsten Rudolph	11 Apr. – 31 Dec.	3.8	0.7	0.2	4.7
33.	Joachim Rukwied[6]	1 Jan. – 31 Dec.	5.1	0.6	0.8	6.5
34.	Frank Schäffler	1 Jan. – 31 Dec.	5.1	1.2	0.8	7.1
35.	Jan Wenzel Schmidt	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
36.	Svenja Schulze	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
37.	Holger Schwannecke	1 Jan. – 31 Dec.	5.1	1.8	0.6	7.5
38.	Dr Martin Wansleben	1 Jan. – 31 Dec.	5.1	0.6	0.6	6.3
39.	Dr Kai H. Warnecke	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
40.	Dr Volker Wissing	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
Total			**148.2**	**27.2**	**13.2**	**188.6**

[1] The amounts had not yet been paid out as of the reporting date 31 December 2024.
[2] Amount governed by state law
[3] Amounts for financial year 2024 until the date of assessment. Any later claims will be included in the next report.
[4] Payments for meeting attendance for 2023
[5] Member waived entitlement.
[6] Payments for meeting attendance for 2021, 2022 and 2023

No.	Name	Dates of membership	Board of Supervisory Directors membership[1)]	Committee membership[1)]	Daily allowance[3)]	Total
		2023	EUR in thousands	EUR in thousands	EUR in thousands	EUR in thousands
1.	Christian Lindner	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
2.	Dr Robert Habeck	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
3.	Annalena Baerbock	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
4.	Katharina Beck	1 Jan. – 31 Dec.	5.1	1.1	0.2	6.4
5.	Dr André Berghegger	1 Jan. – 31 Dec.	5.1	1.5	0.8	7.4
6.	Volker Bouffier[2)]	1 Jan. – 31 Dec.	5.1	1.0	0.2	6.3
7.	Dr Andreas Dressel[2)]	1 Jan. – 31 Dec.	5.1	0.6	0.2	5.9
8.	Yasmin Fahimi	24 May –31 Dec.	3.2	0.7	0.0	3.9
9.	Björn Fecker[2)]	20 Oct. –31 Dec.	1.1	0.0	0.0	1.1
10.	Robert Feiger	1 Jan. – 31 Dec.	5.1	0.6	0.4	6.1
11.	Tanja Gönner	1 Jan. – 31 Dec.	5.1	1.0	0.4	6.5
12.	Dr Louis Hagen[5)]		0.0	0.0	0.2	0.2
13.	Gerald Heere[2)]	1 Jan. – 31 Dec.	5.1	1.5	0.4	7.0
14.	Prof. Dr Hans-Günter Henneke[4)]	1 Jan. – 31 Dec.	5.1	0.5	1.4	7.0
15.	Reiner Hoffmann	1 Jan. – 8 Feb.	0.6	0.2	0.0	0.8
16.	Dr Bruno Hollnagel	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
17.	Verena Hubertz	1 Jan. – 31 Dec.	5.1	1.8	0.2	7.1
18.	Harald Hübner[2)]	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
19.	Dr Dirk Jandura[4)]	1 Jan. – 31 Dec.	5.1	0.6	1.6	7.3
20.	Andrea Kocsis	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
21.	Stefan Körzell	1 Jan. – 31 Dec.	5.1	1.2	0.4	6.7
22.	Ulrich Lange	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
23.	Steffi Lemke	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
24.	Rainer Neske[4)]	1 Jan. – 31 Dec.	5.1	0.6	1.0	6.7
25.	Cem Özdemir	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
26.	Dr Marcus Optendrenk[2), 6)]	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
27.	Dr Bettina Orlopp	1 Jan. – 31 Dec.	5.1	0.5	0.0	5.6
28.	Dr Hans-Walter Peters[4)]	1 Jan. – 31 Dec.	5.1	2.5	1.2	8.8
29.	Achim Post	1 Jan. – 31 Dec.	5.1	1.0	0.0	6.1
30.	Daniel Quinten	1 Jan. – 31 Dec.	5.1	1.0	1.0	7.1
31.	Michael Richter[2), 4)]	1 Jan. – 31 Dec.	5.1	0.0	0.4	5.5
32.	Joachim Rukwied	1 Jan. – 31 Dec.	5.1	0.5	0.0	5.6
33.	Frank Schäffler	1 Jan. – 31 Dec.	5.1	1.2	0.6	6.9
34.	Helmut Schleweis	1 Jan. – 31 Dec.	5.1	2.5	0.0	7.6
35.	Svenja Schulze	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
36.	Holger Schwannecke	1 Jan. – 31 Dec.	5.1	1.8	0.2	7.1
37.	Dietmar Strehl[2)]	1 Jan. – 5 Jul.	2.8	0.7	1.0	4.5
38.	Dr Martin Wansleben	1 Jan. – 31 Dec.	5.1	0.6	0.4	6.1
39.	Dr Kai H. Warnecke	1 Jan. – 31 Dec.	5.1	0.0	0.6	5.7
40.	Dr Volker Wissing	1 Jan. – 31 Dec.	0.0	0.0	0.0	0.0
Total			**145.4**	**25.2**	**14.6**	**185.2**

1) The amounts had not yet been paid out as of the reporting date 31 December 2023.
2) Amount governed by state law
3) Amounts for financial year 2023 until the date of assessment. Any later claims will be included in the next report.
4) The daily allowance includes payments for 2022.
5) Payments for meeting attendance for 2022
6) Member waived entitlement.

Members of the Board of Supervisory Directors did not receive remuneration in the reporting year for personal services provided.

Members of the Board of Supervisory Directors are also covered by a directors' and officers' liability insurance policy, which insures them against the risks of financial loss associated with their actions in their capacity as Supervisory Directors and by a supplemental legal expenses insurance policy and a contractual protection insurance policy. There are currently no deductibles agreed. KfW Supervisory Directors acting in that capacity are also protected by a special legal expenses group policy for employees covering criminal action brought against Supervisory Directors and by a group accident insurance policy.

(69) Related party disclosures

Transactions between KfW and related parties are concluded as part of operating activities. KfW Group's related parties in accordance with IAS 24 include its subsidiaries which are not consolidated for reasons of immateriality, joint ventures, associates, KfW shareholders, (the Federal Republic of Germany [Federal Government] holds an 80% stake and the federal states a 20% stake in total), interests held by the Federal Government over which it directly has significant influence, key management personnel and their family members and entities over which this group of persons exercise control. As for the persons in the remuneration report, the persons in key positions are limited to the KfW Executive Board and the members of the Board of Supervisory Directors.

KfW has exercised the relief option in accordance with IAS 24.25 for government-related entities.

Transactions with related parties

Disclosures on KfW Group's related parties were revised in financial year 2024 in order to provide a better overview. Quantitative disclosures have been transferred into a table. The following overview displays the scope of the transactions with KfW shareholders, interests held by the Federal Government and group companies as related parties.

	Shareholders	Interests held by the Federal Government	Group companies	Shareholders	Interests held by the Federal Government	Group companies
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Assets						
Cash reserves	0	26,522	0	0	47,430	0
thereof Deutsche Bundesbank	0	26,522	0	0	47,430	0
Financial assets at amortised cost	13,623	306	12	13,275	342	134
Securities and investments	2,773	0	0	2,818	0	0
Bonds	2,773	0	0	2,818	0	0
Loans and advances to customers/banks	10,850	306	12	10,457	342	134
Loans and advances	10,850	306	12	10,457	342	146
thereof BAföG government loans	9,242	0	0	8,537	0	0
Risk provisions for loans and advances to customers/banks	0	0	0	0	0	–11
Financial assets at fair value	8,085	0	0	9,643	0	0
Loans and advances to customers/banks	8,085	0	0	9,643	0	0
Loans and advances	8,085	0	0	9,643	0	0
thereof holding arrangements	8,085	0	0	9,643	0	0
Other assets	**634**	**0**	**0**	**636**	**0**	**0**
Liabilities and equity						
Financial liabilities at amortised cost	4,662	20,859	74	8,288	34,830	72
Liabilities to customers/banks	4,662	20,859	74	8,288	34,830	72
thereof holding arrangements	327	0	0	299	0	0
thereof German Finance Agency	0	20,859	0	0	34,830	0
Financial liabilities at fair value	0	0	0	0	0	21
Other derivatives – FVM	0	0	0	0	0	21
Other liabilities	0	0	0	0	0	0
Off-balance sheet transactions						
Loan commitments, financial guarantees and other commitments granted	11,713	85	2	12,616	0	4
thereof BAföG government loans	10,768	0	0	11,471	0	0
Loan commitments, financial guarantees and other commitments received	138,136	0	0	137,516	0	0

	Shareholders EUR in millions	Interests held by the Federal Government EUR in millions	Group companies EUR in millions	Shareholders EUR in millions	Interests held by the Federal Government EUR in millions	Group companies EUR in millions
Income and expenses						
Interest income	509	1,570	5	440	1,606	7
thereof Deutsche Bundesbank	0	1,565	0	0	1,596	0
thereof German Finance Agency	0	1	0	0	0	0
Interest expense	58	261	4	57	576	6
thereof Deutsche Bundesbank	0	0	0	0	0	0
thereof German Finance Agency	0	261	0	0	575	0
Net interest income	451	1,309	1	383	1,030	2
Net gains/losses from risk provisions	0	0	0	0	0	4
Commission income	622	0	0	537	0	0
Commission expense	0	0	0	0	0	0
Net commission income	622	0	0	537	0	0
Net gains/losses from hedge accounting	74	–598	0	133	–818	0
Net gains/losses from other financial instruments at fair value through profit or loss	18	0	3	10	0	9
thereof holding arrangements	18	0	0	10	0	0
Net other operating income or loss	0	0	1	0	0	1

Transactions with shareholders

Any transactions with the Federal Government and the federal states in financial year 2024 are covered by the rules and regulations set forth in the KfW Law. This also includes guarantees received for operations in which the Federal Republic of Germany has a state interest and for which the Federal Government has mandated KfW (mandated transactions in accordance with Article 2 (4) of the KfW Law).

Transactions with the Federal Government are, as a rule, offset by countertrade transactions with a third party. They do not constitute transactions within the meaning of IAS 24. For this reason, the treatment under IAS 24 is exclusively limited to business relationships with the Federal Government.

The bonds are exclusively bonds issued by the federal states.

As regards the holding arrangements, we refer to the Accounting policies section in section (7).

Under Other assets, KfW reports claims for reimbursement from the Federal Government in connection with the agency agreements.

In addition to the holding arrangements, the liabilities primarily include Federal Government funds relating to short-term emergency aid for gas and heat and for interest grants.

The group holds loan commitments and guarantees from the shareholders mainly in connection with stabilisation measures through liquidity assistance for businesses during the coronavirus pandemic, the market funds business of the business sector KfW Development Bank, export, project and real estate financing, assistance to Greece, and measures to support the energy sector.

There were also agency agreements between the Federal Government and KfW, which are reflected in Net commission income, in particular. Please refer to the information provided in the Notes on “Net commission income” and “Trust activities”.

Transactions with interests held by the Federal Government

The liabilities to the German Finance Agency include promissory note loans to refinance support services in the context of the coronavirus pandemic and energy providers. These promissory note loans are hedged against interest risk by means of a micro hedge. This resulted in the hedge result reported under the Net gains/losses from hedge accounting item.

Transactions with group companies

Loans and advances to customers/banks resulted almost exclusively from transactions with group companies and joint ventures. Liabilities to customers/banks resulted from transactions with a subsidiary not included in the consolidated financial statements.

Transactions with key persons

The business relationships between KfW and the members of the Executive Board and of the Board of Supervisory Directors are primarily determined by the KfW By-Laws and by applying the principles of the Federal Public Corporate Governance Code. KfW primarily provides direct loans under its promotional mandate, such as in the area of education financing, and disbursed grants of minor significance. The conditions and prices reflect market conditions or are concluded in accordance with KfW’s general conditions for its loan programmes open to the general public.

(70) Auditor’s fees

	2024 EUR in thousands	2023 EUR in thousands
Audit	6,888	6,451
Other attestation services	1,910	1,216
Total	**8,798**	**7,668**

The audit fees comprise reversals of provisions totalling EUR 80,000 for the 2023 audit (previous year: EUR 120,000), as well as for other 2023 attestation services in an amount of EUR 15,000.

(71) Disclosures on unconsolidated structured entities

The group’s unconsolidated structured entities within the meaning of IFRS 12 relate to the following business sectors:

Structured entities in the business sector Financial markets

KfW makes investments in ABS and ABCP transactions as part of liquidity management and to promote the financing of climate and environmental protection projects. Moreover, the business sector Financial markets also manages an existing portfolio to which no further investments will be added. This portfolio currently consists of securities issued since 2004.

As of 31 December 2024, the carrying amount of the positions held totalled EUR 6.8 billion (31 Dec. 2023: EUR 6.1 billion).

some of these business partners, the sponsoring banks act as managers of trust companies, but in the majority of cases, these business partners are set up as separate legal entities. The group provides loans to these companies, generally together with other credit institutions. KfW also has credit relationships with some structured entities as market participants in the commodities financing business, where the group supports these customers with pre-export financing structures.

As of 31 December 2024, the carrying amount of the positions held totalled EUR 1.5 billion (31 Dec. 2023: EUR 1.8 billion).

Structured entities in the business sector DEG

As a finance and advisory institution, DEG provides support within its development mandate in line with its business activity guidelines. DEG's mandate is to promote the development of the private sector of a) developing countries, b) central and eastern European countries and New Independent States (NIS), and c) other countries approved by its shareholder KfW in agreement with the Federal Government. In certain isolated cases this is undertaken via investments in structured entities in the form of equity investments and loans. In accordance with the applied risk principles, the risk of loss is limited to the volume invested or committed.

As of 31 December 2024, the carrying amount of the positions held totalled EUR 0.4 billion (31 Dec. 2023: EUR 0.3 billion).

The following table shows the carrying amounts of assets relating to unconsolidated structured entities and the maximum possible loss that could result from these exposures.

Maximum risk of loss as of 31 December 2024

	Loans and advances to customers	Securities and investments	Other assets	Contingent liabilities; irrevocable loan commitments
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Carrying amount	1,531	6,908	1	277
Risk and other provisions	18	0	0	0
Max. risk of loss	**1,513**	**6,908**	**1**	**277**

Maximum risk of loss as of 31 December 2023

	Loans and advances to customers	Securities and investments	Other assets	Contingent liabilities; irrevocable loan commitments
	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Carrying amount	1,688	6,185	1	405
Risk and other provisions	24	0	0	1
Max. risk of loss	**1,664**	**6,185**	**1**	**404**

The maximum risk of loss is equal to the nominal amount for credit lines, (financial) guarantees and other liquidity facilities minus the provisions for credit risks recognised in the statement of financial position. The maximum risk of loss relating to the group's investments is their carrying amount (net). The maximum risk of loss does not include effects from the group's hedging instruments used to reduce the maximum risk of loss.

In exceptional cases, the group acts as sponsor for structured entities in which it holds shares purely on a trust basis on behalf of the Federal Government. The risk of these structured entities lies exclusively with the Federal Government. In such cases, the group is considered the sponsor of the structured entities because the entities were initiated and/or structured by the group on behalf of the Federal Government.

(72) Disclosures on shareholdings

Subsidiaries included in the consolidated financial statements

Name/registered office	Share held	Equity (IFRS) as of 31 Dec. 2024	Equity (IFRS) as of 31 Dec. 2023
	%	EUR in millions	EUR in millions
KfW IPEX-Bank GmbH, Frankfurt am Main	100.0	5,079	4,682
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne	100.0	3,155	3,105
KfW Beteiligungsholding GmbH, Frankfurt am Main	100.0	3,321	3,119
Interkonnektor GmbH, Frankfurt am Main	100.0	38	53
KfW Capital GmbH & Co. KG, Frankfurt am Main	100.0	1,234	979
KfW IPEX-Bank Asia Ltd., Singapore	100.0	14	13

Associates included in the consolidated financial statements using the equity method

Name/registered office	Share held	Equity as of 30 Sept. 2024	Equity as of 30 Sept. 2023
	%	EUR in millions	EUR in millions
Microfinance Enhancement Facility S. A., Luxembourg	0.0	–	440
Green for Growth Fund, Southeast Europe S. A., Luxembourg	11.2	744	600
coparion GmbH & Co. KG, Cologne	16.4	342	358
Name/registered office	**Share held**	**Equity as of 31 Dec. 2024**	**Equity as of 31 Dec. 2023**
	%	**EUR in millions**	**EUR in millions**
DC Nordseekabel GmbH und Co. KG, Bayreuth	50.0	727	772

Global Gender-Smart Fund S.A. SICAV-SIF (formerly Microfinance Enhancement Facility S. A.), Luxembourg, has not been accounted for using the equity method since financial year 2024, as KfW no longer has significant influence over this entity.

Green for Growth Fund, Southeast Europe S.A. (GGF) has been included in the consolidated financial statements using the equity method since 2010. GGF is a fund to promote SME and private household investment in energy efficiency and renewable energy in the Western Balkans and Turkey (KfW's investment in GGF is also part of the business sector KfW Development Bank).

DC Nordseekabel GmbH und Co. KG (DC Nordseekabel) was accounted for using the equity method, as a joint venture of Interkonnektor GmbH (Nordseekabel-Projekt NordLink in the business sector Export and project finance), for the first time in financial year 2015. The NordLink project is one of the major projects in the European energy sector and comprises an investment volume of around EUR 1.5 to 2 billion. As it will primarily serve as a conduit for renewably sourced energy, the underwater cable will play an important role in the success of Germany's energy transition. Norwegian state-owned power grid operator Statnett, KfW and the transmission systems operator TenneT, which is responsible for the German territory of the North Sea, concluded a cooperation agreement in February 2015 to construct an underwater cable between Germany and Norway. The NordLink project will be realised by a syndicate in which Statnett and DC Nordseekabel each hold a 50% stake. KfW – via its subsidiary Interkonnektor GmbH – and TenneT each hold a 50% stake in DC Nordseekabel, which is responsible for construction and obtaining permits in Germany.

Entities not included in the consolidated financial statements

Six subsidiaries, one joint venture, and six associated companies of minor significance to the presentation of the net assets, financial and earnings position of KfW Group have not been consolidated; instead, they are shown in the statement of financial position under Securities and investments. These companies account for approximately 0.03% of KfW Group's total assets.

List of KfW Group shareholdings as of 31 December 2024

No.	Name	Place	Capital share in %	CC[1]	Exchange rate EUR 1.00 = CU as of 31 Dec. 2024[2]	Equity in TCU[2), 3)]	Net income in TCU[2), 3)]
KfW shareholdings							
A. Fully consolidated subsidiaries included in the consolidated financial statements							
1	DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH	Cologne	100.0	EUR	1.00	2,579,013	62,141
2	Interkonnektor GmbH	Frankfurt am Main	100.0	EUR	1.00	54,442	–17,338
3	KfW Beteiligungsholding GmbH	Bonn	100.0	EUR	1.00	2,356,460	627,491
4	KfW Capital GmbH & Co. KG	Frankfurt am Main	100.0	EUR	1.00	877,101	0
B. Subsidiaries not included in the consolidated financial statements							
5	Finanzierungs- und Beratungsgesellschaft mbH	Berlin	100.0	EUR	1.00	5,784	120
6	tbg Technologie- Beteiligungsgesellschaft mbH	Bonn	100.0	EUR	1.00	78,351	5,674
C. Other shareholdings (only capital shares totalling at least 20%)							
7	Berliner Energieagentur GmbH	Berlin	25.0	EUR	1.00	7,602	–473
Shareholdings of KfW IPEX-Bank GmbH							
A. Fully consolidated subsidiaries included in the consolidated financial statements							
1	KfW IPEX-Bank Asia Ltd.	Singapore, Singapore	100.0	SGD	1.42	18,662	1,060
B. Subsidiaries not included in the consolidated financial statements							
2	KFW Bankengruppe Representacoes Ltda.	São Paulo, Brazil	50.0	BRL	6.43	27	0
Shareholdings of KfW Beteiligungsholding GmbH							
A. Fully consolidated subsidiaries included in the consolidated financial statements							
1	KfW IPEX-Bank GmbH	Frankfurt am Main	100.0	EUR	1.00	3,230,204	0

No.	Name	Place	Capital share in %	CU 1)	Exchange rate EUR 1.00 = CU as of 31 Dec. 2024 2)	Equity in TCU 2), 3)	Net income in TCU 2), 3)
Shareholdings of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH							
A. Subsidiaries not included in the consolidated financial statements							
1	DEG Impact GmbH	Cologne	100.0	EUR	1.00	2,981	684
2	DEG Impulse GmbH	Cologne	100.0	EUR	1.00	3,312	401
3	KFW Bankengruppe Representacoes Ltda.	São Paulo, Brazil	50.0	BRL	6.43	27	0
B. Other shareholdings (only capital shares totalling at least 20%)							
4	Ace Power Embilipitiya Pvt Ltd.	Colombo, Sri Lanka	26.0	LKR	303.50	5,281,596	736,040
5	ACON Retail MXD, L.P.	Toronto, Canada	100.0	USD	1.04	11,978	–7,369
6	ADP II Holding 11 S.A.R.L.	Luxembourg, Luxembourg	22.2	USD	1.04	62,297	439
7	ADP Enterprises W.L.L.	Manama, Bahrain	23.3	EUR	1.00	229,420	23,558
8	AEP China Hydro Ltd.	Ebène CyberCity, Mauritius	30.2	USD	1.04	292	–104
9	AfricInvest III – SPV 1	Port Louis, Mauritius	21.8	EUR	1.00	51,574	–2,736
10	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia	São Paulo, Brazil	29.9	BRL	6.43	36,622	–7,253
11	AO Bucharagips	Kogon, Uzbekistan	24.9	UZS	13,361.75	152,444,303	92,405,968
12	Apis Growth 2 Ltd.	Ebène CyberCity, Mauritius	25.6	USD	1.04	38,362	5,300
13	Banque Nationale de Développement Agricole S. A.	Bamako, Mali	21.4	XOF	655.96	85,518,000	5,127,000
14	CGFT Capital Pooling GmbH & Co. KG	Berlin, Germany	40.0	EUR	1.00	43	–3
15	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd.	Rizhao, China	41.0	CNY	7.58	156,036	–27,230
16	Falcon Holding Inversiones II S.A.C.	Lima, Peru	55.8	PEN	3.90	4)	4)
17	Fortio Co. Ltd.	George Town, Cayman Islands	46.2	USD	1.04	12,894	1,682
18	Grassland Finance Ltd.	Hong Kong, Hong Kong	24.9	CNY	7.58	275,289	–42,521
19	Greater Pacific Capital MIV Ltd.	George Town, Cayman Islands	26.7	USD	1.04	29,914	–208
20	Knauf Gips Buchara OOO	Bukhara, Uzbekistan	25.0	UZS	13,361.75	581,980,665	193,189,965
21	Knauf Gypsum Philippines Inc.	Calaca, Philippines	25.0	PHP	60.30	1,648,916	22,027
22	Landsberg Investments LLC.	Wilmington, USA	52.9	USD	1.04	4)	4)
23	MC II Pasta Ltd.	Ta' Xbiex, Malta	32.2	EUR	1.00	6,475	–1,343
24	Metier Retailability en Commandite Partnership	Dunkeld, South Africa	22.1	ZAR	19.62	1,020,258	–594,305
25	Novel Sky Global Limited	Road Town, Brit. Virgin Islands	25.0	USD	1.04	4)	4)
26	OAO Belgips	Minsk, Belarus	50.0	BYN	3.39	9,584	–3,042
27	Onstar Galaxy SPV Pte. Ltd.	Singapore, Singapore	33.1	USD	1.04	38,932	–15,394
28	Osmanthus II Cayman Investment, L.P.	George Town, Cayman Islands	100.0	USD	1.04	8,795	–430

No.	Name	Place	Capital share in %	CC1)	Exchange rate EUR 1.00 = CU as of 31 Dec. 2024[2]	Equity in TCU[2), 3)]	Net income in TCU[2), 3)]
Shareholdings of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH							
B. Other shareholdings (only capital shares totalling at least 20%)							
29	Stratus SCP Fleet Fundo de Investimento em Participações – Multiestratégia	São Paulo, Brazil	39.7	BRL	6.43	97,996	14,451
30	TOO Isi Gips Inder	Inderborskiy, Kazakhstan	40.0	KZT	543.23	1,387,960	251,992
31	TOO Knauf Gips Kaptschagaj. Enterprise with share of DEG LLP	Kapchagay, Kazakhstan	40.0	KZT	543.23	12,041,454	6,091,359
32	Vietnam Opportunity Fund II PTE. LTD.	Singapore, Singapore	32.0	USD	1.04	46,201	11,607
33	Whitlam Holding PTE. Ltd.	Singapore, Singapore	38.7	USD	1.04	46,087	–23,563
34	Worldwide Group, Inc	Charlestown, Saint Kitts and Nevis	33.4	USD	1.04	29,760	2,468
Shareholdings of Interkonnektor GmbH							
A. Joint ventures included in the consolidated financial statements							
1	DC Nordseekabel GmbH & Co. KG	Bayreuth	50.0	EUR	1.00	726,508	27,198
B. Joint ventures not included in the consolidated financial statements							
2	DC Nordseekabel Beteiligungs GmbH	Bayreuth	50.0	EUR	1.00	75	3
Shareholdings of KfW Capital GmbH & Co. KG							
A. Subsidiaries not included in the consolidated financial statements							
1	KfW Capital Verwaltungs GmbH	Frankfurt am Main	100.0	EUR	1.00	41	1

1) ISO currency code
2) CU = currency units in local currency; TCU = thousand currency units in local currency
3) Financial statements prepared in accordance with local financial reporting framework
4) No current annual financial statements are available.

(73) Events after the balance sheet date

No significant events have occurred since 31 December 2024.

Attestations

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of Kreditanstalt für Wiederaufbau Anstalt des öffentlichen Rechts, Frankfurt am Main/Germany, 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 separate combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) German Commercial Code (HGB), which is referred to in the section "Non-financial statements" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) 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 consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities 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 consolidated financial statements and on the combined management report.

Other Information

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

- the report of the board of supervisory directors which is expected to be presented to us after the date of this auditor's report,
- the separate combined non-financial report of KfW as the parent company and the group in accordance with Section 289b (3), Sections 315c in conjunction with 289b (3) HGB, which is referred to in the section "Non-financial statements" of the combined management report,
- the corporate governance report, which also includes the "Declaration of compliance", which is referred to in the section "Declaration of compliance" of the combined management report and which is expected to be presented to us after the date of this auditor's report,
- the executive directors' confirmation pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The board of supervisory directors is responsible for the report of the board of supervisory directors. In accordance with Section 19 of the KfW Bylaws, the executive directors and the board of supervisory directors are required to annually declare that they recognise the Federal Public Corporate Governance Code as amended and to publish the declaration of compliance as part of the corporate governance report. Otherwise the executive directors are responsible for the other information.

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

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

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

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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 combined 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 combined management report.

The board of supervisory directors is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated 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 consolidated financial statements and on the combined management report.

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

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined 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 internal control or these arrangements and measures of the Group.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined 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 Group to cease to be able to continue as a going concern.

statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the combined 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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 25b7be9bb7561572c824652903d49662e2035d21a19157eacb9be9baea3253e7, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

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

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

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

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

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

Group Auditor’s Responsibilities for the Audit of the ESEF Documents

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

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

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

Frankfurt am Main/Germany, 11 March 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Prof. Dr Carl-Friedrich Leuschner	Christian Schweitzer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

By: /s/ DR. MARKUS HÖRMANN

Name: Dr. Markus Hörmann

Title: *Ministerialrat* (Head of Division)

Ministry of Finance