Annual Report 2020

Financial Statements and Management Report

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

KFW DEG

Contents

DEG at a glance

EUR million	2020	2019
Finance		
Total financial commitments in financial year	**1,411**	1,847
Portfolio (volume of commitments) at year end	**8,487**	8,781
Total investments of co-financed enterprises / new business	**7,657**	11,083
Consultancy and other services		
Income from consultancy contracts, trust business and other services	19	20
Annual financial statements		
Balance sheet total	**6,338**	6,489
Subscribed capital	**750**	750
of which paid in	750	750
Reserves	**1,722**	1,777
Operating result before risk provision and valuation effects from currency	**200**	153
Profit for the financial year before tax	**-179**	-52
Taxes	**3**	3
Net loss	**-181**	-55

Developmental impacts of DEG's portfolio 2020	
Tax paid annually by co-financed businesses	**EUR 4.7 billion**
Number of jobs in co-financed businesses	**2.3 million**
Renewable energies / annual production	**44 TWh**

Report by the Supervisory Board

Advice to, and supervision of, the Management Board

The challenges affecting society as a whole in the wake of the coronavirus pandemic had an impact on both the content of the work performed by DEG's Supervisory Board and its formal processes in the 2020 reporting period. One of the main issues discussed at meetings of the Supervisory Board, whose rules and regulations gave it the flexibility to switch to a digital format, was how to carry on DEG's activities while dealing with the effects of the coronavirus pandemic in a responsible manner. As it was not possible to meet in person, members also made use of digital channels to communicate between meetings. All those involved quickly adapted to the new situation, enabling the trusting and constructive cooperation of the last few years to continue effectively, both within the Supervisory Board and in dealings with the Management Board. DEG's Management Board remained a capable and functional unit even under pandemic conditions. In this context, the Supervisory Board particularly welcomes the shareholder's decision to follow its recommendation and appoint Christiane Laibach as CEO in February 2020 at the same time that her Management Board contract was renewed. The Supervisory Board is also pleased that the shareholder followed its recommendation to renew Monika Beck's contract as a member of the Management Board with effect from 1 July 2021.

In the year under review, the Management Board reported promptly and comprehensively to the Supervisory Board on all important developments at DEG, enabling it to assure itself of the proper conduct of the Management Board's activities. In particular, the Management Board's reports to the Supervisory Board took into account the Supervisory Board's need for more information about what was being done to ensure that business operations could continue in an orderly fashion during the pandemic and about the impact on DEG's portfolio, and how the company's business policy was being adapted to deal with challenges arising due to COVID-19. The issue was monitored especially closely in meetings of the Risk and Credit Committee, which met more often than usual. The Supervisory Board regularly monitored and consulted with the Management Board regarding its leadership of the business. Whenever decisions were of crucial importance to DEG, the Supervisory Board was involved. Where necessary and following extensive consultation and scrutiny of specific cases, the Supervisory Board gave its consent to the relevant business transactions.

DEG's rules and regulations comply with the German Federal Public Corporate Governance Code (PCGC) (Public Corporate Governance Kodex des Bundes) and meet current governance standards.

Meetings of the Supervisory Board

The Supervisory Board held four regular meetings in 2020. In carrying out its work, it received effective assistance from its committees, membership of which is drawn from the board. These held 21 meetings in total. The Executive and Nomination Committee and the Audit Committee each met on four occasions. The Remuneration Control Committee met three times. The Risk and Credit Committee, which takes final decisions on measures and transactions of particular importance to DEG's financing business, held ten meetings over the course of the past financial year and also took two decisions on submissions via the circulation procedure.

In the period under review, the Supervisory Board strongly prioritised maintaining a sustainable direction for DEG's business. Within the context of the company's strategic overall policy, the Supervisory Board discussed the business strategy for 2021, the risk strategy for 2021, the IT strategy for 2021 and financial planning for 2021. The Supervisory Board expressly welcomes the Management Board's foresighted planning for the 2021 financial year, which takes due account of how DEG's activities may be affected by the ongoing dynamics of the pandemic.

DEG's system of targets once again proved both balanced and sustainable in the year under review. Although the coronavirus pandemic has had a significant negative impact on DEG's goal of sustainable returns, ultimately resulting in negative earnings for the 2020 financial year, the company has managed to limit the financial damage responsibly during these challenging times. The Supervisory Board also welcomes the excellent results achieved by DEG in the two target areas of development impact and German business. The Development Effectiveness Rating (DERa) continues to prove a very good measurement tool, capable of comprehensively capturing the diverse developmental impacts achieved by DEG. However, the negative effects of the pandemic on the DERa score will not become apparent until 2021, as the evaluation will then reflect job losses and declines in local incomes. As in previous years, German business remains at a high level and serves good, stable customers. The AfricaConnect financing programme, which is funded by the German Federal Government's budget and aims in particular to support medium-sized German and European businesses in Africa, got off to a very good start.

In view of the serious economic consequences of the pandemic in developing and emerging market countries, the Supervisory Board supported DEG's decision to focus on providing fast, uncomplicated assistance to its customers in order to safeguard the impact they are having on development and above all to protect good jobs. The fact that DEG's business operations were able to continue without restrictions formed the basis for ongoing exchange between employees of DEG and the financed enterprises, in order to determine their individual needs in the crisis and develop made-to-measure solutions that will protect their business in the long term. The Supervisory Board expressly welcomed the expansion of targeted support measures for customers to accompany these exceptional efforts in the financing business. The Business Support Services programme was urgently expanded to include an advisory service to improve in-house health management, for example. The develoPPP.de programme now also provides specific support for business initiatives that help to mitigate the immediate impact of the coronavirus pandemic on health and on economies in developing and emerging market countries. In addition, the COVID-19 support window within the scope of the Global Impact Investment Facility (GIIF) financed by the Federal Ministry for Economic Cooperation and Development (BMZ) was very helpful in mitigating risks arising in connection with DEG's support financing. These examples highlight how DEG's holistic approach has proved to be of particular value to customers in developing and emerging market countries in the 2020 financial year. The Supervisory Board also focused continuously on providing support for DEG as a company and on the long-term preservation of the basis for its business during the crisis.

The Supervisory Board continued to function without restriction during the coronavirus pandemic, as is clear from the fact that it addressed other issues of key importance to DEG, beyond the subject of the pandemic, in the period under review and followed up on various topics dealt with in previous years. It looked at the impact of DEG's revised publication rules, which came into effect at the beginning of 2020, and established that the revision has further improved transparency in the financing business. At the same time, the Supervisory Board expressly welcomes the Management Board's ongoing analysis of potential ways to refine the rules as necessary, taking into account the legitimate interests of its private customers.

The Supervisory Board also received regular reports during the year under review on the latest developments relating to the Feronia project. Along with detailed reports by the Management Board, the Supervisory Board valued the direct dialogue with Michael Windfuhr, who is leading the ongoing complaints procedure regarding Feronia as a member of the Independent Expert Panel within the scope of the complaints mechanism. The Supervisory Board specifically welcomes the mediation process that is being sought here, the start of which has been delayed by the coronavirus pandemic. It also welcomes restructuring efforts to stabilise the project economically.

The Supervisory Board discussed a variety of other strategically important issues with both the Management Board and the shareholder during the course of the year. In particular, it approved a capital increase for DEG Impact GmbH by DEG, which forms an important part of the basis for setting up and expanding DEG Impact GmbH operating business. Based on the follow-up concept for the Management Board adopted in 2019, the Supervisory Board also agreed on further details of the principles of succession planning together with the shareholder. Discussions with the Management Board about strategic management of disposals of participating interests continued from the 2019 financial year. Fruitful discussions on these and other issues took place in a constructive atmosphere between all those involved at all times.

Since 2014, the Supervisory Board has carried out an annual self-evaluation, as well as an evaluation of DEG's Management Board, both based on structured questionnaires. This evaluation process was carried out digitally for the first time in the year under review, which the Supervisory Board approves. The self-evaluation for the 2020 financial year showed that the assessment of the work and efficiency of the Supervisory Board and its committees in past years as "good" was once again confirmed in the period under review.

Annual financial statements and management report

The annual financial statements, as drawn up in accordance with statutory regulations, have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, along with the management report. The annual financial statements were awarded an unqualified audit certificate.

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

The Supervisory Board recommended that the shareholder's meeting adopt the annual financial statements for 2020 and discharge the Management Board from its liabilities.

Changes in membership of the Supervisory Board

There were three changes in the membership of the Supervisory Board in the 2020 reporting period. Dorothea Mikloweit, an employee representative of DEG, left the Supervisory Board on 31 March 2020 due to her retirement. She was replaced on 1 April 2020 by Marina Dietz, also an employee of DEG. Dr Sabine Hepperle, Head of Division at the Federal Ministry for Economic Affairs and Energy, stepped down from the Supervisory Board on 1 August 2020. Elisabeth Winkelmeier-Becker, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy, subsequently joined the Supervisory Board on 28 August 2020. Upon leaving the Executive Board of KfW Group, Prof. Dr Joachim Nagel also stepped down from the Supervisory Board of DEG on 31 October 2020. Dr Ingrid Hengster, a member of the Executive Board of KfW Group, succeeded him on 1 November 2020. Since her election at the Supervisory Board meeting on 30 November 2020, Dr Hengster – like her predecessor Prof. Dr Nagel – is also Deputy Chair of the Supervisory Board. Hence, DEG's Supervisory Board is still composed of 15 members. Bernd Loewen became chair of the Risk and Credit Committee after the departure of Prof. Dr Nagel.

In 2020, no member of the Supervisory Board attended fewer than half the meetings of the board in full.

Thanks and appreciation

The Supervisory Board would like to express its gratitude and appreciation to the Management Board for its open and trustful cooperation. It also wishes to thank Dorothea Mikloweit, Dr Sabine Hepperle and Prof. Dr Joachim Nagel for their dedicated and capable work on the Supervisory Board and its committees over the last few years.

Special thanks and appreciation are due to DEG's staff. With their exceptional commitment and high levels of competence, they helped to significantly reduce the impact of the coronavirus pandemic on DEG's customers during an extremely challenging year and to secure important developmental impact in developing and emerging market countries on a lasting basis.

Cologne, 15 March 2021

Chairman of the Supervisory Board
Norbert Barthle

Corporate Governance Report

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

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

Declaration of Conformity

The Management Board and Supervisory Board of DEG make the following declaration: "Since the previous Declaration of Conformity on 23 March 2020, the recommendations of the German Federal Government's PCGC, as adopted on 1 July 2009, have been and are being complied with, excepting only the recommendations below."

Deductible for D&O insurance

KfW has entered into D&O insurance contracts that, as group insurance, also extend protection to the members of DEG's Supervisory Board. In a departure from paragraph 3.3.2 PCGC, these merely include the option to introduce a deductible during the period under review.

Allocation of responsibilities

With the agreement of the Supervisory Board, and following a decision by the shareholder's meeting, the Management Board has compiled a set of procedural rules to regulate cooperation in managing the business. Under these rules, the Management Board itself allocates areas of responsibility in a schedule of responsibilities. In a departure from paragraph 4.2.2 PCGC, it does so without the additional agreement of the Supervisory Board, but with the agreement of the shareholder's meeting. This ensures the necessary flexibility, and hence an efficient division of labour, when changes are required.

Remuneration

In a departure from paragraph 4.3.1 PCGC, the remuneration system for members of the Management Board is drawn up by the shareholder's meeting rather than the Supervisory Board. This includes setting levels of remuneration and of variable remuneration components, as well as dealing with other remuneration issues.

In a departure from paragraph 4.3.2 PCGC, the performance targets and parameters specified in the agreement on targets for the Management Board may subsequently be changed by consultation between the shareholder and DEG. This option was not exercised during the year under review.

Conflicts of interest

In a departure from paragraph 4.4.3 PCGC, potential conflicts of interest relating to the Management Board had to be declared only to the shareholder's meeting rather than the Supervisory Board up to 23 March 2020. With effect from 23 March 2020, a rule has been introduced stating that conflicts of interest must be declared to the Supervisory Board as well, in accordance with the requirements of paragraph 4.4.3 PCGC.

Delegation to committees

The Supervisory Board is relieved of a portion of its workload by its committees, which benefit from more familiarity with the issues and greater flexibility of scheduling. In some cases, the Risk and Credit Committee not only lays the groundwork for a decision by the Supervisory Board, but, in a departure from paragraph 5.1.8 PCGC, takes the final decision on matters involving DEG's financing business. This applies to measures and transactions of special significance, as well as to whether to initiate legal disputes, to waive debts beyond the scope of settlements, and agree settlements where such legal disputes, waivers or settlements are of special significance. Having the Risk and Credit Committee make the final decision on such matters is necessary for reasons of practicality and efficiency.

Cooperation of Management Board and Supervisory Board

The Management Board and the Supervisory Board work together closely for DEG's benefit. The Management Board, especially its Chairwoman / CEO[1], maintains regular contact with the Chairman of the Supervisory Board. The Management Board discusses DEG's strategic direction with the Supervisory Board and reports at appropriate intervals on the extent to which that strategy has been implemented. The Management Board informs the Chairman of the Supervisory Board of all events of material significance to the assessment of DEG's situation and development. The Chairman of the Supervisory Board subsequently informs the other board members and, if necessary, calls an extraordinary meeting.

In the year under review, the Management Board reported to the Supervisory Board as per the provisions of Article 90 of the German Stock Corporation Act (AktG) and provided comprehensive information on all relevant corporate issues related to planning, business development, the risk situation, risk management and compliance, as well as on any changes

[1] For the sake of readability, he/she forms are not always used. However, all references to persons include all genders.

to the economic climate of significance to the company. The Management Board further discussed the company's strategic direction with the Supervisory Board.

Management Board

The members of the Management Board conduct DEG's business with the care of a fit and proper business person in accordance with the law, the articles of association, the rules of procedure for the Management Board and the decisions of the shareholder's meeting and the Supervisory Board. The allocation of responsibilities among members of the Management Board is regulated by a schedule of responsibilities. In the year under review, Christiane Laibach was firstly Chairwoman of the Management Board and then from 15 February 2020 CEO. Responsibilities were allocated as follows in the year under review:

Christiane Laibach
as Chairwoman of the Management Board / CEO

- Corporate Management Division,
- Legal & Compliance Division,
- Customer Solutions Division,
- Human Resources Department,
- Internal Audit,
- Multi-project Management.

Philipp Kreutz

- Credit Management / Analysis Division,
- Finance / Risk Division,
- Internal Services Division.

Monika Beck

- Corporates / Project Financing / Funds Africa / Latin America Division,
- Corporates / Project Financing / Funds Europe / Asia Division,
- Financial Institutions & German Business Division.

The members of the Management Board are committed to DEG's corporate interest, may not pursue personal interests in their decision-making, and are subject to a comprehensive non-compete clause during their employment with DEG. Members of the Management Board must immediately inform the shareholder and, since 23 March 2020, the Supervisory Board, of any conflicts of interest that arise. No such instance occurred in the year under review.

Supervisory Board

The Supervisory Board monitors and advises the Management Board on its leadership of DEG.

Under DEG's articles of association, the Supervisory Board consists of 15 members. Five of these are staff representatives elected under the provisions of Germany's One-Third Participation Act (DrittelbG), while the other members are appointed by the shareholder's meeting. The German Federal Government has the right to propose four members, who are intended to represent the German Federal Ministry for Economic Cooperation and Development, the Federal Ministry of Finance, the Federal Foreign Office and the Federal Ministry for Economic Affairs and Energy, respectively. The remaining members of the Supervisory Board are selected in consultation with the Federal Ministry for Economic Cooperation and Development.

In the year under review, Norbert Barthle, Parliamentary State Secretary under the Federal Minister for Economic Cooperation and Development, served as Chairman of the Supervisory Board. Dorothea Mikloweit, an employee representative, stepped down upon her retirement and left the Supervisory Board on 31 March 2020. She was replaced by Marina Dietz, who has been a member of the Supervisory Board since 1 April 2020. The Federal Ministry for Economic Affairs and Energy was represented on the Supervisory Board by Dr Sabine Hepperle until 31 July 2020, and since 26 August 2020 has been represented by Elisabeth Winkelmeier-Becker, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy. Prof. Dr Joachim Nagel stepped down on 31 October 2020. Dr Ingrid Hengster was appointed to the Supervisory Board from 1 November 2020 in his place. The Supervisory Board had six female board members in the year under review, and seven from 1 November 2020. The board thus met its target of 33% female membership, adopted on 19 June 2017.

Article 2 Section 3 of the rules of procedure for the Supervisory Board states that the following are excluded from membership of the Supervisory Board:

- any member of DEG's Management Board,
- any former member of DEG's Management Board, if the Supervisory Board already includes two former members of DEG's Management Board,
- anyone who serves as executive officer in another business and is, at the same time, a member of the administrative or supervisory body of more than two further corporates, and
- anyone who is a member of the administrative or supervisory body of more than four businesses.

Every member of the Supervisory Board shall disclose conflicts of interest to the Supervisory Board. Where a conflict of interest is assumed to exist, the board member in question shall not participate in discussions or decisions on that item on the agenda. Any conflicts of interest in the person of a member of the Supervisory Board that are likely to prevent that member from meaningfully exercising his or her mandate over a sustained and prolonged period of time shall result in the termination of the mandate. No such instance occurred in the year under review.

In the year under review, no member of the Supervisory Board attended fewer than half the meetings of the board in full.

Committees of the Supervisory Board

To ensure the efficient performance of its duties, the Supervisory Board has set up the following four committees from among its own members. The remits are based on Article 25d of the Banking Act of the Federal Republic of Germany (KWG):

The **Executive and Nomination Committee** deals with HR issues and the principles of corporate governance. When necessary, it carries out preparations for meetings of the Supervisory Board. The responsibilities of the Executive and Nomination Committee include, among other things, the discussion of issues connected with appointing and relieving members of the Management Board.

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

The **Risk and Credit Committee** advises the Supervisory Board on issues related to risk such as, in particular, DEG's overall risk tolerance and risk strategy. It also acts on behalf of the Supervisory Board in connection with DEG's financing business by taking final decisions on measures and transactions of special significance, as well as on whether to initiate legal disputes, to waive debts beyond the scope of settlements, and to agree settlements where such legal disputes, waivers or settlements are of special significance. Changes were made to the right to reserve approval for legal disputes and disposals of impaired exposures in the year under review. This ensures that the committee can be discharged from its liability while preserving the downstream monitoring and control function of the Supervisory Board.

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

The committee chairs report regularly to the Supervisory Board. The Supervisory Board may disband the committees, regulate their duties and reclaim their powers at any time.

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

Shareholder

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

Supervision

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

Public benefit

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

Transparency

DEG makes key information about the company and its annual financial statements available on its website. Corporate Communications also provides regular updates on current corporate developments. The annual Corporate Governance Reports, including the Declaration of Conformity in respect of the Public Corporate Governance Code (PCGC), are permanently available on DEG's and KfW's websites. Since 1 January 2015, DEG has also published information on its website about the projects and enterprises it finances.

Risk management

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

Compliance

DEG's success depends to a significant degree on the trust that the shareholder, customers, business partners, staff members and the public place in its effectiveness and above all in its integrity. This trust is substantially rooted in its implementation of, and compliance with, the relevant legal and regulatory requirements and in-house rules, as well as other applicable laws and regulations. DEG's compliance organisation includes, in particular, provisions to ensure that the regulatory requirements of the MaRisk compliance function are met, and that data protection rules are followed. It further includes provisions to guarantee securities compliance, to comply with the terms of financial sanctions, to prevent money laundering, to avoid financing terrorism and other criminal activities, and to achieve a suitable level of information security, appropriate business continuity management, the identification of operational risks and the mapping of an internal control system. Accordingly, it has binding regulations and procedures that influence implemented values and corporate culture and are continuously updated to reflect the statutory framework and market requirements. Regular training in all aspects of compliance is available to DEG employees in the form of both e-learning programmes and classroom sessions.

Accounting and annual audit

On 17 December 2019, the shareholder appointed Ernst & Young Wirtschaftsprüfungsgesellschaft mbH (EY) as auditor for the 2020 financial year. The Supervisory Board subsequently issued the audit mandate to EY on 22 June 2020 and established priorities for the audit with the auditor. It was agreed with the auditor that the chair of the Audit Committee would be informed immediately of any findings and circumstances of material significance to the duties of the Supervisory Board that might arise during the audit. It was further agreed that the auditors should inform the Audit Committee chair or include a note in the audit if, while carrying out the audit, they ascertained facts that negated the accuracy of the Declaration of Conformity as per the PCGC.

Efficiency review

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

REMUNERATION REPORT

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

Remuneration of the Management Board

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

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

Remuneration components

On 23 March 2020, DEG's Supervisory Board voted to retain the variable remuneration system for DEG's Management Board, based on the system that was first adopted on 18 March 2010 and has been agreed each year, essentially without changes. This system complies with PCGC rules on variable remuneration components and includes a balanced mix of short and medium-term incentives. For instance, only half of the performance-related management bonuses, as measured by target fulfilment, is immediately disbursed to the Management Board. The other half constitutes a provisional claim only, and is paid from a "bonus account" in equal instalments over the following three years, provided there is no significant decline in business performance. If the agreed profitability target is not met over the following years, payments from the bonus account shall be subject to a penalty. Penalties were deducted for all members of the Management Board in the year under review.

The summary in Table 2 shows total compensation for individual members of the Management Board, broken down by fixed and variable components and benefits in kind. It also shows transfers to pension provision for the individual board members and the balance of their bonus accounts.

Responsibility

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

Contractual fringe benefits

Benefits in kind primarily include contractual fringe benefits. Members of the Management Board are entitled to a company car for both business and personal use. In keeping with current tax regulations, any costs incurred due to personal use of the company car are met by the members of the Management Board. If a second residence is required for business purposes, the costs of running a second household are reimbursed as per tax regulations.

Members of the Management Board are insured under a group accident insurance policy. Health insurance and long-term care insurance are subsidised. In respect of the risks associated with their management activities on the governing body, members of the Management Board are insured under a policy that covers liability for monetary damages (D&O insurance) and a supplementary policy covering them for monetary damages and legal expenses. These insurance policies are arranged as group insurance. Since 2017, the D&O insurance policies for members of the Management Board have included a deductible to meet the requirements of paragraph 3.3.2 PCGC.

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

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

Contractual fringe benefits also include the cost of security measures at residential properties occupied by members of the Management Board. The provision of this security is accounted for under operating charges rather than as benefits in kind.

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

No member of the Management Board was in receipt of a loan from DEG or KfW in 2020.

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

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

Under Article 5 Section 1 of DEG's articles of association, the appointment of a member of the Management Board shall not extend beyond the attainment of statutory retirement age. After they reach the age of 65 or statutory retirement age, and following the expiry of their contract of employment as members of the Management Board, board members are entitled to pension payments. This also applies if their service ends due to invalidity.

In respect of contracts of employment for a term that began in 2014 or earlier, members of the Management Board may, at their own request, take early retirement after they have reached the age of 63.

If the board member's employment is not extended before reaching retirement age, and no important reason as per Article 626 of the German Civil Code (BGB) applies to the person of the member of the Management Board, he or she is entitled to agree a transitional allowance for the period until pension payments fall due.

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

Where members of the Management Board were appointed or reappointed after 2011, their contracts of employment include a cap on any severance package in keeping with PCGC recommendations. Under the code, any payoff to a member of the Management Board due to early termination of his or her activities as a board member is accordingly limited to double the annual salary, or any compensation due for the remaining period of his or her contract, including fringe benefits, whichever is lower. This only applies provided that no important cause as per Article 626 of the German Civil Code is present.

In general, the full retirement pension entitlement is equivalent to 49% of annual fixed remuneration components. The retirement pension entitlement routinely amounts to 70% of the full entitlement at initial appointment and rises over a period of ten years by 3% for every completed year of service. In a departure from this, the entitlement of Monika Beck, who was appointed to DEG's Management Board on 1 July 2018, will increase by 0.82% for every full year of service, up to a pension entitlement of 46.6% when she reaches retirement.

If the employment contract of a member of the Management Board is terminated or not renewed due to a significant reason as per Article 626 of the German Civil Code, any pension entitlements are void, in keeping with the principles established by employment contract case law.

Pensions for former members of the Management Board and their surviving dependants amounted to EUR 998.4 k in 2019 and EUR 995.5 k in 2020 (cf. summary of retirement pensions for former members of the Management Board and surviving dependants in Table 3 [Page 15]).

Transfers to pension provision for former members of the Management Board and their surviving dependants amounted to EUR 172.3 k at the end of the 2020 financial year (previous year: EUR 449.3 k).

No loans to former members of the Management Board or their surviving dependants were approved in the 2020 financial year.

Compensation of the Supervisory Board

Members of the Supervisory Board receive compensation at a level set by the shareholder's meeting as per Article 13 Section 1 of DEG's articles of association and in keeping with the company's character as an institution serving the public benefit.

As agreed at DEG's extraordinary shareholder's meeting on 3 April 2018, compensation for ordinary members in the year under review amounted to EUR 5,000. Chairmanship of the Supervisory Board attracts compensation of EUR 9,000, while the two deputy chairs each receive EUR 8,000. Committee members each receive annual compensation of EUR 500, while the committee chairs receive compensation in the amount of EUR 1,000 per annum.

Where membership covers only part of a year, compensation is paid pro rata.

An attendance fee of EUR 500 per meeting is paid, along with a daily allowance of EUR 12 per day of attendance. Any travel expenses incurred and any value-added tax payable are reimbursed.

Tables 4 and 5 (Page 16) provide details of the Supervisory Board's compensation for the 2019 and 2020 financial years. The sums shown are EUR net and have all been paid. Travel costs and other miscellaneous expenses were reimbursed upon presentation of receipts and are not included in the tables.

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

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

In respect of the risks associated with their activities as corporate officers on the Supervisory Board, board members are insured under a policy that covers their liability for monetary damages (D&O insurance). A supplementary policy covers them for monetary damages and legal expenses. These insurance policies are arranged as group insurance. No deductible has been agreed at present. Members of DEG's Supervisory Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

No loans were granted to members of the Supervisory Board during the year under review.

Cologne, 15 March 2021

The Management Board The Supervisory Board

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

EUR k	2020	2019	Change
Management Board	1,195	1,276	-81
Former members of the Management Board & surviving dependants	995	998	-3
Members of the Supervisory Board	77	77	0
Total	**2,267**	**2,351**	**-84**

Table 2: Annual compensation of the Management Board and transfers to pension provision for 2019 and 2020[1]

EUR k[1]		Salary	Variable compen-sation [2]	Benefits in kind [3]	Total	Bonus account	Transfer to pension provision
Bruno Wenn	2020	-	15.43	-	**15.43**	24.6	-
	2019	-	54.36	-	**54.36**	55.5	-
Christiane Laibach (Chairwoman)	2020	344.9	47.6	10.3	**402.8**	66.1	352.7
	2019	344.9	71.0	10.3	**426.1**	74.1	381.4
Monika Beck	2020	344.9	32.2	12.3	**389.4**	41.5	239.9 [4]
	2019	344.9	18.6	12.5	**376.1**	18.6	246.0 [4]
Philipp Kreutz	2020	344.9	41.0	1.3	**387.2**	58.2	364.9
	2019	344.9	70.7	2.2	**417.9**	71.0	98.0
Total	**2020**	**1,034.8**	**136.2**	**23.9**	**1,194.9**	**190.5**	**957.5**
	2019	**1,034.8**	**216.0**	**25.0**	**1,275.8**	**219.2**	**627.5**

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

[2] In a departure from the figures in the Notes to the annual financial statements, this table includes the variable compensation actually paid as part of a phased system. Bruno Wenn received variable remuneration in respect of his activities on the Management Board based on this regulation.

[3] In a departure from the figures in the Notes to the annual financial statements, this table excludes the employer's contribution as per the German Social Security Act. The total for 2020 was EUR 41.6 k (previous year: EUR 39.9 k).

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

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

	Number 2020	EUR k 2020	Number 2019	EUR k 2019
Former members of the Management Board	5	648.0	5	645.8
Surviving dependants	4	347.5	4	352.6
Total	**9**	**995.5**	**9**	**998.4**

Tables 4 & 5: Compensation of members of the Supervisory Board for the 2019 and 2020 financial years in EUR

No.	Name	Period of membership 2020	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total
1.	Norbert Barthle[1]	01.01.–31.12.	-	-	-	**-**
2.	Susanne Baumann[1]	01.01.–31.12.	-	-	-	**-**
3.	Eberhard Brandes[1]	01.01.–31.12.	-	-	-	**-**
4.	Michael Junginger	01.01.–31.12.	5,000	-	2,048	**7,048**
5.	Jürgen Gerke[1]	01.01.–31.12.	-	-	-	**-**
6.	Dr Ingrid Hengster[1]	01.11.–31.12.	-	-	-	**-**
7.	Dr Sabine Hepperle[1]	01.01.–31.07.	-	-	-	**-**
8.	Bernd Loewen[1]	01.01.–31.12.	-	-	-	**-**
9.	Wolfgang Schmidt[1]	01.01.–31.12.	-	-	-	**-**
10.	Prof. Dr Joachim Nagel[1]	01.01.–31.10.	-	-	-	**-**
11.	Prof. Dr Christiane Weiland	01.01.–31.12.	8,000	2,500	12,536	**23,036**
12.	Elisabeth Winkelmeier-Becker[1]	26.08.–31.12.	-	-	-	**-**
13.	Dr Amichia Biley	01.01.–31.12.	5,000	500	4,000	**9,500**
14.	Marina Dietz	01.04.–31.12.	3,757	-	1,500	**5,257**
15.	Sarah Madew	01.01.–31.12.	5,000	500	4,560	**10,060**
16.	Dorothea Mikloweit	01.01.–31.03.	1,243	124	1,000	**2,367**
17.	Bertram Dreyer	01.01.–31.12.	5,000	376	5,500	**10,876**
18.	Caroline Kremer	01.01.–31.12.	5,000	500	3,500	**9,000**
Total (net)			**38,000**	**4,500**	**34,644**	**77,144**

No.	Name	Period of membership 2019	Supervisory Board membership	Committee membership	Daily allowance & attendance fee	Total
1.	Norbert Barthle[1]	01.01.–31.12.	-	-	-	**-**
2.	Susanne Baumann[1]	01.01.–31.12.	-	-	-	**-**
3.	Eberhard Brandes[1]	01.01.–31.12.	-	-	-	**-**
4.	Michael Junginger	01.01.–31.12.	5,000	-	2,048	**7,048**
5.	Jürgen Gerke[1]	01.01.–31.12.	-	-	-	**-**
6.	Bernd Loewen[1]	01.01.–31.12.	-	-	-	**-**
7.	Wolfgang Schmidt[1]	01.01.–31.12.	-	-	-	**-**
8.	Prof. Dr Joachim Nagel[1]	01.01.–31.12.	-	-	-	**-**
9.	Prof. Dr Christiane Weiland	01.01.–31.12.	8,000	2,500	12,096	**22,596**
10.	Dr Sabine Hepperle[1]	01.01.–31.12.	-	-	-	**-**
11.	Dr Amichia Biley	01.01.–31.12.	5,000	500	4,036	**9,536**
12.	Dorothea Mikloweit	01.01.–31.12.	5,000	500	4,048	**9,548**
13.	Sarah Madew	01.01.–31.12.	5,000	500	5,584	**11,084**
14.	Bertram Dreyer	01.01.–31.12.	5,000	-	3,072	**8,072**
15.	Caroline Kremer	01.01.–31.12.	5,000	500	4,048	**9,548**
Total (net)			**38,000**	**4,500**	**34,932**	**77,432**

[1] Compensation not claimed.

Management Report 2020

CORPORATE ESSENTIALS

Business model

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne – is charged with a development policy mandate to promote the expansion of the private sector in developing and emerging market countries. Accordingly, DEG has defined a strategic system of goals in three dimensions, encompassing sustainable returns, a high development impact, and the provision of financing and supportive advice to German companies.

DEG finances economically and developmentally sustainable, socially and environmentally sound investments by private sector enterprises with loans, loans with equity features and participating interests. Its services are aimed primarily at medium-sized businesses ("Mittelstand") and small and medium-sized enterprises (SMEs) in its partner countries. DEG's objective is to contribute to its customers' lasting success by providing reliable long-term finance and advice. Only consistently successful enterprises will create permanent jobs and generate sustainable developmental impacts. Consequently, DEG's involvement supports the implementation of the Sustainable Development Goals (SDG) contained in the United Nations Agenda 2030.

In order to serve its customers' specific needs, DEG additionally provides "Business Support Services" (BSS). Via promotional programmes, DEG also co-finances developmentally effective measures by private sector enterprises, e.g. feasibility studies or pilot projects. In such cases, DEG supplements the financial commitment of the enterprises involved with its own or public funds.

As a development finance institution, DEG is accustomed to providing its customers and business partners with reliable advice and support even in challenging times. This continues to apply during the global COVID-19 pandemic, which began in 2020 and has had a huge impact on economies and societies. DEG has developed specific services to support enterprises in developing countries during the pandemic and to help protect jobs and livelihoods.

Comprehensive knowledge of the economic and political conditions in its partner countries, close links to customers and a permanent presence on the ground are essential if DEG's development mandate is to be fulfilled effectively. To achieve this, DEG is currently represented in 20 locations in Africa, Asia, Latin America and Eastern Europe. DEG also shares the use of KfW Group's approximately 80 international offices.

Enterprises financed by DEG are contractually required to maintain international environmental and social standards as well as following national regulations. These include environmental, social and human rights standards such as the International Finance Corporation (IFC) performance standards in their current version, as revised following an extensive process that included input from DEG, and the core labour standards set by the International Labour Organization (ILO). If need be, DEG also assists enterprises in implementing the measures required to achieve these standards.

Since 2014 DEG has also operated a complaints mechanism, which is open to the public, in cooperation with the Dutch development bank FMO and the French development finance institution PROPARCO. Individuals and institutions that believe they have been adversely affected by projects co-financed by DEG can use this procedure. A team of independent international experts looks at the complaints received and carries out further investigations. Since 2015, DEG has published information on each new project that is approved in a database on its website, including details of the customer, the purpose of the project, the volume of financing and the environmental and social category. The publication rules were expanded further in 2020.

DEG evaluates the effectiveness of its investments by applying its own Development Effectiveness Rating (DERa). The DERa is applied to DEG's portfolio as a whole and to all new commitments. Taking the SDGs as a benchmark, each DEG customer's contributions to development are assessed across five impact categories. These are: decent jobs, local income, market and sector development, environmental stewardship and community benefits. The results of the portfolio evaluations are presented in an annual Development Report.

As a development finance institution with a development policy mandate, DEG operates on the subsidiarity principle. It provides finance where the market fails to offer financing to enterprises at an adequate level, or indeed at all. For instance, as a pioneer investor, DEG has become involved in the International Development Association (IDA) and post-conflict countries in Africa and other regions. It demonstrates that entrepreneurial success is possible even in difficult conditions, thus sending a signal to investors and businesses. By mobilising additional private-sector capital, it increases the leverage effect of its involvement.

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

As a specialist for the development of the private sector in developing and emerging market countries, DEG is one of the mainstays of KfW Group's involvement in foreign countries. Together with KfW Development Bank and KfW IPEX-Bank GmbH, it shapes KfW's range of international financing.

As one of Europe's leading development finance institutions, DEG works closely with other development finance providers. The joint aim is to enhance efficiency, achieve a greater impact and improve visibility. One priority is cooperation within the framework of the European Development Finance Institutions (EDFI) and with the International Finance Corporation (IFC).

Declaration on corporate governance pursuant to Article 289f Section 4 of the German Commercial Code (HGB)
The "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors" of 24 April 2015 obliged enterprises listed on the stock exchange, or with worker co-determination, to establish targets for female representation among their managing directors, at the two executive levels below the Management Board, and on the Supervisory Board.

In order to fulfil these statutory obligations, the targets to be achieved by 2021 for female representation in leadership positions at the two management levels, as per Article 36 of the Law on Limited Liability Companies (GmbH-Gesetz), were set at 22% for the first management level (divisional heads) and 30% for the second management level (department heads). Both targets have been met since 2017. In 2020, the percentage for management level one was 22.2% (2019: 22.2%) and the figure for level two was 35.9% (2019: 33.3%).

On this basis, targets and fulfilment deadlines for the Supervisory Board and the Management Board were set at the 223rd meeting of DEG's Supervisory Board on 19 June 2017. The target for both bodies is 33%, and 1 June 2022 was chosen as the fulfilment deadline for both. Both targets have been met since 2017. In 2020, female representation on the Management Board and the Supervisory Board was 66.6% (2019: 66.6%) and 50.0% (2019: 40.0%) respectively.

ECONOMIC REPORT

Business environment[1)]

The COVID-19 pandemic caused an unprecedented shock to the global economy in 2020. Global growth slumped by 4.4%, the first time it had been negative since the 2009 financial crisis. The necessary lockdown measures also had a severe impact on virtually every economy in the world, with consumption falling, factories closing and global trade collapsing. 345 million full-time jobs were lost worldwide in the third quarter alone, while government debt reached historic highs. The World Bank expects up to 115 million people to be plunged into extreme poverty as a result of the pandemic.

Many central banks have further loosened their monetary policy in order to improve the environment for financing and prevent economic collapse. The US Federal Reserve cut its base rate twice in quick succession in March 2020, while the European Central Bank (ECB) left its base rate at a record low. This supported prices on international financial markets, and favourable refinancing opportunities opened up in both the private and public sectors. In addition, the ECB set up its EUR 1,850 billion pandemic emergency purchase programme (PEPP) to ensure the supply of credit in the eurozone. Governments immediately took exceptional measures to deal with the pandemic. In view of the extent of the COVID-19 crisis, the need for significant new borrowing and deteriorating prospects in many low-income countries, in April 2020 the G20 countries agreed on a Debt Service Suspension Initiative (DSSI). This has allowed eligible countries to suspend repayments on public bilateral debts.

The gross domestic product (GDP) of industrialised countries fell significantly in 2020 and was down 5.8% year on year, having risen by 1.7% in 2019. The US economy declined by 4.3% following growth of 2.2% in 2019, due to the almost uncontrolled spread of the pandemic and low productivity growth. In the eurozone, two lockdowns slowed economic growth considerably, with output falling by 8.3% in 2020 (2019: 1.3%). The COVID-19 crisis also hit developing and emerging market countries hard. Growth here was also negative at -3.3% (2019: +3.7%), with variations between regions and sectors:

- Economic growth in **Asia (without Japan)** declined from 5.5% (2019) to -1.7% (2020). Asia's two largest economies showed contrary growth trends. While China's economy already appeared to have recovered from the shock of the pandemic in the second half of 2020 and recorded overall growth of 1.9% (2019: 6.1%), economic growth in India, which was severely affected by the pandemic, slid to -10.3% (2019: +4.2%) due to loss of productivity and turbulence in the financial sector during the year.
- Economic development in the region **Europe outside the EU** declined from 2.1% in 2019 to -4.6% in 2020. Turkey had to deal with the consequences of a slump in demand, among other factors. Growth there dropped from 0.9% in 2019 to -5.0% in 2020. Russia's economy also contracted by 4.1% in 2020 (2019: +1.3%), reaching an 11-year low.
- Economic output in the **sub-Saharan Africa** region fell by 3% in 2020, following a rise of 3.2% in 2019. There were significant differences between regions. While economic output in large economies such as Nigeria and South Africa declined by 4.3% and 8% respectively (2019: +2.2% and +0.2%), some smaller economies in East and West Africa recorded growth, including Ghana at 0.9% (2019: 6.5%), Kenya at 1.0% (2019: 5.4%) and Ivory Coast at 1.8% (2019: 6.5%).
- After GDP growth in **Latin America** stagnated in 2019, economic output fell by 8.1% in 2020. In Argentina, the COVID-19 pandemic dealt a heavy blow to an economy that was already fragile, causing it to contract by 11.8% in 2020 (2019: -2.1%). Mexico's economy declined by 9% as a result of interruptions to global and local supply chains and the waning economic power of its most important trading partner, the USA (2019: -0.3%) respectively.

[1)] Sources:

- IMF World Economic Outlook (October 2020).
- ILO Global Wage Report 2020-2021.
- World Bank Reversals of Fortune Poverty and Shared Prosperity 2020.

- Against the backdrop of falling oil prices, economic momentum in the **Middle East and North Africa** region slowed considerably in 2020 to -5.0% compared with growth of 0.8% in the previous year. Egypt nevertheless managed to maintain its positive growth trend at 3.5%, thanks to an economic stimulus programme.

In keeping with its mandate as a development finance institution, DEG continued in 2020 to operate in a complementary capacity wherever long-term financing for private sector enterprises is unavailable in the market or in short supply.

Business development

The global spread and impact of the COVID-19 pandemic meant that DEG was particularly in demand as an experienced partner to its customers in 2020. DEG was quick to develop specific services to support enterprises in developing countries during the pandemic. At the same time, it took various measures to ensure that it could adequately continue its own activities, especially taking risk considerations into account. First and foremost, this included setting up a cross-divisional coronavirus task force. Overall, the focus was on providing close support for existing customers.

In 2020, new commitments for DEG's financing and advisory services reached the planned level of EUR 1,410.6 million (own funds), adjusted in the course of the year due to the pandemic (2019: EUR 1,847.0 million). The committed volumes range from the single-digit millions to high-volume commitments of up to EUR 30 million, or even more in individual cases. The volume of commitments (total of commitments disbursed and new commitments on own account approved but not yet disbursed) came to EUR 8.5 billion at the end of 2020 (2019: EUR 8.8 billion). The year-on-year decline is mainly due to the development of the US dollar and, to a lesser extent, to early repayments.

DEG committed financing for 84 investments in the year under review (2019: 103). DEG's particular dedication to its customers during the COVID-19 pandemic is reflected in the large share of the "Corporates" customer cluster in new business. New commitments in this area rose significantly by around one third to EUR 588.6 million. The company gained larger, more resilient customers from sectors such as agriculture, trade, healthcare and telecommunications. The "Financial institutions" customer cluster accounted for about one third of total new commitments, at EUR 469.6 million. Financial institutions play an important part in providing businesses with the necessary liquidity, especially during the pandemic.

Commitments for the customer clusters "Funds" and "Project financing" were down year on year at EUR 189.6 million and EUR 162.8 million respectively. The general, pandemic-induced reluctance to take major investment decisions had a particular impact here.

DEG's new commitments in 2020 enabled entrepreneurial investments with a total volume of EUR 7.7 billion (2019: EUR 11.1 billion).

Financing German companies that operate in developing and emerging market countries is an important part of DEG's activities. As well as loans and participating interests for German direct investments, this also includes providing financing for local enterprises, either directly or via local banks, e.g. for the purchase of German plants or components. Demand from German companies, especially those in the manufacturing sector, remained high in 2020 despite the pandemic. In total, DEG made EUR 368.6 million in equity finance available for this purpose (2019: EUR 428.5 million), slightly exceeding its original target.

DEG was able to reach around 80 German corporates with its promotional programmes (2019: 75). A total of EUR 63.2 million was committed for promotional programmes (2019: EUR 27.8 million). The various COVID response measures accounted

New commitments by customer cluster EUR million

Year	Corporates	Financial institutions	Funds	Project financing	Total
2020	588.6	469.6	189.6	162.8	**1,410.6**
2019	440.0	655.1	404.3	347.6	**1,847.0**

New commitments by region[2] EUR million

Year	Asia	Latin America	Africa / MENA[3]	Europe / Caucasus	Supraregional investments	Total
2020	439.6	333.8	385.5	171.2	80.6	**1,410.6**[4]
2019	609.7	548.9	343.4	309.5	35.5	**1,847.0**

[2] The allocation of countries to individual regions was revised in 2020. This may result in deviations from the 2019 DEG Management Report.
[3] Middle East & North Africa
[4] Differences in the total due to rounding

for a large share of this. Co-financing of EUR 30.8 million was committed for 114 investments. DEG also made a total of around EUR 40 million available through the AfricaConnect programme, aimed at European companies that invest in Africa, of which over EUR 21 million was for coronavirus support measures.

EUR 741.0 million of newly committed financing in 2020 was destined for small and medium-sized enterprises (SMEs) and medium-sized businesses ("Mittelstand"), which represented well over 50% of new commitments (2019: EUR 1,106.9 million or around 60%). A total of EUR 467.9 million (2019: EUR 709.8 million) was committed for risk capital financing (equity participations and loans with equity features) in 2020.

EUR 507.7 million of new commitments in 2020 were for investments that promote the protection of the climate and the environment (2019: EUR 690.6 million). Investments in climate protection accounted for EUR 280.5 million of that sum (2019: EUR 384.3 million).

By continent, commitments for investments in Asia accounted for the lion's share of new business at EUR 439.6 million, followed by the Africa / North Africa / Middle East region at EUR 385.5 million. EUR 333.8 million was committed in Latin America, while new commitments in Europe came to EUR 171.2 million. Commitments for entrepreneurial investments in Africa thus grew by around 12% year on year in the 2020 financial year. This was mainly used to finance sustainable electricity production and financial institutions. Around a quarter of the funds committed for Africa were earmarked for entrepreneurial investments in countries involved in the "Compact with Africa" initiative. Financing commitments in 2020 were spread across a total of 33 countries (2019: 44 countries).

Lendings accounted for EUR 942.8 million of DEG's new commitments (2019: EUR 1,265.2 million), of which EUR 192.4 million was arranged as loans with equity features (2019: EUR 127.9 million). Equity participations accounted for EUR 275.4 million (2019: EUR 581.8 million).

The largest proportion of DEG financing was once again committed in US dollars in 2020. In total, lendings and equity participations in USD were equivalent to EUR 1,071.0 million (2019: EUR 1,285.0 million). Newly committed financing in local currencies totalled EUR 62.7 million (2019: EUR 200.1 million).

DEG also acted as "lead" for 13 commitments in 2020 by mobilising EUR 378 million from development banks and institutional investors from the private sector, exceeding the previous year's figure (2019: EUR 277 million). The target of EUR 300 million was thus clearly achieved. A further EUR 70 million was mobilised for the umbrella fund Africa Grow.

Disbursements (own business) came to EUR 1,444.2 million in 2020, down slightly on the previous year's figure of EUR 1,569.9 million. In some cases, funds were still being disbursed that had been committed at an earlier stage.

Commitment volume at the end of 2020 was distributed across 693 commitments in 78 partner countries (2019: 709 and 84).

Analysis of the portfolio to establish the development impact of the commitments co-financed by DEG resulted in an average DERa score of 80.

STATUS REPORT

Profitability

The COVID-19 pandemic affected the company's profitability in 2020. Good operating results were offset by transfers to risk provisions that were necessary as a result of the pandemic and valuation effects from the depreciation of the US dollar, so that DEG closed the 2020 financial year with a loss before tax of EUR -178.7 million.

Both of DEG's income sources – interest on long-term lendings and income from participating interests – developed satisfactorily in 2020. Growth of around 3% in interest-bearing financial assets in 2019 and 2020 increased the interest surplus to EUR 198.0 million (2019: EUR 194.2 million). Despite the challenging environment created by the pandemic, the company achieved income of EUR 82.4 million from the disposal of participating interests (2019: EUR 35.3 million), the rise being partly due to catch-up effects from disposals that were initiated in the previous year and for which negotiations were already well advanced. The number and amount of dividends remained stable year on year.

In the year under review, the net cost of provision for risk came to EUR 359.1 million (2019: EUR 193.5 million). EUR 244.6 million of this sum was allotted to the participating interests portfolio (2019: EUR 59.2 million) and EUR 111.0 million to the loans portfolio (2019: EUR 134.7 million). Net provisions of EUR 3.5 million were added for irrevocable credit commitments.

The downward trend in global economic growth due to COVID-19, the resulting lower earnings expectations and delays in business developments led to value adjustments on participating interests. In addition, negative developments in exchange rates affected the amount of net transfers to risk provisions. Almost one third of risk provisions were due to foreign currency movements.

With regard to loans, transfers to specific loan loss provisions were lower than in the previous year, which had been influenced by the recognition of a substantial risk provision for an individual commitment in India. The rate of transfers to non-performing commitments in 2020 was only marginally above the long-term average. The effects of the coronavirus pandemic were particularly apparent in the higher number of rating downgrades and approved deferrals compared with the previous year, which were reflected in an increase in transfers to the general loan loss provision.

The increase in valuation effects from currency related to the depreciation of the US dollar and the impact of this depreciation on the loans portfolio.

Financial position

In the past financial year, investments were made in partner countries and in bonds and notes under current fixed assets in the amount of EUR 1,442.9 million. These disbursements were funded through cash inflows from loan repayments (EUR 847.3 million) and disposals of participating interests (EUR 216.4 million) and by raising new debt capital. The debt capital was raised solely from KfW in the form of borrowers' notes and overnight loans. In 2020, a total of EUR 1,903.9 million in funds was raised and EUR 1,770.0 million was repaid.

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

DEG was solvent at all times in 2020.

Net worth position

The increase in the level of risk provisions due to COVID-19 and currency movements led to a drop of EUR 244.8 million in financial fixed assets.

Trust business with a focus on Africa increased further: the Federal Ministry for Economic Cooperation and Development (BMZ) invested EUR 130 million in the "Global Impact Investment Facility" (formerly "Co-Financing Facility for Employment Africa / Middle East") and "AfricaConnect" measures promoted as part of "Financial Cooperation with Regions". Assets held under trust accordingly rose in 2020 to EUR 190.4 million (2019: EUR 64.8 million).

HGB P&L – economic presentation

EUR million	**31.12.2020**	**31.12.2019**
Income from long-term lendings	237.3	279.9
Other interest and similar income	1.0	2.6
Interest payable and similar charges	-40.3	-88.3
Interest surplus	**198.0**	**194.2**
Income from disposals [1]	82.4	35.3
Income from dividends [2]	39.8	40.1
Result from participating interests	**122.2**	**75.4**
Remaining other operating income [3]	**23.7**	**26.7**
Staff costs	-84.3	-82.8
Non-staff costs [4]	-59.4	-61.0
Administrative costs	**-143.7**	**-143.8**
Operating results (before risk provision and valuation effects from currency)	**200.2**	**152.5**
Net risk provision (write-back [+]/write-up [-])	-359.1	-193.5
Valuation effects from currency [5]	-19.8	-10.8
Loss for financial year before tax	**-178.7**	**-51.8**
Taxes [6]	-2.5	-2.8
Net loss	**-181.2**	**-54.6**

[1] Itemised in P&L as "Other operating income".
[2] Itemised in P&L as "Income from participating interests".
[3] Itemised in P&L as "Sales revenue" and "Other operating income" without income from the disposal of participating interests and without valuation effects from currency.
[4] Itemised in P&L as "Costs of services purchased", "Depreciation and adjustments for impairment of intangible and tangible assets" and "Other operating charges" without valuation effects from currency.
[5] Itemised in P&L as "Other operating income or charges".
[6] Itemised in P&O as "Tax on income and profit" and "Other taxes".

Equity fell to EUR 2,291.0 million due to the loss for the financial year of EUR 181.2 million.

Business volume (balance sheet total without trust business) fell by EUR 276.5 million year on year to EUR 6,147.2 million.

The equity ratio (ratio of equity to business volume) declined from 38.5% to 37.3%. Due to the balance sheet loss posted for the current financial year, the performance indicator of return on equity (before tax and costs for hedging participating interests) came to -1.8%, calculated as a three-year average. The figure of 3.8% that had been forecast for 2020 was therefore not achieved.

OPPORTUNITY AND RISK REPORT

Opportunity management

In the context of the Global Sustainability Agenda 2030 agreed by the United Nations, support for, and involvement of, the private sector as an important driver of development has become increasingly significant in national and international development cooperation. Private sector enterprises protect and create jobs, generate local income and ensure innovation and investment in sectors that are important to the development of countries. They also play a key role in dealing with the COVID-19 pandemic in developing and emerging market countries.

In the context of its annual strategy review, DEG regularly analyses market developments and possible business opportunities. Long-term opportunities that are identified are developed and included in the strategy review process, which results in the business strategy. The business strategy is operationalised in financial planning and reviewed in the context of capital planning for the next four years, to establish whether it allows risk-bearing capacity to be maintained. In this way, the company can ensure the long-term fulfilment of the development mandate from the capital side, based on the target figures.

The opportunities identified by DEG include the fact that, in addition to financing for their investments, private sector enterprises are increasingly also requesting solutions to environmental, governance and social aspects of their operations. DEG is therefore further expanding the advisory services that it offers as part of its Business Support Services – BSS. The range of financing in local currencies is also being extended. Furthermore, DEG is increasingly acting as an investor in bond issues by established companies in developing countries. Such “value added” services are in demand with customers and help to ensure customer loyalty.

The COVID-19 pandemic has also meant that specific questions relating to issues such as health measures, advice on business stability and maintenance of E&S systems have become particularly relevant for DEG customers. The services that DEG developed in 2020 in response to COVID-19, which were requested by customers, are to be further extended.

Digitalisation and climate change are two dynamic megatrends that DEG will continue to focus on, along with ESG (environmental, social and governance) aspects. Companies and financial institutions in developing and emerging market countries will adapt their business models accordingly. This will open up additional opportunities for DEG to make even greater use of its expertise in areas such as climate and sustainability.

With its enhanced and diversified range of financing and advisory services, DEG is able to offer needs-based solutions to meet its customers’ different requirements. For corporates in Africa and other IDA and (post-) conflict countries in particular, it is an important provider of long-term loans and increasingly of risk capital. Linked to this is its role in sending out a signal and mobilising others. Follow-up business with existing DEG customers also offers potential for extra business.

The company also sees additional potential in supporting German business abroad. It offers the advisory service “German Desks – Financial Support and Solutions” in six locations worldwide, for example. The financing service AfricaConnect for German and European – medium-sized – businesses, in connection with the German Federal Government’s Development Investment Fund (EIF), promotes investment in Africa through the assumption of risk and by offering attractive conditions. This programme, which aims to allocate liquidity financing to companies that operate in Africa and have a connection to Europe and which is financed with funds from the BMZ, was expanded in response to COVID-19. In addition, DEG is able to offer more financing in local currency for entrepreneurial investments in Africa with BMZ funds through the GIIF (Global Impact Investment Facility).

With the foundation of its subsidiary DEG Impact GmbH for investment advice, DEG took a further step in 2020 towards mobilising private sector (impact) investors for its partner countries.

DEG also decided as part of its strategy review in 2020 to reassess its business model with a view to further focusing and modernisation. In particular, it will look at the opportunities offered by focusing even more strongly on providing impact and climate financing and advice to private sector enterprises.

Risk management

The COVID-19 pandemic also had a substantial impact on DEG’s activities in 2020. The company responded to this challenge at an early stage as part of risk management. The DEG crisis team that was convened as a result of the pandemic has met regularly since February 2020 with the involvement of the relevant specialist divisions. The impact of the pandemic on DEG’s activities is continuously analysed and any action required is identified. Since the beginning, the main aim has been to protect the health of employees and to ensure that DEG's business operations can continue. Staff have been kept informed of measures taken and of the work of the crisis team at all times via the DEG Intranet.

As part of credit risk management, along with the implementation of numerous commitment-specific measures to mitigate risks, a coronavirus task force was set up at the beginning of March 2020. This brings together activities in connection with risk analysis and the implementation of measures to manage portfolio quality. It includes front office divisions, the Legal and Compliance divisions, Corporate Management and Internal Audit. In particular, the duties of the task force encompassed the coordination of risk analyses and measures in the portfolio, optimisation of work processes and of capacity utilisation, and reporting to the management of DEG, the shareholder and the Supervisory Board. The task force drew up detailed reports, which supplemented regular risk reporting with topics such as impact analyses for the DEG portfolio, risk concentrations by countries and groups of connected clients, portfolio migration, development of average creditworthiness in new business and the portfolio, and development of the watch list and non-performing ratio.

The task force reported to the Management Board as a standard part of the Management Board's weekly meetings from March to September 2020. Thereafter the subject was addressed – as it had been in parallel before – at meetings of DEG's senior management, which take place every two weeks. Monthly reports also included updates from the crisis team and information about the impact on strategic direction, profitability and risk-bearing capacity. The monthly reports were also regularly presented to the shareholder during the monthly RBS (risk, balance sheet and strategy) meeting, as well as to the Supervisory Board and the Risk and Credit Committee.

In addition, the impact on normative risk-bearing capacity and the development of the portfolio, including the share of the watch list and non-performing commitments, were analysed as part of weekly reporting to the shareholder.

The company took into account possible losses in value as a result of the COVID-19 pandemic at the very start of the crisis through significant discounts across the board on the valuation of the participating interests portfolio and an increase in transfers to risk provisions in the loans portfolio. The effects were modelled at an early stage in the baseline scenarios for risk-bearing capacity. The parametrisation for the stress scenarios for risk-bearing capacity was adjusted for the effects that had already been taken into account.

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

Overall responsibility for risk management rests with the Management Board. Every year, it sets out a risk strategy that is consistent with the business strategy and any risks resulting from it. The risk strategy is presented to the Supervisory Board. On the Supervisory Board's recommendation, the risk strategy is subsequently agreed by the shareholder's meeting before being jointly adopted by the Management Board.

The Supervisory Board continuously advises and monitors DEG's Management Board in its running of the business and is supported in this process by its committees. These are the Risk and Credit Committee (risk issues and decisions on measures and transactions of major significance); the Executive and Nomination Committee (HR matters at Management Board and executive level, organisational matters and questions of principle); the Remuneration Committee (remuneration matters) and the Audit Committee (monitoring of the financial reporting process, the effectiveness of the risk management system, the performance of audits and elimination of any deficiencies identified by the auditor).

The Risk and Credit Committee and the Supervisory Board receive quarterly reports on DEG's risk situation, while the shareholder is updated monthly.

In keeping with MaRisk provisions, the design of DEG's organisational structure ensures that the Market and Trading front office divisions, up to and including Management Board level, are separate from the back office divisions or functions. Within the scope of their business operations, the Market and Trading divisions not only bear responsibility for risk and earnings, but also for DEG's customers and products.

The back office divisions are responsible for such matters as risk controlling (risk strategy, methodology, evaluation and reporting); credit management (allocation of responsibilities in the credit business, second vote, non-performing loans [restructuring and disposal], ownership of intensive attention methods and processes); and transaction management (processing of commercial transactions, payment transactions and custody).

The compliance function is part of risk management as per MaRisk. It monitors compliance with statutory and regulatory requirements and in-house guidelines and provides advice to those responsible and to other relevant members of staff. It establishes guidelines and processes to ensure compliance and manage compliance risks that may jeopardise DEG's assets. Within the context of the process-integrated monitoring of DEG's Internal Control System (ICS), compliance with key requirements governing proper business organisation and the identification of process-inherent risks are ensured, as is the application of the installed controls (ICS testing) designed to mitigate risks.

The risk strategy includes the risk policy approach, targets for risk management as they relate to the main business activities, and measures to achieve those targets. The risk strategy is carried out by means of previously implemented management processes and instruments. Monitoring takes place at least once a month in the context of risk reporting. DEG's risk strategy goals are to maintain its economic risk-bearing capacity at the defined solvency level and to meet the supervisory authority's requirements for equity capital, based on the equity capital requirements as per KWG, with which DEG complies voluntarily, and the standard CRR approaches, with a secondary condition of adequate liquidity.

DEG determines and monitors its economic risk-bearing capacity each month and its regulatory risk-bearing capacity (Pillar I ratio) additionally every quarter. Minimum equity capital requirements are defined for both views.

The minimum requirement for DEG's Pillar I ratio in 2020 was 10.5% (31 December 2019: 10.5%). This is made up of a total capital ratio of 8% and a capital conservation buffer of 2.5%. The anti-cyclical capital buffer that DEG must factor in was 0.0% as of 31 December 2020. In its planning assumptions and when setting its risk strategy goals, DEG applies a conservative buffer of 0.5% for potential fluctuations in anti-cyclical capital buffer requirements. At the effective date of 31 December 2020, DEG reported a Pillar I ratio of 20.1% (31 December 2019: 18.4%).

To calculate economic risk-bearing capacity, the economic capital requirement is established for all significant types of risk and compared with the economic risk coverage. Risk-bearing capacity is determined each month in a view that is closely related to present values. The economic capital requirement is aggregated across various risk types by addition, without taking account of diversification effects. At the effective date of 31 December 2020, DEG reported an economic coverage ratio of 172.1% (31 December 2019: 208.6%).

DEG carries out KfW's standardised quarterly stress tests and, if warranted by events, also deploys DEG-specific stress test scenarios. The aim is to assess and analyse the effects of a potentially adverse economic climate on its economic and regulatory risk-bearing capacity, while taking risk concentrations into account. The stress scenario assumes a serious recession. If the occasion requires it, additional stress tests specific to DEG are carried out in which DEG's risk-bearing capacity is also reviewed in the context of stress scenarios for individual institutions. To supplement the classic stress tests, DEG additionally carries out reverse stress tests once a year designed to uncover unrecognised and existential risks that might put DEG's survival in jeopardy. The risk-bearing capacity of the business strategy is also reviewed annually as part of capital planning in a multi-year view.

The risk-bearing capacity concept was revised compared with 2019 in order to implement the requirements of the BaFin guideline and ensure better management of Pillar I. The switch to a view that is closely related to present values, the use of a standardised group-wide confidence level of 99.9% and the application of IFRS accounting standards have led to changes in the basis of assessment for the various risks, ECAP and RWA requirements and the regulatory and economic risk coverage.

The COVID-19 pandemic had a significant impact on risk-bearing capacity in 2020. The economic coverage ratio dropped from 208.6% to 170.6% in the first quarter, mainly due to revaluations in the participating interests portfolio and an increase in transfers to risk provisions. The Pillar I ratio fell by 2.9 percentage points as a result of the COVID-19 pandemic and adjusted for the effects of changes in methods. DEG's risk-bearing capacity was protected at all times.

Types of risk

DEG reviews all (sub-)types of risk with regard to their relevance and significance at least annually in the context of its risk inventory. It differentiates between capital risks, liquidity risks and business strategy risks. Credit risk in the wider sense (counterparty default risk including participation risk and migration risk), market price risk (interest rate and foreign currency risk) and operational risk have been identified

Risk-bearing capacity

EUR million	31.12.2020	31.12.2019
Economic capital requirement	**1,342.0**	**1,180.9**
Credit risks	919.2	910.0
Market price risks	346.3	207.3
of which interest rate risks	53.0	8.8
of which foreign currency risks	293.3	198.4
Operational risks	38.5	63.7
Buffers	**38.0**	-
Economic risk coverage	**2,310.1**	**2,463.6**
Unrestricted equity	**968.2**	**1,282.7**

as significant capital risks for DEG. Of these, credit risks (especially counterparty default risk) are predominant in DEG's risk profile. DEG runs its participating interests business as a substitute credit business and thus applies the credit processes of the loans business in the same way. In extrapolation from DEG's business model, financing is largely provided in foreign currencies, so foreign currency risk is also highly significant in the risk profile. DEG has identified insolvency risk as a significant liquidity risk and concentration risk and regulatory risk as significant risks to its business strategy.

Credit risk

Credit risk (in the wider sense) describes the danger of losses (in value) if business partners or debtors do not meet their payment obligations or do not meet them on time or in full (default), or if their creditworthiness deteriorates (migration). Credit risk (in the wider sense) is therefore a combination of counterparty default risk and migration risk, both of which are significant for DEG.

The allocation of commitment volume is diversified by region and sector. Overall, the regional distribution displays no unusual characteristics (four regions with shares ranging from 16.7% to 32.1%).

Among the customer clusters, there were concentrations mainly in financing for the financial sector (share of banks and insurance companies as of 31 December 2020: 28.4%; share of funds: 25.6%) and corporates in the energy sector (share as of 31 December 2020: 14.5%). To curb such concentrations, DEG has defined country-level limits for these industries.

DEG has also defined limits at institutional level for individual counterparties, groups of connected clients and countries. These limits are set according to DEG's earnings and equity capital situation, its development policy goals and the overall parameters of its risk policy. They determine the scope for the implementation of its business strategy. DEG is also integrated into KfW's corporate system of limits. Existing limits must be observed, whether set by DEG or by the group. Risks in specific countries and sectors are also limited based on risk guidelines, which may apply group-wide or be decided individually for DEG. These use a traffic light system to monitor and manage transactions in the markets affected.

Breaches of the limits are analysed according to the rules laid down in the Risk Manual, reported to the Management Board and listed in the risk report. When limits are breached, possible actions are devised and measures implemented. For most of its business, DEG applies KfW's standardised corporate rating methods for banks, corporates and equity funds. These methods are regularly validated. In addition, the country and transfer ratings valid across KfW Group as a whole are used to evaluate and limit risks. DEG also applies its own rating methods, which are validated according to its own model validation policy.

A ratings review is carried out for all commitments at least once a quarter to establish whether early warning indicators are present. From a rating of M 16 onwards, intensive attention kicks in. This includes closer supervision of the commitment, as well as measures designed to safeguard the assets. In the loans portfolio, interest and redemption payments are continuously monitored in order to extrapolate possible early warning indicators. Where serious disruptions have occurred, the commitment moves on to the relevant specialist department to be managed as a non-performing asset. Such disruptions include, for example, persistent payment arrears (more than 90 days), a well-founded suspicion of criminal conduct on the part of borrowers, or other circumstances leading to the expectation that fulfilment of the contract by the partners is at risk. As required by the regulator, management of a non-performing asset is carried out by specialist staff and is designed to stabilise or wind up the commitment, although not necessarily the enterprise. The department responsible reports at least once every quarter to the relevant member of the Management Board on the development of non-performing commitments and any insights gained.

The non-performing commitments (volume of commitment with a rating of M 19 or M 20) increased slightly in 2020 in both absolute and percentage terms. The main reason for this was the negative impact of the COVID-19 pandemic on customers' credit ratings. As of 31 December 2020, the non-performing commitments amounted to EUR 695.1 million (8.2% of the portfolio), which represented an increase of EUR 12.8 million compared with 31 December 2019 (EUR 682.2 million; 7.8% of the portfolio).

To measure the risk provision required in individual cases, and using the evaluation tools available, a determination is carried out at regular intervals and on an event-driven basis, e.g. as soon as any depreciation has been identified. This is designed to establish the need for specific loan loss provisions in respect of amounts owed on loans and participating interests or, respectively, the need to make provisions for probable losses from guarantees. Provision is also made in the form of a portfolio value adjustment based on the expected loss. Additional remarks describing the method of making risk provision can be found in the Notes under Accounting / valuation criteria.

The economic risk measurement required for credit risks is calculated using a credit portfolio model based on the Internal Ratings Based Approach (IRBA) formula, as per the CRR (Gordy formula). This model assumes rating-dependent correlations, and a granularity adjustment is carried out to account for diversification effects. In addition, the risk of rating migrations is modelled using a migration matrix based on rating changes that have historically been observed. As well as correlations and the granularity adjustment, the level of economic capital required depends on the expected credit volume at the default date, on individual borrower ratings and on loss ratios for specific product and customer segments.

The economic capital requirement for credit risks at DEG amounts to EUR 919.2 million in total as of 31 December 2020 (31 December 2019: EUR 910.0 million).

Market price risk

Market price risk describes the danger of losses (in value) due to an adverse change in market prices. The main subtypes of market price risk are interest rate risk and foreign currency risk. DEG is not a trading book institution within the meaning of the CRR, i.e. it does not enter into transactions with the aim of generating revenue in the short term. Market price risks are therefore confined to the asset book.

The economic capital requirement for market price risks (interest rate and foreign currency risks) is measured and managed using a value-at-risk process of KfW Group based on a historic simulation. Value-at-risk is calculated uniformly for all types of market price risk based on a holding period of one year.

The economic capital requirement for market price risks at DEG totals EUR 346.3 million as of 31 December 2020 (31 December 2019: EUR 207.3 million).

Daily risk reporting ensures that limits for market price, liquidity and counterparty risks are continuously monitored. This is supplemented by the detailed monthly risk report and by an installed process for ad-hoc reporting when limits have been breached.

a) Interest rate risk

Interest rate risk is defined as the risk of losses (in value) due to an unfavourable change in the interest rate structure (parallel or non-parallel interest rate risk) or a difference between interest rate structures resulting from the choice of different reference rates, including different tenors or currencies (basis spread risk). In relation to DEG's financing business, interest rate risk refers in particular to the potential loss that may occur because a commitment made to customers on specific terms is not refinanced, or is only refinanced at a later date after a rise in interest rates, or on terms mismatched in some other way (period, type of interest). To stabilise and optimise its income from interest, and also to stabilise its return on equity, DEG enters into limited maturity transformation positions, so that interest rate risks correspond to the open interest rate position.

This strategic interest rate risk position (including pension provision) is limited and managed via the available economic capital budget and by means of a prescribed range, based on the interest rate sensitivity.

To examine the effects on the current portfolio of extraordinary market fluctuations affecting interest rates, present values are subjected to regular stress tests. In addition, a scenario calculation is carried out that factors in a daily interest rate shift of + / -200 basis points (supervisory standard shock) across all currencies simultaneously. The simulations are applied to all the positions in DEG's asset book for which interest rate risks are relevant, including the pension provision.

b) Foreign currency risk

Foreign currency risk describes the danger of losses (in value) due to an adverse change in exchange rates. In order to fulfil its development mandate, DEG indirectly incurs foreign currency risks in its loans and participating interests business.

The nominal amounts of foreign currency risks arising from the loans business are hedged, where feasible and appropriate, through refinancing or hedging transactions. USD margins are hedged only when they exceed defined ranges.

Cash flows from the disposal of participating interests or from dividend payments are generally hedged, provided that they can be determined to have sufficient probability of occurrence. In accordance with the current hedging strategy, foreign currency risks in USD are only partly hedged, as a further increase in the hedging ratio would not lead to a reduction in RWA. The level of any remaining foreign currency risks is limited by specifying an economic capital budget.

To examine the effects on the current portfolio of extraordinary market fluctuations affecting exchange rates, present values are subjected to regular stress tests. In addition, a scenario calculation is carried out that factors in a daily change in exchange rates of + / -10% across all currencies simultaneously. The simulations cover all positions in foreign currency.

Additional information on how the valuation units are accounted for on the balance sheet can be found in the Notes under Accounting / valuation criteria.

Liquidity risk

Liquidity risk is defined as the danger of a lack of institutional or market liquidity or a rise in the cost of refinancing. For DEG, insolvency risk is significant. It describes the risk that payment obligations may not be met or may not be met on time or in full. This insolvency risk is limited to a large extent by the existing refinancing commitment by KfW, which assures DEG of access to liquidity via KfW at all times.

As valuation is carried out from a gross perspective (i.e. without taking into account the refinancing agreement with KfW), insolvency risk is rated as significant for DEG. The above refinancing agreement is used as a key tool for minimising risks. To absorb any unexpected short-term fluctuations in the incoming flow of funds, the company maintains a liquidity buffer that is determined based on a plan and stress scenario. Compliance with the buffer is monitored on a daily basis. The limit of the buffer is set each year and is reviewed monthly to ensure it is still appropriate. A liquidity risk indicator is also calculated and monitored each month in the same way as for KfW.

Operational risk

Leaving aside typical banking sector risks (credit, market price and liquidity risk), the identification, management and monitoring of non-financial risks that arise in particular from carrying out banking operations is becoming increasingly important. The occurrence of a non-financial risk generally leads to an operational risk (OpRisk) event.

Operational risk is defined as the danger of losses (in value) that may occur due to the unsuitability or failure of internal processes, personnel or systems, or because of external events. At DEG, the risk subtypes of compliance risk, information security risk, legal risk and payment transaction risk are classified as significant subtypes of operational risk in the risk inventory. These risk types are taken into account at all times in DEG's risk analysis, evaluation and management.

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

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

Should unforeseeable external events occur, Business Continuity Management (BCM) describes a holistic management process that covers all aspects required to maintain critical business processes and reduce losses. BCM includes both preventative and reactive components (contingency planning and emergency and crisis management, respectively). The emergency processes, as defined, are regularly subjected to a stress test and further refined as part of regular crisis management team exercises.

Concentration risk

Concentration risk is understood to be the danger of losses (in value), or an impairment of DEG's liquidity situation, caused by very large individual risk positions or by increased correlations in DEG's risk positions. A distinction is made between intra-risk and inter-risk concentrations. Significant intra-risk concentrations for DEG exist mainly as credit risks and are managed by means of the limits outlined above, especially for country, industry and counterparty. Due to DEG's business model, inter-risk concentrations occur mainly in relation to financing in foreign currency. To limit foreign currency risks for borrowers, DEG takes the measures specified in the lending processes according to MaRisk (e.g. in the context of performing credit checks).

Regulatory risk

Regulatory risk describes the danger of pressures on DEG's earnings, net worth and liquidity situation and of changes to its business model and business strategy due to new planned regulations that have not yet come into effect.

As part of its integration into KfW Group, and in close consultation with KfW, DEG has implemented active tracking of changes in its regulatory environment. This ensures the early identification of new regulatory requirements and the timely extrapolation of any action that may need to be taken.

OUTLOOK[1)]

In the context of the rapid development of COVID-19 vaccines in 2020, the forecast for the global economy has been revised upwards slightly. However, the forecast for 2021 remains highly uncertain. Availability of and access to vaccines will vary between regions, while the infrastructure and logistics required present considerable challenges for many developing and emerging market countries. In addition, it is not yet possible to foresee the economic impact that the necessary restrictions will have in many countries.

Nevertheless, a recovery in global economic growth to 5.2% is expected for 2021, equating to a slight increase in global GDP of 0.6% on the pre-pandemic level of 2019.

Despite uncertainties in trade policy and the severe ongoing impact of the COVID-19 pandemic, the USA is expected to record growth of 3.1%. As the eurozone economy contracted more sharply in 2020 (-8.3%) than industrialised countries as a whole (-5.8%), it begins 2021 at a low level. Comparatively strong growth of 5.2% has been forecast. Economic growth in developing and emerging market countries is expected to reach 6.0%.

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

- Compared with other regions, **Asia (without Japan)** is expected to achieve the strongest growth of 8%, partly because the region is making significant progress in combating the pandemic. Thanks to rising domestic demand and an increase in industrial production and services, China will continue its growth trajectory (2021: 8.2%). Economic recovery of 8.8% has been forecast for India.
- Growth of 3.9% is expected in the region **Europe outside the EU** in 2021. With the global economic recovery and the associated rise in demand, Turkey could achieve the strongest growth in the region of 5.0%. Russia, on the other hand, is expected to record lower growth of 2.8%.
- Economic growth in **Latin America** is expected to reach 3.6% in 2021, even if the COVID-19 pandemic continues. The outcome of the US election in November 2020 has calmed economic sentiment in Mexico, where growth of

[1)] **Source:**
- IMF World Economic Outlook (October 2020).

3.5% is forecast. In view of the previous year's very low levels, economic growth of 4.9% has been predicted for Argentina and 2.8% for Brazil.

- Economies in the **Middle East and North Africa** look set to grow by 3.2%, driven by rising oil prices. Economic growth of 4.0% is expected for Tunisia and 2.8% for Egypt.
- Growth of 3.1% has been forecast for **sub-Saharan Africa** in 2021. While the South African economy is expected to recover from a contraction of -8.0% in the previous year and to grow by 3.0% in 2021, high inflation will limit Nigeria's economic growth in 2021 to 1.7%. Economies such as Ghana (4.2%), Kenya (4.7%) and Côte d'Ivoire (6.2%) are likely to record higher GDP growth rates than the average for developing and emerging market countries in the region.

The COVID-19 pandemic is likely to contribute to a deglobalisation trend. This could open up new economic opportunities for developing and emerging market countries, for example in the manufacturing sector. Trade relations between the USA and China are expected to remain strained. Government debt is high all around the world. The drop in tax revenue due to the crisis makes it difficult for many countries, especially developing countries, to service their debts. One positive aspect is that interest rates are expected to remain low for a prolonged period. The anticipated economic recovery from 2021 onwards may also help countries to service their debts.

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

Corporate outlook

The COVID-19 pandemic and the associated economic effects, together with uncertainty in many developing countries, are expected to continue to have a significant impact on DEG's business in 2021. DEG's strategic goals have been adjusted accordingly. With regard to its earnings target, DEG currently expects to return to profit from the 2021 financial year onwards, provided that economic development in partner countries proceeds as forecast. The company expects a return on equity of zero or slightly less. DEG's main sources of revenue in 2021 will once again be income from participating interests, especially from disposals, and the interest surplus from the loans business.

The effects of the COVID-19 pandemic will be reflected in the DERa score for DEG's portfolio for the first time in the following year, when the score is expected to be around 10% lower than in previous years. This is based on the assumption that the number of jobs at companies in DEG's portfolio will fall as a result of the COVID-19 pandemic, as will local incomes and contributions to local communities.

New financing with a total volume of EUR 340 million is expected to be provided in cooperation with German business in 2021.

DEG's strategic planning is based on a target portfolio from which guidelines for each year's new business are derived. An increase of approximately 6% in the volume of commitments is planned for 2021. With respect to new business, DEG is aiming for a commitment volume of EUR 1.85 billion, assuming that economies begin to recover. Additional funds of EUR 300 million are to be mobilised from other finance providers and institutional investors.

DEG expects demand from businesses for its services to increase again in the 2021 financial year. Applications for financing received by the end of 2020 came to around EUR 2.0 billion.

Along with the risk provision, DEG's financial success is largely determined by income from participating interests, which is volatile and dependent on external market conditions, and by the interest surplus from the loans business.

DEG's net requirement for risk provision, which is planned on the basis of standard risk costs, has been estimated at EUR 152 million for the 2021 financial year.

There will be a moderate rise in staff and non-staff costs to EUR 154 million, partly due to transfers to pension provision.

Current plans also envisage a gradual return to sustainable profitability.

Annual Financial Statements 2020

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

NOTES

HGB – BALANCE SHEET AS AT 31.12.2020

(with previous year's figures for comparison)

ASSETS	Notes	31.12.2020	31.12.2019
A. Fixed assets		EUR	EUR k
I. Intangible assets	(15, 16)		
1. Purchased industrial property rights and similar rights and assets, including licences in such rights and assets		5,387,287	7,234
2. Payments in advance		2,962,555	2,646
		8,349,842	9,880
II. Tangible assets	(15, 17)		
1. Land and buildings		72,456,812	72,287
2. Office equipment		6,233,031	6,102
3. Payments in advance		38,970	564
		78,728,813	78,953
III. Financial fixed assets			
1. Investments in partner countries	(15, 18)		
a) Participating interests		1,627,242,870	1,642,796
b) Lendings to enterprises in which DEG has a participating interest		52,279,730	45,533
c) Other lendings		3,890,526,135	4,173,941
		5,570,048,735	5,862,270
2. Other financial fixed assets	(15, 19)		
a) Bonds and notes under current fixed assets		150,047,832	102,701
b) Other lendings		4,452,604	4,414
		154,500,436	107,115
		5,724,549,171	5,969,385
Total A (I + II + III)		**5,811,627,826**	**6,058,218**
B. Current assets			
I. Debtors and other assets			
1. Amounts owed from investment activities	(20)	49,590,540	68,913
of which amounts owed by enterprises in which DEG has a participating interest		2,596,710	1,310
2. Amounts owed from disposal of investments	(21)	5,295,427	9,526
3. Amounts owed from consultancy and other services	(22)	2,101,885	219
4. Other assets	(23)	111,620,059	56,406
		168,607,911	135,064
II. Other bonds and notes	(24)	1,864,910	1,844
III. Cash in hand, balances with Deutsche Bundesbank and with credit institutions	(25)	163,605,701	226,921
Total B (I + II + III)		**334,078,522**	**363,829**
C. Accruals and deferrals	(26)	1,516,490	1,693
D. Assets held under trust	(27)	190,444,615	64,771
Total assets		**6,337,667,453**	**6,488,511**

HGB – BALANCE SHEET AS AT 31.12.2020

(with previous year's figures for comparison)

LIABILITIES	Notes	31.12.2020	31.12.2019
A. Shareholder's equity		EUR	EUR k
I. Subscribed capital	(29)		
1. Subscribed capital		750,000,000	750,000
II. Appropriated surplus			
1. Other appropriated surplus			
as at 1 January		1,776,765,923	1,711,738
Withdrawal of net loss for previous year (in previous year transfer from net income)		-54,571,134	65,028
as at 31 December		1,722,194,789	1,776,766
III. Net loss		-181,157,909	-54,571
Total A (I + II + III)		**2,291,036,880**	**2,472,195**
B. Provisions for liabilities and charges	(30)		
1. Provisions for pensions and similar obligations		146,352,416	135,477
2. Provisions for taxes		2,033,584	0
3. Other provisions		76,435,210	59,408
Total B (1 + 2 + 3)		**224,821,210**	**194,885**
C. Creditors			
1. Amounts owed for financing investment activities	(31)	3,594,901,754	3,721,870
2. Trade creditors		1,196,364	119
3. Other creditors	(32)	35,266,630	34,671
of which tax payable		1,118,152	1,281
of which social security		0	0
Total C (1 + 2 + 3)		**3,631,364,748**	**3,756,660**
D. Liabilities for assets held under trust	(33)	190,444,615	64,771
Total liabilities		**6,337,667,453**	**6,488,511**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01 TO 31.12.2020

(with previous year's figures for comparison)

Income	Notes	2020	2019
1. Sales revenue	(35)	EUR	EUR k
a) from consultancy contracts		7,834,338	5,412
b) from trust transactions		424,930	2,006
c) from services		10,679,246	12,175
		18,938,514	19,593
of which from affiliated enterprises		28,000	580
2. Income from participating interests	(36)	39,833,826	40,083
3. Income from long-term lendings	(36)	237,324,768	279,863
of which from affiliated enterprises		-18,961,951	-11,963
of which from negative interest rates		1,031,168	1,120
4. Other interest and similar income	(37)	1,044,209	2,600
of which from affiliated enterprises		-504,180	37
of which from negative interest rates		729,786	730
5. Income from write-ups and write-back of provisions in respect of lending business and participating interests	(15, 38)		
a) Write-up of financial fixed assets		53,543,706	74,796
b) Write-up of amounts owed from investment		893,705	416
activities and from disposal of investments		6,924,633	10,331
c) Write-back of provisions in respect of lendings business and participating interests		327,253	312
d) Income from write-back of value adjustments on bonds and notes under current fixed assets		61,689,297	85,855
6. Other operating income	(39, 46)	188,346,665	79,670
Total income		**547,177,279**	**507,664**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01 TO 31.12.2020

(with previous year's figures for comparison)

Charges	Notes	2020	2019
		EUR	EUR k
7. Costs of services purchased	(40)	1,700,085	2,504
8. Depreciation, value adjustments and transfer to provisions in respect of the lendings business and participating interests	(15, 41)		
a) Depreciation and value adjustments in respect of financial fixed assets		409,246,713	267,724
b) Depreciation and value adjustments in respect of amounts owed from investment activities and disposal of investments		56,454	1,493
c) Transfer to provisions in respect of lendings business and participating interests		10,460,507	9,926
d) Depreciation and value adjustments in respect of bonds and notes under current fixed assets		1,073,393	200
		420,837,067	279,343
9. Interest payable and similar charges	(42)	40,404,877	88,335
of which to affiliated enterprises		33,594,435	83,342
of which from negative interest rates		1,538,267	1,566
10. Staff costs	(43)		
a) Wages and salaries		61,992,799	59,630
b) Social security, pensions and other benefits		22,328,414	23,165
of which pensions		13,009,644	14,282
11. Depreciation and adjustments for impairment of intangible and tangible assets	(15, 44)	5,796,508	6,562
12. Other operating charges	(45)	172,791,491	99,938
Total (7 + 8 + 9 + 10 + 11 + 12)		**725,851,241**	**559,477**
13. Tax on income and profit	(48)	2,330,398	2,589
14. Net earnings		-181,004,360	-54,402
15. Other taxes		153,549	169
16. Loss for the financial year		-181,157,909	-54,571
17. Net loss		**-181,157,909**	**-54,571**

NOTES FOR THE 2020 FINANCIAL YEAR

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH
Kämmergasse 22, 50676 Cologne, Germany
Registered office: Cologne, Commercial Register No. HRB 1005 at Cologne District Court

General Notes on the annual financial statements

1. Form of annual financial statements

The balance sheet and the profit and loss account have been laid out in accordance with the provisions for large corporations in Articles 266 and 275 of the German Commercial Code (HGB).

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

Under Article 340 HGB in conjunction with Article 1 of the Accounting Requirements for Financial Institutions and Financial Service Providers, DEG is exempt from the provisions relating to financial statement forms for credit institutions.

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

Accounting / valuation criteria

2. Tangible and intangible assets

Tangible and intangible assets are capitalised at cost and amortised on a straight-line basis over their average useful life.

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

The option under Article 67 Section 4 Clause 1 of the Introductory Act to the Commercial Code (EGHGB), which states that lower valuations of assets based on depreciation under Article 254 HGB (version in force until 28 May 2009) may be retained, has been exercised for the building in respect of the one-off tax depreciation from the transfer of silent reserves as per Article 6b of the German Income Tax Law (EStG).

Low-value assets are dealt with in accordance with Article 6 Section 2 EStG, i.e. where the value is less than EUR 800 they are immediately recorded under Other operating charges.

3. Financial fixed assets

Financial fixed assets are recognised at original cost or at fair value if lower, regardless of whether the impairment is likely to be permanent.

To take account of counterparty default risk, DEG makes risk provision for both identifiable and latent default risks in its financing portfolio. The loan loss provisions are deducted in the respective asset items.

4. Participating interests

The fair value of participating interests is generally determined using the discounted cash flow method (direct participating interests) or the net asset value method (funds). When establishing the value of a participating interest, embedded put and call options are taken into account, the value of which is determined using a suitable option price model. Incidental acquisition costs are capitalised as of the decision to purchase.

Where market prices are available, e.g. stock market quotations, DEG will verify whether, based on a critical review, these represent an appropriate valuation. If a firm offer to purchase the participating interest has been received or a binding purchase agreement has been concluded, the proposed purchase price is generally taken as the fair value. If the participating interest was acquired less than a year earlier, or if the enterprise is still in the set-up phase, DEG will generally fall back on the purchase price. However, if, after acquiring the participating interest, DEG becomes aware of important factors affecting the value that were not taken into account when determining the purchase price, the discounted cash flow method will normally be used to determine the fair value of the participating interest, even during the first year after purchase or during the set-up phase, taking the new findings into account. Country risks are taken into account for participating interests by an upward adjustment of the discount factors when the discounted cash flow method is applied.

5. Lendings and bonds and notes under current fixed assets

For lendings as well as bonds and notes under current fixed assets, the counterparty default risk of a commitment is identified by using trigger events to assess whether a risk provision is required on those grounds. If such a trigger event has occurred, the level of risk provision is estimated based on the present values of expected future repayments.

DEG also makes a general loan loss provision for latent default risks in respect of lendings and bonds and notes under current fixed assets where no specific loan loss provision has been made. Depending on the rating, the general loan loss provision is calculated based on the standard risk cost approach and takes into account both counterparty default risks and country risks.

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

6. Debtors and other assets

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

In accordance with Article 246 Section 2 Clause 2 HGB, assets that are exempt from all creditor access and that serve only to settle debts from pension obligations under the deferred compensation scheme were offset against debts with a settlement value of EUR 1,735 k as of the balance sheet date. The original costs and the fair value of the assets each amounted to EUR 1,735 k as of 31 December 2020.

7. Bonds and notes under current assets

Other bonds and notes under current assets are recognised at original cost, applying the strict lowest-value principle and observing the value appreciation requirement.

8. Accruals and deferrals

Accruals and deferrals on the assets side are recognised in accordance with Article 250 Section 1 HGB and comprise expenditure prior to 31 December 2020 where this represents costs relating to a specific period after that date.

9. Provisions

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

An average market interest rate over 10 years is applied when discounting pension obligations. This rate was 2.3% as of 31 December 2020. As in the previous year, an annual salary increase of 2.2% and a pension rise of 2.0% or 1.0% respectively were assumed when calculating the required provisions, depending on remuneration or pension scheme. The fluctuation rate was raised to 2.0% in line with the average figure over the last five years (previous year: 1.5%).

Other provisions were made at the level of the anticipated settlement value and take all actual risks and contingent liabilities into account. Any provisions with a residual term of more than one year were discounted in accordance with their residual terms at the average market rate across the past seven years as published by Deutsche Bundesbank. In accordance with Article 253 Section 2 Clause 2 HGB, provisions for other long-term obligations were discounted across the board at the average market interest rate resulting from an assumed residual maturity of 15 years.

10. Creditors
Amounts owed to creditors are recorded as liabilities at the repayment amounts.

11. Deferred taxes
Deferred tax liabilities are offset against deferred tax assets. Deferred tax assets in excess of the netted amount are not capitalised, in accordance with the option available pursuant to Article 274 Section 1 Clause 2 HGB.

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

13. Valuation units
In accordance with DEG's risk strategy, an overall approach is taken to the USD currency risk from lendings, bonds and notes under current fixed assets, overnight and time deposits, and the reverse changes in value from refinancing. The resulting net position is hedged with cross-currency interest rate swaps and forward exchange transactions. This valuation unit includes:

- Assets: EUR 3,355,827 k
- Debts: EUR 2,694,972 k
- Pending transactions: EUR 649,499 k

The USD currency risk from the participating interests portfolio was hedged by means of forward exchange transactions in the amount of USD 382,218 k; this equates to an approximately 29% hedge on the USD participating interests portfolio.

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

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

- EUR 13,308 k in IDR
- EUR 62,175 k in MXN
- EUR 7,872 k in RUB
- EUR 24,260 k in ZAR

For the micro valuation units, both prospective and retrospective effectiveness is ensured as a result of incoming and outgoing cash flows being identical for underlying and hedging transactions.

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

14. Loss-free valuation in the interest book
A statement by the German Institute of Certified Public Auditors (IDW) on financial reporting, specifically "Individual issues relating to the loss-free valuation of interest-related transactions in the banking book (interest book)" ("Einzelfragen der verlustfreien Bewertung von zinsbezogenen Geschäften des Bankbuchs [Zinsbuchs]") (IDW RS BFA 3), proposes that where excess liability results from transactions involving interest-based financial instruments of the banking book, provision for contingent losses must be made. To calculate such a possible excess liability, DEG compares the present values as per the banking book with the book values as per the banking book as of the effective date in question, taking into account future risk and administration costs. A corresponding calculation at the effective date of 31 December 2020 showed no excess liability, so no provision for contingent losses needed to be made.

NOTES ON ASSETS

15. Fixed assets

Please see the table “Movement in fixed asset balances” for details.

16. Intangible assets

Intangible assets include purchased licences in the amount of EUR 5,387 k, as well as payments in advance of EUR 2,963 k for one purchased licence that still needs to be rendered operational.

17. Tangible assets

Land and buildings in the amount of EUR 72,457 k are reported under tangible assets. This item also includes office equipment in the amount of EUR 6,233 k, as well as payments in advance of EUR 39 k.

18. Investments in partner countries

This item shows investments from funds on own account of EUR 5,570,049 k, which are made up of participating interests and lendings.

Investments from funds on own account were made in 561 enterprises in 81 countries. In eight enterprises, third parties entered into risk sub-participations in the form of counter-guarantees.

19. Other financial fixed assets

The item Bonds and notes in current fixed assets shows financing committed by DEG that has been securitised. It comprises five bonds. Accrued interest at the balance sheet date was EUR 1,658 k. The general loan loss provision was EUR 1,305 k.

Other lendings comprise loans to staff members in the amount of EUR 4,453 k.

Financial fixed assets with a residual term of up to one year

	EUR k
1. Investments in partner countries	
a) Participating interests	0.0
b) Lendings to enterprises in which DEG has a participating interest	7,042
c) Other lendings	660,524
2. Other financial fixed assets	
a) Bonds and notes in current fixed assets	1,658
b) Other lendings	401
Total	**669,625**

20. Amounts owed from investment activities

The item Amounts owed of EUR 49,590 k comprises mainly dividends and interest due (including accrued interest and commitment fees pro rata temporis, as well as other amounts owed but not yet due) and reimbursement claims. This item also includes accrued interest from swap agreements (EUR 2,577 k).

Movements in fixed asset balances

EUR k	Original costs 01.01.2020	Original costs Accruals	Original costs Book transfers	Original costs Disposals	Original costs 31.12.2020	Depreciation 01.01.2020	Depreciation Accruals	Depreciation Book transfers	Depreciation Currency	Depreciation Consumption[1]	Depreciation Disposals	Depreciation 31.12.2020	Book values 31.12.2020
I. Intangible assets													
1. Purchased industrial property rights and similar rights and assets, including licences in such rights and assets	13,273	129	12	0	13,414	6,039	1,984	4	0	0	0	8,026	5,387
2. Payments in advance	2,646	317	0	0	2,963	0	0	0	0	0	0	0	2,963
	15,919	445	12	0	16,376	6,039	1,984	4	0	0	0	8,026	8,350
II. Tangible assets													
1. Land and buildings	87,777	1,723	0	0	89,501	15,490	1,553	0	0	0	0	17,044	72,457
2. Office equipment	12,628	2,416	-12	202	14,829	6,526	2,260	-4	0	0	185	8,596	6,233
3. Payments in advance	564	39	0	564	39	0	0	0	0	0	0	0	39
	100,969	4,178	-12	767	104,369	22,016	3,813	-4	0	0	185	25,640	78,729
Total (I + II)	**116,889**	**4,623**	**0**	**767**	**120,745**	**28,055**	**5,797**	**0**	**0**	**0**	**185**	**33,667**	**87,079**
III. Financial fixed assets													
1. Investments in partner countries													
a) Participating interests	1,963,669	389,115	0	168,311	2,184,473	320,873	192,900	0	102,926	34,564	24,905	557,230	1,627,243
b) Lendings to enterprises in which DEG has a participating interest	68,255	18,427	0	14,622	72,061	22,722	1,219	0	-1,704	2,160	296	19,781	52,280
c) Other lendings	4,591,708	872,986	0	1,166,636	4,298,057	417,768	140,426	0	-28,630	83,460	38,572	407,531	3,890,526
Total 1 (a + b + c)	**6,623,632**	**1,280,528**	**0**	**1,349,569**	**6,554,591**	**761,363**	**334,545**	**0**	**72,592**	**120,185**	**63,773**	**984,543**	**5,570,049**[2]
2. Other financial fixed assets													
a) Bonds and notes under current fixed assets	102,207	73,428	0	25,940	149,695	646	1,072	0	-88	0	326	1,305	148,390[3]
b) Other lendings	4,414	1,074	0	1,035	4,453	0	0	0	0	0	0	0	4,453
	106,621	74,501	0	26,975	154,147	646	1,072	0	-88	0	326	1,305	152,843
Total III	**6,730,253**	**1,355,029**	**0**	**1,376,544**	**6,708,739**	**762,009**	**335,617**	**0**	**72,504**	**120,185**	**64,098**	**985,847**	**5,722,891**
Total (I + II + III)	**6,847,142**	**1,359,652**	**0**	**1,377,310**	**6,829,484**	**790,065**	**341,413**	**0**	**72,504**	**120,185**	**64,284**	**1,019,514**	**5,809,970**

[1] For fixed assets, this is equivalent to the utilisation of the risk provision.

[2] Of which EUR 102,072 k hedged with third-party counter-guarantees (unfunded risk participation)

[3] Without accrued pro-rata interest

21. Amounts owed from disposal of investments

This item shows the purchase money proceeds from the sale of participating interests and lendings, as well as amounts owed with respect to these (e.g. interest payable on purchase money proceeds) of EUR 5,295 k in total.

22. Amounts owed from consultancy and other services

These are essentially reimbursements from trust funds charged to the Federal Ministry for Economic Cooperation and Development (BMZ) and associated with the measures "Global Impact Investment Facility" (formerly "Co-Financing Facility for Employment Africa / Middle East") and "AfricaConnect", promoted by the BMZ as part of "Financial Cooperation with Regions".

23. Other assets

Other assets largely consist of amounts owed by consortium partners (EUR 24,650 k) and by the tax office (EUR 1,483 k), as well as balancing items for accountancy purposes for foreign currency transactions in respect of the foreign currency valuation units in IDR, MXN, RUB, USD and ZAR (EUR 83,330 k).

Residual maturity profile of receivables and other assets

EUR k	Residual maturity				
	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
Amounts owed from					
1. investment activities	49,591	0	0	0	49,591*
2. disposal of investments	3,042	0	2,254	0	5,295
3. consultancy and other services	2,102	0	0	0	2,102
Other assets	111,620	0	0	0	111,620
Total	**166,354**	**0**	**2,254**	**0**	**168,608**

* Of which EUR 2,396 k (2019: EUR 8,207 k) owed by the shareholder

24. Other bonds and notes

This item contains a purchased security in the amount of EUR 1,865 k used to hedge semi-retirement agreements for older staff members.

25. Cash in hand, balances with Deutsche Bundesbank and with credit institutions

Balances with credit institutions cover investments in the money market of EUR 77,000 k invested with the shareholder KfW, as well as current account balances of EUR 86,606 k.

26. Accruals and deferrals

This item largely comprises expenditure on licences and maintenance of hardware and software, representing charges for financial years after 31 December 2020.

27. Assets held in trust

This item comprises investments in partner countries from trust funds in the form of participating interests of EUR 180,375 k (mainly from the BMZ support programmes "AfricaConnect" in the amount of EUR 75,000 k and Global Impact Investment Facility" [formerly "Co-Financing Facility for Employment Africa / Middle East"] in the amount of EUR 105,000 k) and lendings of EUR 10,070 k.

Of the lendings, EUR 9,200 k relates to the "Federal Republic of Germany's Lending Programme for Business Start-ups to Promote Start-ups of Small and Medium-sized Enterprises by Natural Persons in Developing Countries", based on special joint lending funds with partner countries or partner institutions.

28. Deferred tax assets

Taxable temporary differences arise specifically from the depreciation rate for the buildings, which deviates from the usual tax treatment, and the transfer of hidden reserves as per Article 6b EStG, resulting in deferred tax liabilities of EUR 367 k. These are offset by deductible temporary differences, especially from risk provisions and other provisions and tax losses carried forward, which have led to deferred tax assets in the amount of EUR 28,965 k. The option not to take the deferred tax asset surplus into consideration was exercised. Deferred taxes were calculated based on an overall tax rate of 32.45%.

NOTES ON LIABILITIES

29. Subscribed capital

Subscribed capital amounts to EUR 750,000 k.

As a subsidiary of Kreditanstalt für Wiederaufbau (KfW), based in Frankfurt am Main, DEG is included in the group accounts. KfW prepares consolidated accounts, which are published in Germany in the Federal Gazette (electronic version).

As a general rule under DEG's articles of association, profits are not distributed, so the limitation of profits distribution under Article 253 Section 6 HGB and Article 268 Section 8 HGB does not apply.

30. Provisions

The following significant other provisions were recognised in the 2020 financial year:

Provisions for	EUR k
Valuation units (contingent losses)	37,990
Pending transactions (contingent losses from forward exchange transactions)	430
Latent default risks from obligations deemed irrevocable in respect of lendings not yet disbursed	9,990
Variable remuneration	4,669
Semi-retirement programmes for older staff members	2,828
Leave and compensation for overtime	2,347
Legal risks	3,063

The difference in pension provisions between discounting at the 10-year average market interest rate and the seven-year average market interest rate (1.60%) was EUR 20,470 k as of 31 December 2020.

31. Amounts owed for financing investment activities

Amounts owed here mainly include loans against borrowers' notes in the amount of EUR 2,229,277 k and time deposits of EUR 1,357,695 k. These transactions were carried out solely with the shareholder KfW.

32. Other creditors

Other creditors mainly include EUR 31,292 k owed in respect of consortium partners and borrowers.

Residual maturity profile of amounts owed

EUR k	Residual maturity				
	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
1. Amounts owed for financing investment activities	1,492,491	504,092	1,446,453	151,866	3,594,902*
2. Trade creditors	1,196	0	0	0	1,196
3. Other creditors	33,040	1,212	0	1,016	35,267
Total	**1,526,727**	**505,303**	**1,446,453**	**152,882**	**3,631,365**

* Of which EUR 3,594,902 k (2019: EUR 3,721,870 k) to the shareholder.

33. Liabilities for assets held under trust

The following were made available to DEG on a trust basis for the purpose of financing investments in partner countries and for business start-up loans: EUR 190,030 k from the Federal Ministry for Economic Cooperation and Development (BMZ), and EUR 375 k from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

34. Deferred tax liabilities

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

NOTES ON INCOME

35. Sales revenue

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

By region, sales revenue breaks down as follows:

EUR k	2020	2019
Africa	7,890	7,502
America	4,178	4,791
Asia	4,020	4,485
Europe	2,185	2,142
Worldwide	666	674
Total	**18,939**	**19,594**

36. Income from participating interests and income from long-term lendings

Income from participating interests and from lendings is largely made up of dividends, interest on lendings, bonds and related hedging transactions, and commitment fees and commissions on loans. The breakdown by region (excluding the results from hedging transactions of EUR -19,044 k) is as follows:

EUR k	2020	2019
Africa	67,158	89,736
America	115,575	126,333*
Asia	90,796	94,721*
Europe	15,780	13,316*
Worldwide	6,894	7,782
Total	**296,203**	**331,888**

* Previous year's figure adjusted.

37. Other interest and similar income

In particular, this item includes interest on other receivables of EUR 843 k, income of EUR 830 k from late subscriber interest with funds and (negative) net interest income from money market business and bank deposits of EUR -678 k.

38. Income from write-ups and write-back of provisions in respect of lending business and participating interests

Income relates to the following products / transactions.

	EUR k
Loans	41,000
Participating interests	12,871
Amounts owed from investment activities and disposal of investments	894
Lendings not yet disbursed	6,925
Total	**61,689**

39. Other operating income

This item mainly includes income from the disposal of participating interests of EUR 82,419 k (2019: EUR 35,340 k) and effects from currency totalling EUR 100,924 k (2019: EUR 37,290 k).

NOTES ON CHARGES

40. Costs of services purchased

The cost of services purchased amounts to EUR 1,700 k.

41. Depreciation, value adjustments and transfer to provisions in respect of the lendings business and participating interests

Charges relate to the following products / transactions.

	EUR k
Loans	152,843
Participating interests	257,477
Amounts owed from investment activities and disposal of investments	56
Lendings not yet disbursed	10,461
Total	**420,837**

42. Interest payable and similar charges

These charges were incurred largely on loans against borrowers' notes (EUR 23,954 k); they also include the net result from derivatives hedging (EUR 10,717 k). For the 2020 financial year, the item also includes interest charges from the compounding of interest on pension and other long-term staff-related provisions in the amount of EUR 3,745 k (2019: EUR 4,029 k).

43. Staff costs

The item Social security, pensions and other benefits, totalling EUR 22,328 k, includes transfers to provision for pensions of EUR 11,946 k. This item also comprises contributions to the Pension Association of Publicly Sponsored Companies (Versorgungsverband bundes- und landesgeförderter Unternehmen e.V. [VBLU]) (EUR 1,065 k).

44. Depreciation and adjustments for impairment of intangible and tangible assets

Depreciation and adjustments for impairment of intangible and tangible assets totalled EUR 5,797 k in 2020. This includes depreciation of EUR 1,984 k on software, EUR 2,260 k on office equipment and EUR 1,553 k on buildings.

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

45. Other operating charges

The breakdown of other operating charges is as follows:

EUR k	2020	2019
Expenses from currency conversion	**120,671**	**48,106**
Administration costs	**51,937**	**51,552**
Legal and consultancy costs	24,188	21,622
Disposal costs, bank and service fees	7,773	5,568
IT costs	4,521	4,362
Travel costs	1,246	4,634
Other administrative costs	14,210	15,366
Other operating charges	**183**	**281**

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

Other operating income includes EUR 3,283 k in income that is attributable to a different financial year, most of which results from write-backs of other provisions and reimbursement of costs from a legal dispute that the company won. There were no significant charges relating to other periods.

47. Statement of auditing fees as provided for by Article 285 Clause 1 No. 17

In the 2020 financial year, the following auditing fees were taken into consideration:

	EUR k
Auditing fee	685
Other certification services	61
Tax consultancy services	0
Other services	0
Total	**746**

The statement of auditing fees includes costs relating to the 2019 annual report of EUR 46 k.

The statement of fees for other certification services includes income of EUR 2 k from the write-back of provisions for the 2019 Annual Report.

48. Tax on income and profit

Taxes on income and profit totalled EUR 2,330 k, comprising EUR 2,034 k in domestic taxes for the reporting period, EUR 30 k in domestic taxes for previous years and EUR 267 k in foreign income taxes (mainly withholding taxes).

LOSS FOR THE FINANCIAL YEAR / NET LOSS

The net loss recognised amounts to EUR -181,158 k. This is to be offset by a withdrawal from Other provisions.

FOLLOW-UP REPORT

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

NOTES ON DERIVATIVES TRANSACTIONS

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

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

Derivatives transactions

Volumes

EUR million	Nominal values*		Positive market values	Negative market values
	31.12.2019	**31.12.2020**	**31.12.2020**	**31.12.2020**
Contracts with interest rate risks				
Interest rate swaps	1,159.9	960.1	1.8	-61.9
Total interest rate risks	**1,159.9**	**960.1**	**1.8**	**-61.9**
Contracts with currency risks				
Forward foreign exchange transactions, forward currency swaps	529.1	369.3	2.4	-0.4
Currency and cross-currency interest rate swaps	725.6	768.4	53.3	-13.0
Total currency risks	**1,254.7**	**1,137.7**	**55.7**	**-13.5**
Total	**2,414.6**	**2,097.9**	**57.5**	**-75.4**

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

Maturities

Nominal values* in EUR million	Interest rate risks 31.12.2019	Interest rate risks 31.12.2020	Currency risks 31.12.2019	Currency risks 31.12.2020
Residual maturities				
up to 3 months	0.0	0.0	564.5	369.2
more than 3 months up to 1 year	133.5	147.8	65.5	28.9
more than 1 year up to 5 years	675.5	540.4	482.1	617.9
more than 5 years	350.8	271.9	142.7	121.8
Total	**1,159.9**	**960.1**	**1,254.7**	**1,137.7**

Counterparties

EUR million	Nominal values*		Positive market values	Negative market values
	31.12.2019	31.12.2020	31.12.2020	31.12.2020
OECD banks	2,414.6	2,097.9	57.5	-75.4
Total	**2,414.6**	**2,097.9**	**57.5**	**-75.4**

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

MISCELLANEOUS

49. Liability / contingent liability

At the balance sheet date, DEG's shares in four participating interests with a book value of EUR 27,843 k were pledged as collateral in respect of liabilities of the enterprises in question.

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

50. Other financial obligations

Under tenancy agreements, DEG is required to pay a total of EUR 819 k annually; the agreement with the longest term runs until 2025.

A total of EUR 97 k will be payable in fees on leasing contracts with a remaining term until 2021.

Obligations in respect of participating interests and lendings not yet disbursed amount to EUR 1,782,725.7 k.

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

51. AVERAGE NUMBER OF STAFF OVER THE YEAR

Staff not covered by regular pay scales and senior executives	473
Staff covered by regular pay scales	232
Total	**705**
Number of female staff	360
Number of male staff	345
Total	**705**

These figures include local staff in foreign countries (65), part-time staff (152) and temporary staff (30), but exclude members of the Management Board, staff on parental leave, apprentices and interns.

52. REMUNERATION OF CORPORATE BODIES

Total charges for the Supervisory Board in the year under review came to EUR 108 k, of which EUR 43 k was annual remuneration for membership of the Supervisory Board and its committees. Attendance fees, daily allowances and travel expenses accounted for EUR 39 k, while EUR 26 k was for training for members of the Supervisory Board. No advances or loans were granted to members of the Supervisory Board.

Total Management Board remuneration for the 2020 financial year came to EUR 1,222 k. Regular annual salary components are set at a uniform rate for all members of the Management Board and amount to EUR 1,035 k in total. Overall remuneration also includes a sum of EUR 23.9 k for benefits in kind and other emoluments. The performance-related management bonus for 2020 came to EUR 162 k, of which EUR 81 k will be paid over several years. In 2020, phased payments totalling EUR 55 k were made from the deferred management bonuses for the years 2016 to 2018.

These also include phased payments totalling EUR 15 k from the deferred management bonuses for the years 2016, 2017 and 2018 for one former member of the Management Board.

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

Total payments made to former members of the Management Board and their surviving dependants amounted to EUR 996 k. Provisions of EUR 15,252 k were made for pension obligations towards these persons.

53. Information on DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
1.	Banque Gabonaise de Développement (BGD), Libreville, Gabon			1.97	[6]	[6]
2.	Latin American Agribusiness Development Corporation S.A., Ciudad de Panamá, Panama	USD	1.2271	6.25	205,840	25,501
3.	Banque Nationale de Développement Agricole S. A., Bamako, Mali	XOF	655.957	21.43	59,244,162	9,879,493
4.	Industrial Promotion Services (West Africa) S.A., Abidjan, Côte d'Ivoire	XOF	655.957	9	21,177,011	6,091,679
5.	Fransabank S.A.L., Beirut, Lebanon	LBP	1849.42	5	2,686,669,464	-165,590,386
6.	TOO Knauf Gips Kapchagay. An enterprise in which DEG - Deutsche Invest.- u. Entwicklungsg. mbH has a participating interest, Kapchagay, Kazakhstan	EUR	1	40	14,974	7,294
7.	LHF – Latin Healthcare Fund, L.P., Acton, USA	USD	1.2271	10.088	[6]	[6]
8.	Safety Centre International Ltd., Port Harcourt, Nigeria			8	[6]	[6]
9.	Kyrgyz Investment and Credit Bank, Bishkek, Kyrgyzstan	USD	1.2271	8	78,070	6,299
10.	SEAF Central and Eastern Europe Growth Fund LLC, Wilmington, USA	USD	1.2271	23.9	[6]	[6]
11.	Benetex Industries Ltd., Dhaka, Bangladesh			28.3	[6]	[6]
12.	P.T. Arpeni Pratama Ocean Line Tbk., Jakarta, Indonesia			3	[6]	[6]
13.	Egyptian Direct Investment Fund Ltd., St. Peter Port, Guernsey (Channel Islands)			14.577	[6]	[6]
14.	SEAF Sichuan SME Investment Fund LLC, Wilmington, USA	USD	1.2271	13.33	473	67
15.	Turkish Private Equity Fund I, L.P., St. Peter Port, Guernsey (Channel Islands)			11.327	[6]	[6]
16.	DBG Eastern Europe II, L.P., St. Helier, Jersey	EUR	1	14.88	7,316	979
17.	Industrial Promotion Services Kenya Ltd., Nairobi, Kenya	KES	133.565	9.91	[6]	[6]
18.	SEAVI Advent Equity IV Fund, L.P., George Town, Cayman Islands			13.477	[6]	[6]
19.	European Financing Partners S.A., Luxembourg, Luxembourg	EUR	1	7.63	167	-3
20.	Sichuan Tianfu Bank Co., Ltd., Nanchong, China	CNY	8.0225	4.89	16,265,223	1,408,326
21.	SEAF India International Growth Fund, Port Louis, Mauritius	USD	1.2271	6.57	[6]	[6]
22.	Advent Central & Eastern Europe III, L.P., Boston, USA	EUR	1	5.35	7,829	90
23.	Balkan Accession Fund C.V., Curaçao, Curaçao	EUR	1	11.36	8,975	-1,399
24.	PJSC Commercial Bank Center-Invest, Rostov-on-Don, Russian Federation	RUB	91.4671	14.57	14,315,605	1,809,669
25.	TOO Isi Gips Inder, Inderborskij, Kazakhstan	EUR	1	40	2,430	1,008
26.	Open Joint Stock Company Bank Respublika, Baku, Azerbaijan	AZN	2.0779	16.599	72,127	22,539

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
27.	Advent Latin American Private Equity Fund III-B, L.P., Wilmington, USA	USD	1.2271	100	1,861	-61
28.	Advent Latin American Private Equity Fund III, [7] Wilmington, USA	USD	1.2271	3.47	[6]	[6]
29.	CDH China Growth Capital Fund II, L.P., George Town, Cayman Islands	USD	1.2271	3.174	[6]	[6]
30.	Russia Partners II, L.P., George Town, Cayman Islands	USD	1.2271	3.88	41,434	-5,420
31.	Ethos US Dollar Fund V (Non-Opic-Jersey), L.P., St. Helier, Jersey			13.225	[6]	[6]
32.	Ace Power Embilipitiya Pvt Ltd., Colombo, Sri Lanka	LKR	226.561	26	5,590,515	1,437,742
33.	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd., Rizhao, China	CNY	8.0225	40.99	47,065	3,944
34.	Banco Finterra, S.A., Ciudad de México, Mexico	MXN	24.416	11.647	610,000	-150,000
35.	Hebei Sihai Development Co. Ltd., Chengde, China			0	[6]	[6]
36.	Global Environment Emerging Markets Fund III-A, L.P., Alberta, Canada	USD	1.2271	4.583	57,134	-10,359
37.	DLJ SAP International, LLC, Wilmington, USA	USD	1.2271	3.293	82	-3,780
38.	Emerging Europe Leasing and Finance (EELF) B.V., Amsterdam, Netherlands	EUR	1	25	[6]	[6]
39.	AO Bucharagips, Kogon, Uzbekistan	EUR	1	24.889	[6]	[6]
40.	Turkish Private Equity Fund II, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1	4.95	130,354	-72,857
41.	The Kibo Fund LLC, Ebene Skies, Mauritius	EUR	1	13.798	3,855	-7,036
42.	PCC-DEG Renewables GmbH, Duisburg, Germany	EUR	1	40	16,663	385
43.	Lombard Asia III, L.P., George Town, Cayman Islands	USD	1.2271	2.133	87,189	-107
44.	African Development Partners I, LLC, Ebène CyberCity, Mauritius	EUR	1	5.96	316,300	6,053
45.	Banyan Tree Growth Capital, LLC, Mauritius, Mauritius	USD	1.2271	27	29,394	929
46.	Istmo Compania de Reaseguros, Inc., Ciudad de Panamá, Panama			12.47	[6]	[6]
47.	India Agri Business Fund Ltd., Ebène CyberCity, Mauritius	USD	1.2271	16.667	50,183	3,727
48.	Tourism Promotion Services, Tajikistan OJSC, Dushanbe, Tajikistan	TJS	13.8558	11.02	32,309	-16,907
49.	Kendall Court Mezzanine (Asia) Bristol Merit Fund, L.P., George Town, Cayman Islands	USD	1.2271	24.37	11,011	-1,761
50.	Tolstoi Investimentos S.A., São Paulo, Brazil			31.14	[6]	[6]
51.	Acon Latin America Opportunities Fund-A, L.P., Toronto, Canada	USD	1.2271	39.99	20,126	707

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
52.	The Africa Health Fund, LLC, Port Louis, Mauritius	USD	1.2271	9.49	26,484	-12,347
53.	Renewable Energy Asia Fund, L.P., London, UK	EUR	1	11.58	76,201	-9,635
54.	OOO Gematek, Saint Petersburg, Russian Federation	RUB	91.4671	5.756	1,199,725	112,138
55.	PT Indonesia Infrastructure Finance, Jakarta, Indonesia	IDR	17240.76	15.12	2,152,559,000	15,976,000
56.	Emerging Europe Accession Fund Coöperatief U.A., Amsterdam, Netherlands	EUR	1	10.145	70,606	-2,771
57.	GEF Africa Sustainable Forestry Fund, L.P., Chevy Chase, USA	USD	1.2271	12.96	119,668	-2,447
58.	Asia Environmental Partners (PF1), L.P., George Town, Cayman Islands	USD	1.2271	15.957	48,513	-4,689
59.	Catalyst Fund I, LLC, Port Louis, Mauritius	USD	1.2271	10.17	[6]	[6]
60.	Private Equity New Markets III K/S, Hellerup, Denmark	USD	1.2271	8.91	154,103	-21,176
61.	Africa Joint Investment Fund, Ebène CyberCity, Mauritius			16	[6]	[6]
62.	NEOMA SOUTH-EAST ASIA FUND II L.P., Toronto, Canada	USD	1.2271	5.74	236,236	13,568
63.	Interact Climate Change Facility S.A., Luxembourg, Luxembourg	EUR	1	7.69	133	-14
64.	The CapAsia ASEAN Infrastructure Fund III, L.P., George Town, Cayman Islands	USD	1.2271	13.17	37,742	6,877
65.	EMX Capital Partners, L.P., Toronto, Canada	USD	1.2271	20.081	67,311	-1,045
66.	Knauf Gips Buchara OOO, Bukhara, Uzbekistan	EUR	1	25	[6]	[6]
67.	Deepak Fasteners Ltd., Ludhiana, India	INR	89.6605	0.012	1,111,516	-84,873
68.	Chase Bank (Kenya) Limited, Nairobi, Kenya			0	[6]	[6]
69.	Maghreb Private Equity Fund III, Port Louis, Mauritius	EUR	1	9.783	101,179	5,038
70.	Lereko Metier Sustainable Capital Fund Trust, Sandhurst, South Africa	ZAR	18.0219	14.493	536,570	52,642
71.	Mediterra Capital Partners I, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1	6.088	91,328	-1,377
72.	Orient Investment Properties Ltd., Road Town, British Virgin Islands	USD	1.2271	3.875	[6]	[6]
73.	Mongolia Opportunities Fund I, L.P., George Town, Cayman Islands	USD	1.2271	13.33	23,185	-2,304
74.	Worldwide Group, Inc, Charlestown, St. Kitts and Nevis	USD	1.2271	33.41	25,030	-490
75.	Berkeley Energy Wind Mauritius Ltd., Ebène CyberCity, Mauritius	EUR	1	25.825	48,584	-19,540
76.	Renewable Energy Asia Fund L.P., [7] London, UK	EUR	1	24.3	76,201	-9,635
77.	EMF NEIF I (A), L.P., Fareham, UK	USD	1.2271	28.08	26,894	-8,425
78.	VI (Vietnam Investments) Fund II, L.P., George Town, Cayman Islands	USD	1.2271	7.86	129,557	-14,002

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
79.	Stratus SCP Fleet Fundo de Investimento em Participações - Multiestratégia, São Paulo, Brazil	BRL	6.3735	39.69	40,777	-3,288
80.	Russia Partners Technology Fund, L.P., George Town, Cayman Islands	USD	1.2271	21.59	172,959	1,659
81.	Teak Tree Investments Pte. Ltd., George Town, Cayman Islands	USD	1.2271	16.5	28,259	2,807
82.	The Clean Energy Transition Fund, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1	15.38	52,631	1,700
83.	Ambit Pragma Fund II, Mumbai, India	INR	89.6605	10.68	1,638,852	-32,182
84.	Equis Asia Fund, L.P., George Town, Cayman Islands	USD	1.2271	4.5	27,937	-23,177
85.	Grassroots Business Investors Fund I, L.P., George Town, Cayman Islands	USD	1.2271	16.356	11,244	-6,445
86.	Adenia Capital (III) LLC Ltd., Saint Pierre, Mauritius	EUR	1	10.437	84,545	10,470
87.	NSL Renewable Power Private Ltd., Hyderabad, India	INR	89.6605	0.001	[6]	[6]
88.	Lereko Metier Solafrica Fund I Trust, Johannesburg, South Africa	ZAR	18.0219	47.5	218,958	16,974
89.	ACWA Power Solafrica Bokpoort [7] CSP Power Plant Proprietary Limited (RF) Sandton, South Africa	ZAR	18.0219	4.275	1,005,777	-2,274
90.	UT Bank Ltd., Accra, Ghana			13.524	[6]	[6]
91.	Latin Renewables Infrastructure Fund, L.P., Dover, USA	USD	1.2271	14.058	83,263	16,558
92.	Victoria South American Partners II, L.P., Toronto, Canada	USD	1.2271	3.027	635,292	3,531
93.	Adobe Social Mezzanine Fund I, L.P., Montreal, Canada	USD	1.2271	24.752	13,676	223
94.	CoreCo Central America Fund I, L.P., Wilmington, USA	USD	1.2271	22	26,451	520
95.	Elbrus Capital Fund II, L.P., George Town, Cayman Islands	USD	1.2271	3.12	842,631	337,999
96.	Armstrong S.E. Asia Clean Energy Fund, L.P., Singapore, Singapore	USD	1.2271	7.54	94,663	38,488
97.	Archimedes Health Developments Ltd., Limassol, Cyprus			19.23	[6]	[6]
98.	AGF Latin America, L.P., London, UK	USD	1.2271	19.716	61,471	-12,205
99.	ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya	USD	1.2271	5.91	262,320	28,765
100.	African Development Partners II, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.2271	3.449	1,146,802	-14,146
101.	Banyan Tree Growth Capital - II LLC, Port Louis, Mauritius	USD	1.2271	12.438	208,980	-1,786
102.	Altra Private Equity Fund II, L.P., George Town, Cayman Islands	USD	1.2271	3.88	315,178	30,209
103.	Falcon House Partners Indonesia Fund I, George Town, Cayman Islands	USD	1.2271	8.757	272,157	168
104.	Lombard Asia IV, L.P., George Town, Cayman Islands	USD	1.2271	5.569	239,502	-2,018

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
105.	Schulze Global Ethiopia Growth and Transformation Fund I, L.P., George Town, Cayman Islands	USD	1.2271	0.98	44,566	-752
106.	Parque Eólico la Carabina I, S.A.P.I. de C.V., Ciudad de México, Mexico	MXN	24.416	9.65	[6]	[6]
107.	Parque Eólico la Carabina II, S.A.P.I. de C.V., Ciudad de México, Mexico	MXN	24.416	9.99	[6]	[6]
108.	Parque Eólico el Mezquite, S.A.P.I. de C.V., Ciudad de México, Mexico	MXN	24.416	3.14	[6]	[6]
109.	Paraguay Agricultural Corporation S.A., Luxembourg, Luxembourg	EUR	1	15.83	81,574	-332
110.	ADP Enterprises W.L.L., Manama, Bahrain	EUR	1	23.26	252,132	10,089
111.	African Development Partners I, LLC [7] Ebène CyberCity, Mauritius	EUR	1	11.4	316,300	14,807
112.	CGFT Capital Pooling GmbH & Co. KG, Berlin, Germany	EUR	1	40	[6]	[6]
113.	MGM Sustainable Energy Fund, L.P., Toronto, Canada	USD	1.2271	15.819	55,709	-4,967
114.	The Enterprise Expansion Fund, S.A. SICAV-SIF, Luxembourg, Luxembourg	EUR	1	10.309	[6]	[6]
115.	Takura II Feeder Fund Partnership, Cape Town, South Africa	USD	1.2271	25	47,431	-78,737
116.	Uttam Galva Metallics Ltd., Mumbai, India	INR	89.6605	0	[6]	[6]
117.	Portland Caribbean Fund II, L.P., George Town, Cayman Islands	USD	1.2271	15.37	145,759	-2,345
118.	CapMan Russia II Fund, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1	12.567	44,638	655
119.	Oragroup S.A., Lomé, Togo	XOF	655.957	2.39	[6]	[6]
120.	ACON Latin America Opportunities Fund IV-A, L.P., Toronto, Canada	USD	1.2271	39.899	41,472	3,860
121.	Navegar I, L.P., George Town, Cayman Islands	USD	1.2271	13.23	72,786	7,408
122.	Mediterrania Capital II (SICAV) P.L.C., Qormi, Malta	EUR	1	10.438	131,277	1,128
123.	Quadria Capital Fund, L.P., George Town, Cayman Islands	USD	1.2271	8.333	505,385	-5,312
124.	Lovcen Banka AD, Podgorica, Montenegro	EUR	1	25.14	19,419	1,880
125.	LeapFrog Financial Inclusion Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.2271	5	322,820	-44,168
126.	Berkeley Energy Netherlands Holding B.V., Amsterdam, Netherlands			15	[6]	[6]
127.	AEP China Hydro Ltd., Ebène CyberCity, Mauritius	USD	1.2271	30.182	37,037	-13,542
128.	Asia Environmental Partners (PF1), L.P [7] Cayman Island, Cayman Islands	USD	1.2271	2.11	48,513	-4,689
129.	Grassland Finance Ltd., Hong Kong, Hong Kong	CNY	8.0225	24.949	424,981	10,780
130.	Orilus Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.2271	32.98	83,339	-232
131.	Frontier Bangladesh II, L.P., George Town, Cayman Islands	USD	1.2271	20	14,579	-3,348

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
132.	Asia Environmental Partners II, L.P., George Town, Cayman Islands	USD	1.2271	8.283	175,213	12,029
133.	Kua Mex Foods, S.A.P.I. de C.V., Ciudad de México, Mexico	MXN	24.416	13.57	1,643,416	-31,330
134.	Soleq Holdings, George Town, Cayman Islands			6.82	[6]	[6]
135.	Euromena III, L.P., London, UK	USD	1.2271	8.999	[6]	[6]
136.	Lereko Metier REIPPP Fund Trust, Sandhurst, South Africa	ZAR	18.0219	32.28	946,447	96,132
137.	Noupoort Wind Farm Ltd, [7] Claremont, South Africa	ZAR	18.0219	4.842	0	0
138.	Khobab Wind Farm Ltd, [7] Claremont, South Africa	ZAR	18.0219	4.842	0	0
139.	Loerisfontein Wind Farm Ltd, [7] Claremont, South Africa	ZAR	18.0219	4.842	0	0
140.	Kathu Solar Park Ltd, [7] Johannesburg, South Africa	ZAR	18.0219	3.712	621,217	19,050
141.	Investec Africa Private Equity Fund 2, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.2271	8.479	116,659	-78,610
142.	Malacca Trust Pte. Ltd., Singapore, Singapore	IDR	17240.76	13.47	1,212,216,491	148,270,338
143.	The Kibo Fund II LLC, Ebène CyberCity, Mauritius	USD	1.2271	19.96	60,385	3,996
144.	AfricInvest Fund III LLC, Port Louis, Mauritius	EUR	1	4.4	232,973	-943
145.	Energon Holdings, George Town, Cayman Islands			10.51	[6]	[6]
146.	Aavishkaar Frontier Fund, Ebène CyberCity, Mauritius	USD	1.2271	20.82	30,319	-4,145
147.	Abraaj North Africa Fund II, L.P., London, UK			4.267	[6]	[6]
148.	Creed Healthcare Holdco Ltd., Birkirkara, Malta			7.5	[6]	[6]
149.	Gaja Capital Fund II Ltd., Port Louis, Mauritius	USD	1.2271	7.892	[6]	[6]
150.	Kibele B.V., Amsterdam, Netherlands			22.25	[6]	[6]
151.	Emerald Sri Lanka Fund I Ltd., Ebène CyberCity, Mauritius	USD	1.2271	23.53	18,388	-1,103
152.	Metier Capital Growth Fund II Partnership, Sandhurst, South Africa	ZAR	18.0219	16.432	2,065,558	275,828
153.	Tournai Investments S.L., Barcelona, Spain	EUR	1	12.31	[6]	[6]
154.	HydroChile Holdings, George Town, Cayman Islands			10.4	[6]	[6]
155.	Kandeo Fund II (A), L.P., Toronto, Canada	USD	1.2271	53.111	42,147	-71
156.	KANDEO Fund II L.P., [7] Toronto, Canada	USD	1.2271	0	128,100	-150
157.	Surfline Communications Ltd., Accra, Ghana			4.25	[6]	[6]
158.	AIIF2 Towers Mauritius Ltd., Port Louis, Mauritius	USD	1.2271	16.1	202,312	11,816

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
159.	VI (Vietnam Investments) Fund III, L.P., George Town, Cayman Islands	USD	1.2271	6.246	166,626	3,613
160.	Neoma Africa Fund III, L.P., George Town, Cayman Islands	USD	1.2271	4.687	369,425	-22,842
161.	Equis Direct Investment Fund, L.P., George Town, Cayman Islands	USD	1.2271	3.78	[6]	[6]
162.	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia, São Paulo, Brazil	BRL	6.3735	29.904	554,465	101,639
163.	Joint Stock Innovation Commercial Bank, Ipak Yuli, Tashkent, Uzbekistan	UZS	12847.18	12	729	228
164.	Americas Energy Fund II Clean Energy, L.P., Toronto, Canada	USD	1.2271	17.138	31,258	-1,206
165.	Navegar II (Netherlands) B.V., Amsterdam, Netherlands			29.167	[6]	[6]
166.	Vantage Mezzanine III Pan African Sub-Fund Partnership, Johannesburg, South Africa	USD	1.2271	6.531	113,555	8,146
167.	Vantage Mezzanine III Southern African Sub-Fund Partnership, Johannesburg, South Africa	ZAR	18.0219	11.329	756,730	85,322
168.	ACON Retail MXD, L.P., Toronto, Canada	USD	1.2271	99.999	[6]	[6]
169.	Grupo Vizion Lerma, S.A.P.I. de C.V. [7] Mexico	USD	1.2271	6.3	[6]	[6]
170.	Equis DFI Feeder, L.P., George Town, Cayman Islands	USD	1.2271	12	306	48
171.	Citadell Capital SAE, Cairo, Egypt	EGP	19.25003	0.846	5,187,024	-334,216
172.	Stratus Capital Partners B, L.P., Edinburgh, UK	USD	1.2271	75	20,884	983
173.	Stratus Group - Stratus Capital Partners (SCP), [7] Edinburgh, UK	USD	1.2271	12.35	[6]	[6]
174.	Ashmore Andean Fund II, L.P., Toronto, Canada	USD	1.2271	10.212	178,173	44,354
175.	Taxim Capital Partners I, L.P., St. Helier, Jersey	EUR	1	6.993	109,180	28,579
176.	Cambodia-Laos-Myanmar Development Fund II, L.P., Singapore, Singapore	USD	1.2271	15.544	45,194	224
177.	Pembani Remgro Infrastructure Mauritius Fund I, L.P., Ebène CyberCity, Mauritius	USD	1.2271	10.352	116,944	8,060
178.	Mobisol GmbH, Berlin, Germany			9.94	[6]	[6]
179.	Triple P SEA Financial Inclusion Fund LP, Singapore, Singapore	USD	1.2271	25.199	34,579	23,574
180.	Falcon House Partners Fund II, L.P., George Town, Cayman Islands	USD	1.2271	4	297,883	-8,859
181.	Arbaro Fund, SCSp, Luxembourg, Luxembourg			9.95	[6]	[6]
182.	Deep Catch Namibia Holdings (Pty) Ltd., Windhoek, Namibia	NAD	17.91695	38.57	141,539	16,908

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
183.	ECP Africa Fund IV LLC, Ebène CyberCity, Mauritius	USD	1.2271	34.55	40,241	-1,534
184.	Foursan Capital Partners II LP, George Town, Grand Cayman, Cayman Islands	USD	1.2271	9.8	17,663	-1,396
185.	Principle Capital Fund IV, L.P., George Town, Cayman Islands	USD	1.2271	12.472	203,508	5,701
186.	MC II Pasta Ltd., Qormi, Malta			32.17	[6]	[6]
187.	Société Meunière Tunisienne SA, [7] Tunis, Tunisia	ZAR	18.0219	8.3	68,477	-398
188.	AFIG Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.2271	7.704	60,318	-4,189
189.	Adenia Capital (IV), L.P., Port Louis, Mauritius	EUR	1	8.654	58,243	-8,210
190.	Apis Growth 2 Ltd., Ebène CyberCity, Mauritius	USD	1.2271	25.63	43,494	3,586
191.	Africa Bovine Ltd., Ebène CyberCity, Mauritius	USD	1.2271	11.39	124,171	-751
192.	Whitlam Holding PTE. Ltd., Singapore, Singapore	USD	1.2271	38.74	[6]	[6]
193.	Metier Retailability en Commandite Partnership, Sandhurst, South Africa	ZAR	18.0219	22.1	707,694	275,722
194.	Metier Capital Growth Fund II Partnership [7] Sandhurst, Johannesburg, South Africa	ZAR	18.0219	9.66	2,065,558	-52,532
195.	PT Bank Victoria International Tbk., South Jakarta, Indonesia	IDR	17240.76	9	2,986,454,603	-13,764,500
196.	Catalyst MENA Clean Energy Fund, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.2271	19.439	[6]	[6]
197.	Catalyst Fund II, L.P., Port Louis, Mauritius	USD	1.2271	6.557	[6]	[6]
198.	ADP II Holding 6 W.L.L., Manama, Bahrain	BHD	0.4607	16.67	[6]	[6]
199.	New Forests Company Holdings I Ltd., Port Louis, Mauritius	USD	1.2271	16.67	[6]	[6]
200.	Sierra Madre Philippines I, L.P., George Town, Cayman Islands	USD	1.2271	20	15,468	-1,254
201.	Phi Capital Trust, Chennai, India	INR	89.6605	16.15	[6]	[6]
202.	Greater Pacific Capital (Cayman) Private Investing India LP, George Town, Grand Cayman, Cayman Islands	USD	1.2271	8.59	115,887	-14,055
203.	ADAMAS Ping An Opportunities Fund, L.P., George Town, Cayman Islands	USD	1.2271	11.63	23,677	1,373
204.	North Haven Thai Private Equity, L.P., George Town, Cayman Islands	USD	1.2271	5.662	57,757	-9,225
205.	Knauf Gypsum Philippines Inc., Makati, Philippines	PHP	59.125	25	1,546,796	-184,520
206.	Maison Capital Fund, L.P., George Town, Cayman Islands	USD	1.2271	9.689	127,940	-1,578
207.	Dolce M8 Holdco Ltd., Port Louis, Mauritius	USD	1.2271	12.5	[6]	[6]
208.	African Infrastructure Investment Fund 3, L.P., Cape Town, South Africa	USD	1.2271	9.38	187,398	-480

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
209.	Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R., Zapopan, Mexico	MXN	24.416	21.94	1,407,950	410,362
210.	Tesla Wind d.o.o., Belgrade, Serbia	RSD	117.57	10.007	[6]	[6]
211.	Siguler Guff Global Emerging Markets Co-Investment Opportunities (AIF), LP, London, UK	USD	1.2271	99.92	0	0
212.	SG Global Emerging Markets Co-Investment Fund, LP [7] Cayman Island, Cayman Islands	USD	1.2271	19.65	45,262	-447
213.	SSG Secured Lending Opportunities II, L.P., George Town, Cayman Islands	USD	1.2271	4.908	353,545	18,301
214.	Forte Investment Holdings Co. Ltd., Phnom Penh, Cambodia	USD	1.2271	11.547	22,119	761
215.	Exacta Asia Investment II, L.P., George Town, Cayman Islands	USD	1.2271	9.3	67,085	11,377
216.	Emerging Europe Growth Fund III, L.P., Wilmington, USA	USD	1.2271	5	121,900	-3,999
217.	Abraaj Global Credit Fund, L.P., George Town, Cayman Islands	USD	1.2271	9.15	96,532	9,483
218.	Mediterrania Capital III, L.P., Port Louis, Mauritius	EUR	1	13.62	78,772	15,347
219.	AfricInvest III - SPV 1, Port Louis, Mauritius	EUR	1	21.82	58,018	-42
220.	IAPEF 2 SJL Ltd., Ebène CyberCity, Mauritius	USD	1.2271	13.3	[6]	[6]
221.	MGM Sustainable Energy Fund II L.P., Toronto, Canada	USD	1.2271	10	27,459	-2,252
222.	Global Credit Rating Company Limited, Ebène CyberCity, Mauritius	USD	1.2271	13.5	41,758	3,085
223.	Darby Latin American Private Debt Fund IIIA, L.P., Toronto, Canada	USD	1.2271	37.58	13,298	668
224.	Fortress Vietnam Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.2271	11.58	132,880	-6,704
225.	MC II Concrete Ltd, Qormi, Malta	EUR	1	19.76	[6]	[6]
226.	Maghreb Private Equity Fund IV LLC, Port Louis, Mauritius	EUR	1	7.74	60,076	-11
227.	LeapFrog Emerging Consumer Fund III, LP, Ebene, Mauritius	USD	1.2271	5.64	128,417	-15,171
228.	Adobe Mezzanine Fund II, L.P., Montreal, Canada	USD	1.2271	16.5	6,341	721
229.	M-BIRR Ltd., Dublin, Ireland	EUR	1	19.79	7,611	-1,055
230.	Clearwater China Investments Ltd., George Town, Cayman Islands	USD	1.2271	9.5	366,937	243
231.	Leiden PE II, L.P., Toronto, Canada	USD	1.2271	26.642	66,712	7,148
232.	PAG Growth I, L.P., George Town, Cayman Islands	USD	1.2271	7.884	241,573	-5,086
233.	Digital East Fund II, SCSp, Luxembourg, Luxembourg	EUR	1	13.19	9,829	-2,054
234.	Rent 2 Own Holdings Pte Ltd, Singapore, Singapore	USD	1.2271	21.1	[6]	[6]

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
235.	GenBridge Capital Fund I, L.P., George Town, Cayman Islands	USD	1.2271	3.093	324,317	-12,577
236.	Lighthouse India Fund III, Limited, Port Louis, Mauritius	USD	1.2271	5.1	82,628	5,707
237.	Denham International Power SCSp, Luxembourg, Luxembourg	USD	1.2271	12.641	110,336	-13,465
238.	Apis Growth Fund II, L.P., London, UK	USD	1.2271	4.76	85,419	-17,229
239.	Ascent Private Equity Trust, Bangalore, India	INR	89.6605	6.17	4,141,059	-152,167
240.	Forebright New Opportunities Fund II, L.P., George Town, Cayman Islands	USD	1.2271	8.33	78,891	-4,263
241.	India Housing Fund, Mumbai, India	INR	89.6605	8.18	[6]	[6]
242.	Verod Capital Growth Fund III, L.P., Port Louis, Mauritius	USD	1.2271	10	11,626	-4,029
243.	QUADRIA Capital Fund II L.P., Singapore, Singapore	USD	1.2271	12.95	11,681	-4,263
244.	Ethos Mezzanine Partners 3 (A) Partnership, Johannesburg, South Africa	USD	1.2271	10.39	15,670	-1,571
245.	Latin America Healthinvest S.L.U., Madrid, Spain	MXN	24.416	18.67	2,161,028	256,446
246.	African Development Partners III, L.P., St Peter Port, Guernsey	GBP	0.89903	7.03	4,657	5,862
247.	Alta Growth Capital, Mexico Fund III, Toronto, Canada	USD	1.2271	11.33	49,980	-2,641
248.	C88 Financial Technologies Pte. Ltd., Singapore, Singapore	USD	1.2271	5.53	18,715	-12,871
249.	JREP I Logistics Acquisition, L.P., Grand Cayman, Cayman Islands	USD	1.2271	12.82	237,666	-1,362
250.	ADP II Holding 10 L.P., St Peter Port, Guernsey (Channel Islands)	USD	1.2271	13.45	104,199	-31
251.	Creador IV L.P., Ebène, Mauritius	USD	1.2271	4.31	144,827	-30,940
252.	BRAC Uganda Bank Ltd., Kampala, Uganda	UGX	4465.5	17	67,002,346	9,088,351
253.	Oriental InfraTrust, New Delhi, India	INR	89.6605	4.6	58,191,160	2,344,130
254.	Metier Sustainable Capital International, Calebasses, Mauritius			8.27	[6]	[6]
255.	Vietnam Opportunity Fund II PTE. LTD., Singapore, Singapore	USD	1.2271	32	27,706	1,883
256.	ADP II Holding 11 S.A.R.L., Munsbach, Luxembourg			33.3	[6]	[6]
257.	African Development Partners II, L.P. [7] St. Peter Port, Guernsey	USD	1.2271	7.55	1,146,802	-14,146
258.	BIO-LUTIONS International AG, Hamburg, Germany	EUR	1	17.61	7,010	-1,621
259.	Landsberg Investments S.L., Barcelona, Spain	EUR	1	49.76	11,384	-7,429
260.	Avaada Energy Private Limited, Mumbai, India	INR	89.6605	0	7,332,650	-226,330
261.	Thanh Thanh Cong Bien Hoa Joint Stock, Tay Ninh, Vietnam	VND	28221.07	3.55	13,466,206,441	386,163,688

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
262.	Novel Sky Global Limited, Road Town, Brit. Virgin Islands			25	[6]	[6]
263.	Suryoday Small Finance Bank Ltd., Mumbai, India	INR	89.6605	3.94	39,149,400	1,109,400
264.	DataArt Enterprises, Inc., New York, USA	USD	1.2271	2.67	50,942	6,624
265.	DataArt Enterprises, Inc., New York, USA	USD	1.2271	5.49	73,627	9,026
266.	Africinvest Fund IV LLC, Port Louis, Mauritius			14.05	[6]	[6]
267.	GPC EIV Ltd., George Town, Cayman Islands			10	[6]	[6]
268.	LivFin India Private Ltd., New Delhi, India	INR	89.6605	19	[6]	[6]
269.	Accion Quona Inclusion Fund L.P., Cambridge, UK	USD	1.2271	4.92	38,024	-5,345
270.	MC III Scan 1 Ltd., Qormi, Malta			11.55	[6]	[6]
271.	OAO Belgips, Minsk, Belarus			49.99	[6]	[6]
272.	Navegar II L.P., George Town, Cayman Islands	USD	1.2271	12.01	317	-2,832
273.	Hazelcast Inc., San Mateo, USA			7.7	[6]	[6]
274.	AfricaGrow GmbH & Co. geschlossene Investment KG, Frankfurt am Main, Germany			15	[6]	[6]
275.	Amethis Fund II S.C.A., SICAR, Leudelange, Luxembourg	EUR	1	4	69,453	-8,019
276.	Olympus Bolt Holdings L.P., George Town, Cayman Islands	USD	1.2271	15.33	91,997	-592
277.	SPE AIF I, L.P., EBÈNE CYBERCITY, Mauritius	USD	1.2271	12.25	34,904	-5,806
278.	wpd Malleco S.p.A., Santiago Providencia, Chile			24.5	[6]	[6]
279.	Hosen Private Equity III L.P., George Town, Grand Cayman, Cayman Islands			6.47	[6]	[6]
280.	North Haven India Infrastructure Fund, Mumbai, India			12.79	[6]	[6]
281.	Amethis Retail LLC, Port Louis, Mauritius			15.95	[6]	[6]
282.	Agri Trekta Ltd. Port Louis, Mauritius			10	[6]	[6]
283.	wpd Negrete S.p.A., Santiago, Providencia, Chile			24.5	[6]	[6]
284.	wpd Duqueco S.p.A., Santiago de Chile, Chile			24.5	[6]	[6]
285.	AsiaCollect Holdings Pte. Ltd., Singapore, Singapore	USD	1.2271	11.23	2,634	-2,062
286.	Nepherin ITG SL, Madrid, Spain			25.89	[6]	[6]
287.	Provident Growth Fund II, LP, George Town, Grand Cayman, Cayman Islands	USD	1.2271	11.05	110,172	4,329
288.	DEG Impact GmbH, Cologne, Germany			100	[6]	[6]

DEG's investment holdings as of 31.12.2020 as per Article 285 No. 11 HGB

No.	Business name and registered office	Currency[1]	Rate EUR 1.00 = CU[2]	DEG holding in %	Equity[3] in kCU[5]	Result[4] in kCU[5]
289.	CDH VGC Fund II, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.2271	5.96	998	-998
290.	BizBnk Holdings Ltd., Rio de Janeiro, Brazil	BRL	6.3735	8.1	7,263	-11,152
291.	Crescera Investimentos Growth Capital, Fund I-B, L.P., Wilmington, USA	USD	1.2271	20	36,504	-499
292.	Grand Bremner Corp Pte. Ltd., Singapore, Singapore			24.67	[6]	[6]
293.	Exacta Asia Investment II LP [7] Cayman Island, Cayman Islands	USD	1.2271	16.7	67,085	11,377
294.	Fortio Co. Ltd., George Town, Grand Cayman, Cayman Islands			46.15	[6]	[6]
295.	Asia Partners I, LP, George Town, Grand Cayman, Cayman Islands			0	[6]	[6]

[1] ISO currency code
[2] CU = currency units in local currency
[3] Equity calculated as per Articles 266 Section 3 and 272 HGB.
[4] Result calculated as per Article 275 Sections 2 and 3 HGB.
[5] kCU = 1,000 currency units in local currency
[6] No current annual statement of accounts available
[7] Indirect involvement of DEG

CORPORATE BODIES

54. Supervisory Board

Norbert Barthle
Chairman
Parliamentary State Secretary
Federal Ministry for Economic Cooperation and Development,
Berlin

Prof. Dr Joachim Nagel
(until 30 October 2020)
First Deputy Chairman (until 30 October 2020) Member of the Executive Board of KfW,
Frankfurt am Main

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

Susanne Baumann
Commissioner and Head of the Directorate-General for International Order, the United Nations and Arms Control
Federal Foreign Office,
Berlin

Dr Amichia Biley
Senior Investment Manager,
Department for Business Innovation and Syndication
DEG, Cologne

Eberhard Brandes
CEO, WWF Germany,
Berlin

Marina Dietz
(since 1 April 2020) Senior Investment Manager, Department for Financial Institutions Europe/Asia
DEG, Cologne

Bertram Dreyer
Senior Investment Manager, Department for Project Finance Infrastructure and Risk Capital
DEG, Cologne

Jürgen Gerke
CEO and Chairman of the Board of Management, Allianz Capital Partners GmbH, Munich

Dr Sabine Hepperle
(until 31 July 2020)
Head of Division, Mittelstand Policy
Federal Ministry for Economic Affairs and Energy, Berlin

Dr Ingrid Hengster
(since 1 November 2020)
First Deputy Chairwoman
(since 1 December 2020)
Member of the Executive Board of KfW,
Frankfurt am Main

Michael Junginger
CEO, C. Hilzinger-Thum GmbH & Co. KG,
Tuttlingen

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

Bernd Loewen
First Deputy Chairman (from 1 November 2020 to 30 November 2020)
Member of the Executive Board of KfW,
Frankfurt am Main

Sarah Madew
Senior Counsel, Legal Department
DEG, Cologne

Dorothea Mikloweit
(until 31 March 2020)
Technical Coordinator, Department for Transaction Management
DEG, Cologne

Wolfgang Schmidt
State Secretary
Federal Ministry of Finance,
Berlin

Elisabeth Winkelmeier-Becker
(since 26 August 2020)
Parliamentary State Secretary
Federal Ministry for Economic Affairs and Energy,
Berlin

55. Management Board

Christiane Laibach
CEO

Monika Beck
Managing Director

Philipp Kreutz
Managing Director

Cologne, 16 February 2021

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Management Board

Laibach Beck Kreutz

AUDITOR'S REPORT

We have issued the following audit certificate on the annual financial statements and management report:

"Independent auditor's report

To Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Report on the audit of the annual financial statements and management report

Audit opinion

We have audited the annual financial statements of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne – consisting of the balance sheet as of 31 December 2020, the profit and loss account for the financial year from 1 January 2020 to 31 December 2020 and the Notes, which include the accounting/valuation criteria. We have also audited DEG's management report for the financial year from 1 January 2020 to 31 December 2020. In keeping with statutory provisions under German law, we have not audited the content of the declaration on corporate governance in accordance with Article 289f Section 4 HGB (information on quota of female staff), contained in the section of the management report with the same name.

In our opinion, based on the findings of our audit,

- the attached annual financial statements comply, in all material respects, with German commercial law as it applies to corporations, and give a true and fair view of the net worth and financial situation of the company as of 31 December 2020 and of its earnings situation for the financial year from 1 January 2020 to 31 December 2020, in accordance with German generally accepted accounting principles, and
- the attached management report as a whole conveys an accurate view of the company's situation. This management report is in keeping with the annual financial statements in all material respects. It complies with German statutory requirements and presents an accurate picture of the opportunities and risks of future development.

In accordance with Article 322 Section 3 Clause 1 HGB, we declare that our audit has not given rise to any objections in respect of the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Article 317 HGB and in compliance with the German standards for audits of financial statements established by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Our responsibility under these provisions and standards is described in greater detail in the section of our report entitled "Auditor's responsibility for the audit of the annual financial statements and the management report".

In accordance with German commercial law and the provisions regulating the profession, we are independent of the company and have fulfilled our other professional duties under German regulations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other information

The legal representatives are responsible for the other information. Other information comprises the above-mentioned declaration on corporate governance as per Article 289f Section 4 HGB (information on quota of female staff).

Our audit opinions on the annual financial statements and management report do not extend to this other information, and consequently we do not provide an audit opinion or come to any other form of audit conclusion in relation to it.

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

- contains material inconsistencies with the annual financial statements, the management report or the understanding we have gained in the course of our audit, or
- otherwise appears to be materially inaccurate.

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

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

The legal representatives are responsible for preparing annual financial statements which comply in all material respects with German commercial law as it applies to corporations and for ensuring that the annual financial statements give a true and fair view of the company's net worth and financial and earnings situation, in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have deemed necessary, in compliance with German generally accepted accounting principles, to enable the preparation of annual financial statements that are free from material misstatement, whether deliberate or unintentional.

When preparing the annual financial statements, the legal representatives have a responsibility to evaluate the company's ability to continue as a going concern. Furthermore, they have a responsibility to disclose, where applicable, matters relating to continuation as a going concern. They also have a responsibility to prepare the accounts on a going concern basis, unless prevented from doing so by the situation in fact or in law.

Furthermore, the legal representatives are responsible for preparing a management report that conveys an accurate overall view of the company's situation, is consistent in all material respects with the annual financial statements, complies with German statutory requirements and provides an accurate picture of the opportunities and risks of future development. In addition, the legal representatives are responsible for the arrangements and measures (systems) they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal requirements, and to ensure that sufficient appropriate evidence for the statements in the management report can be provided.

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

Auditor's responsibility for the audit of the annual financial statements and the management report
Our objectives are to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether deliberate or unintentional, and whether the management report as a whole conveys an accurate picture of the company's situation and, in all material respects, is consistent with the annual financial statements and the insights gained during the audit, complies with German legal requirements and provides an accurate view of the opportunities and risks of future development, as well as to issue an audit certificate that includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with Article 317 HGB and in compliance with the German standards for audits of financial statements established by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) will always discover a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

In the course of our audit, we exercise professional judgement and maintain a critical attitude. We also

- identify and assess the risks of material misstatements in the annual financial statements and the management report, whether deliberate or unintentional, plan and carry out audit activities in response to these 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 infringements is higher than for one resulting from error, since infringements may involve fraudulent collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls;
- gain an understanding of the internal control system relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to plan audit activities that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these corporate systems;
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates and related disclosures made by the legal representatives;
- draw conclusions as to the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists in relation to events or circumstances that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that such material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements and management report or, if such disclosures are inadequate, to modify our audit opinion. We base our conclusions on the audit evidence obtained up to the date on which our certificate is issued. However, future events or circumstances may lead to the company no longer being able to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and assess whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the net worth and financial and earnings situation of the company in accordance with German generally accepted accounting principles;
- evaluate the extent to which the management report is consistent with the annual financial statements, its compliance with the law and the view of the company's situation that it presents;
- carry out audit activities in relation to the outlook presented by the legal representatives in the management report. Based on sufficient and appropriate audit evidence, we specifically examine the main assumptions on which the legal representatives have based their outlook and make a judgement as to whether the outlook has been correctly derived from these assumptions. We do not give a separate audit opinion on the outlook or the assumptions on which it is based. There is a substantial, unavoidable risk that future events will materially diverge from the outlook.

We discuss, among other matters, the proposed scope and scheduling of the audit as well as important audit findings with those responsible for monitoring the process. This includes any flaws in the internal control system that we identify during our audit."

Düsseldorf, 17 February 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Holger Lösken Auditor	Nermin Jejina Auditor

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