Annual Report 2021

Financial Statements and Management Report

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Contents

DEG at a glance

	2021	2020
Business performance (EUR million)		
Total financial commitments in financial year	**1,534**	1,411
Total investments of co-financed enterprises / new business	**8,200**	7,700
Portfolio (volume of commitments) at year end	**9,242**	8,487
Development impact (of DEG portfolio)	**2021**	2020
Local income generated by co-financed enterprises (p.a.)	**EUR 147bn**	EUR 120bn
Number of employees in co-financed enterprises	**2.8m**	2.3m
Renewable energies / annual production	**42 TWh**	44 TWh
CO_2 savings / million tonnes per year	**15**	14
Annual financial statements (EUR million)		
Balance sheet total	**7,139**	6,338
Investments in partner countries	**6,418**	5,812
Equity	**2,507**	2,291
Operating result before effects from risk provision, currency translation and taxes	**213**	200
Risk provision / valuation effects from currency	**13**	-379
Taxes	**-10**	-3
Net income / loss	**216**	-181

[1)] Differences due to rounding may occur

Report by the Supervisory Board

Advice to, and supervision of, the Management Board

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 information about the impact of the ongoing pandemic on DEG's portfolio, and about how the company's business policy was adapted to deal with challenges arising due to COVID-19. DEG's risk situation improved continuously as a result of the Management Board's far-sighted crisis management approach, which it continued to take in the year under review, coupled with the general stabilisation of the markets. As a result, in agreement with the Supervisory Board, the Management Board stopped reporting separately on the company's business policy on pandemic-related matters in mid-2021.

The Supervisory Board welcomes the gradual return to normal business operations where possible and acknowledges the ongoing significant challenges that DEG is facing in this regard. Owing in part to travel restrictions, the overall environment in which DEG operates remained challenging, particularly with regard to new business.

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. The trusting, constructive collaboration we have enjoyed over the past few years, both within the board and with the Management Board, continued, primarily in virtual format. DEG's Management Board was a competent, functional unit.

Personnel changes likewise did not impact the excellent cooperation between the Supervisory Board and the Management Board. As of 31 May 2021, Christiane Laibach left her role as CEO of DEG to join the KfW Group Executive Board. The Supervisory Board discussed the termination of Christiane Laibach's contract and her successor at its meeting on 27 May 2021. On the recommendation of the Supervisory Board, the shareholder appointed Roland Siller as CEO of DEG with effect from 15 July 2021. The Supervisory Board congratulates Christiane Laibach on her appointment to the KfW Group Executive Board and specifically welcomes the fact that, being responsible for international financing activities, she will continue to closely support DEG. The Supervisory Board also welcomes the appointment of Mr Siller as a highly competent successor capable of continuing the outstanding work performed by Ms Laibach.

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

Meetings of the Supervisory Board

The Supervisory Board held five meetings in 2021. The meetings were generally carried out virtually in the form of video conferences; only the September meeting was able to take place in person in Berlin. The Supervisory Board also took two decisions on submissions via the circulation procedure. In carrying out its work, it received effective assistance from its committees, membership of which is drawn from the board. These held 19 meetings in total. The Executive and Nomination Committee met five times and the Audit Committee four times. 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 eight meetings over the course of the past financial year and also took one decision on submissions via the circulation procedure.

Despite the continued frequent need to carry out meetings virtually, the Supervisory Board addressed further topics of special importance to DEG and pursued various issues from previous years during the year under review.

In the year under review, the Supervisory Board looked in detail at DEG's new strategic direction. Supervisory Board members met with the Management Board outside the regular meeting calendar for the first time in June 2021, as part of an interactive workshop format, to discuss the specific details of the new strategic direction. Members of the Supervisory Board strongly welcomed the opportunity to hold in-depth discussions on specific topics in an interactive format. With the new strategic direction and the decision to focus DEG's business activities even more strongly on positive impact- and climate-related effects, the Supervisory Board believes that the Management Board is setting the right priorities for the future. In particular, the Supervisory Board is pleased that DEG is setting priorities on the basis of an appropriate risk strategy supported by consistent financial planning, and therefore expects earnings to remain stable in the future. Consequently, the Supervisory Board believes that DEG's business strategy, based on its new strategic direction, positions the company well for the future. It approved the business strategy during its meeting on 29 November 2021 as part of the overall strategy, together with the 2022 risk strategy, the 2022 IT strategy and the 2022 financial planning.

A new objectives system tailored to the new strategic direction and therefore focused on the two main objectives – stable earnings with low volatility and increased impact, measured through the Development Effectiveness Rating (DERa) – was also viewed positively by the Supervisory Board, which approved it at its meeting on 29 November 2021 for implementation as of the 2022 financial year.

The strategic objectives system that had previously been in place at DEG, consisting of the three pillars "sustainable earnings", DERa score and "German business", was therefore used for the last time in the 2021 financial year. The Supervisory Board acknowledges that while the target level for the "Sustainable earnings" pillar was not achieved in the relevant three-year view, there was a considerable improvement and ultimately a positive annual profit despite the ongoing challenges posed by the coronavirus pandemic. The Supervisory Board also explicitly welcomed the fact that the solid results achieved in the pillars of "Developmental impacts" and "German business" in previous years remained at a stable level.

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.

Expanding DEG's development and advisory operations is an integral component of the new strategy. Against this background, plans to spin off a DEG subsidiary, DEG Impulse, were presented to the Supervisory Board, which intensively discussed the plans and approved them during its September meeting. Once any remaining questions have been clarified, the company expects to be able to implement and expand the advisory business more efficiently within the future subsidiary. The Supervisory Board specifically welcomes the intention to boost DEG's development and advisory operations through the spin-off of DEG Impulse, the aim of which is to substantially extend the possibility of providing targeted support for DEG's financing business as part of the future impact/climate strategy.

The highly comprehensive, multi-year fund look-through project, supported in particular by the Risk and Credit Committee during its meetings over the past few years, was successfully completed in 2021 and became operational. The Supervisory Board views this very positively, as it will further improve the company's management of participation risks. The Supervisory Board also focused on the further development of DEG's publication rules in the year under review. From the Supervisory Board's perspective, the enhanced disclosure policy adequately addresses the increased transparency requirements in the public sphere.

Furthermore, the Supervisory Board approved new suitability guidelines for the Management Board and the Supervisory Board, which correspond to the new regulatory requirements pertaining to the suitability of managers and members of administrative or supervisory bodies. The new guidelines describe, among other things, the succession management process for Management Board positions at DEG, thus addressing one of the Supervisory Board's concerns that had already been discussed with the shareholder in previous years. The Supervisory Board welcomes the fact that its own role and the role of its committees have been more clearly defined in this process.

During the year under review, the Supervisory Board also received regular reports on current developments pertaining to ongoing financing challenges that have attracted critical public interest. This specifically related to the "PHC/Feronia" commitment and the ongoing complaints procedure filed with DEG's independent complaints mechanism, an issue that the Supervisory Board has already dealt with repeatedly over the past few years. In addition to detailed reports by the Management Board, the Supervisory Board also valued its direct dialogue with the representatives of the Independent Expert Panel/independent complaints mechanism, Inbal Djalovski and Michael Windfuhr, who presented the panel's annual report and reported on ongoing complaints procedures linked to DEG financing. The Supervisory Board also received timely, comprehensive reports from the Management Board on financing that was criticised in the media in connection with reports on the "Pandora Papers". The Supervisory Board satisfied itself that DEG takes appropriate measures to counteract any potential misconduct by its customers.

Discussions on dealing with financing in the People's Republic of China also continued from previous years on an ad hoc basis. Again, it was determined that it would be wise to wait for the Federal Government to take a stance on this matter so as to be able to hold targeted discussions within the Supervisory Board on possible adjustments to business dealings with the Chinese market.

During the year under review, the Management Board continued its six-monthly reports to the Risk and Credit Committee on dealings with projects that have run into financial difficulties, and in particular on insights gained into practical financing work. The Supervisory Board and its committee highly value these reports and welcome DEG's corporate culture of using critical experiences as an opportunity to continuously improve.

The Supervisory Board received regular reports on measures taken to boost equality, participation and family-friendly personnel policy at DEG, and discussed the current status within DEG. Together with the Management Board, the Supervisory Board discussed ways of strengthening the principle of equality at DEG and looks forward to continuing constructive conversations on this topic within the Supervisory Board and with the Management Board, with a view to further enhancing DEG's attractiveness as an employer.

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. The self-evaluation for the 2021 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 2021 and discharge the Management Board from its liabilities.

Changes in membership of the Supervisory Board

In a departure from paragraph 6.1.8 PCGC, the proportion of employee representatives on the committees did not reflect the power relations between shareholder representatives and employee representatives on the Supervisory Board as a whole. The composition of the Audit Committee and the Risk and Credit Committee was adjusted in the year under review, however. A decision not to adjust the composition of the Executive and Nomination Committee and the Remuneration Control Committee was taken in agreement with the employee representatives, since the issues discussed by these committees are also regularly addressed again in detail by the Supervisory Board as a whole.

In addition to the aforementioned change of CEO, there were three changes affecting the composition of the Supervisory Board in 2021. Eberhard Brandes left the Supervisory Board with effect from 31 March 2021. DEG's Supervisory Board has consisted of 14 members since 1 April 2021. With effect from 8 December 2021, Wolfgang Schmidt also resigned as a member of the Supervisory Board. Dr Ingrid Hengster resigned as a member as of 31 December 2021.

In 2021, no member of the Supervisory Board attended fewer than half of the meetings of the board.

Thanks and appreciation

The Supervisory Board would like to express its gratitude and appreciation to the Management Board for its constructive and trustful cooperation at all times. Special thanks are due to Christiane Laibach for her outstanding work on DEG's Management Board since 2015. The Supervisory Board welcomes the continuation of this trustful cooperation with Ms Laibach in her new role as a member of the KfW Group Executive Board. It also wishes to thank Eberhard Brandes, Wolfgang Schmidt and Dr Ingrid Hengster 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 ongoing coronavirus pandemic on DEG's customers and to secure important developmental impacts in developing and emerging market countries on a lasting basis. The Supervisory Board also wishes to take this opportunity to praise the entire DEG workforce for their outstanding work as a team on developing the new strategic direction.

Cologne, 21 March 2022

Chair 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 15 March 2021, the recommendations of the German Federal Government's PCGC, as adopted on 16 September 2020, 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 4.3.2 PCGC, these do not provide for any deductible during the period under review.

Rules of procedure for the Management Board

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. In a departure from paragraph 5.2.6 PCGC, the rules of procedure do not lay down the allocation of responsibilities; rather, this is set out in a schedule of responsibilities by the Management Board with the approval of the shareholder's meeting on the basis of the rules of procedure. This ensures the necessary flexibility, and hence an efficient division of labour, when changes are required.

In a departure from paragraph 5.2.5 PCGC, an age limit for the appointment of Management Board members is specified not in the rules of procedure, but in the articles of association. Article 5 Section 1 of the articles of association stipulates that the period for which members of the Management Board are appointed shall not extend beyond statutory retirement age. As such, age stipulations are to be taken into account in the process for selecting and appointing Management Board members laid down in the articles of association.

Remuneration

In a departure from paragraph 5.3.3 PCGC, the possibility of retroactively amending the performance objectives and parameters specified in the objectives agreement for the Management Board in consultation between the shareholder and DEG is not excluded in principle. This option was not exercised during the year under review.

The variable remuneration objectives for the Management Board in the 2021 financial year related to company goals shaped by substantial national interest and, for Philipp Kreutz, responsible for DEG's back office divisions, did not include a new business objective and were weighted differently. An individual objective extending beyond their respective contribution to company goals was included in the objectives agreement for 2022 for individual members of the Management Board.

Committees

The Supervisory Board is relieved of a portion of its workload by its committees, which benefit from more familiarity with the issues and greater flexibility of scheduling. The Risk and Credit Committee not only prepares decisions for the Supervisory Board in some cases, but also – in a departure from paragraph 6.1.7 PCGC – decides definitively, in connection with DEG's financing business, on measures and transactions of special significance, which, according to Article 10 Section 5 Nos. 4 and 5 of DEG's articles of association, require the approval of the Supervisory Board. Having the Risk and Credit Committee make the final decision on such matters is necessary for reasons of practicality and efficiency.

In a departure from paragraph 6.1.8 PCGC, the proportion of employee representatives on the committees did not reflect the power relations between shareholder representatives and employee representatives on the Supervisory Board as a whole for the entire year under review. However, the composition of the Audit Committee and the Risk and Credit Committee was adjusted in the year under review so that a third of committee members are now employee representatives, which is the same proportion as for the Supervisory Board as a whole. For the Executive and Nomination Committee and the Remuneration Control Committee, the legitimate interests of shareholders in ensuring that the committees operate efficiently take precedence; moreover, the issues discussed by these committees are regularly addressed again in detail at plenary meetings of the Supervisory Board. Representation of these interests is ensured by retaining a lower number of committee members, who also reflect the perspectives of the various interest groups represented on the Supervisory Board.

Cooperation of Management Board and Supervisory Board

The Management Board and the Supervisory Board work together closely for DEG's benefit. The Management Board, especially the CEO, maintains regular contact with the Chair of the Supervisory Board. The same applies to the chairs of the committees in their relevant areas of responsibility.

The Management Board informs the Chair of the Supervisory Board of all events of material significance to the assessment of DEG's situation and development. The Chair of the Supervisory Board informs the Supervisory Board of any issues of major significance and convenes an extraordinary meeting if necessary.

In the year under review, the Management Board reported to the Supervisory Board as per the provisions of Article 90 of the German Stock Corporation Act (Aktiengesetz – AktG) and provided comprehensive information on all relevant corporate issues related to strategy, planning, business development, profitability, the risk situation, risk management, compliance, the remuneration strategy and the financial situation, sustainable governance and implementation and results thereof, transactions of special importance to the profitability or liquidity of the company and any changes in the economic environment of significance to the company.

Management Board

The Management Board conducts DEG's business with the care of a fit and proper business person in accordance with the law, the articles of association, the rules of procedure for the Management Board and the decisions of the shareholder's meeting and the Supervisory Board. The allocation of responsibilities among members of the Management Board is regulated by a schedule of responsibilities. In the year under review, Christiane Laibach was CEO until 31 May 2021 and left the Management Board as of 1 June 2021 to join the Executive Board of KfW. As decided by the shareholder's meeting of 27 May 2021, Roland Siller was appointed as her successor as member of the Management Board and CEO with effect from 15 July 2021.

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

Christiane Laibach
CEO until 31 May 2021 and

Roland Siller
CEO since 15 July 2021

- 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
- Industries & Services, Private Equity and Venture Capital Division
- Infrastructure & Energy Division
- Banking & German Business Division[2)]

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

Supervisory Board

The Supervisory Board monitors and advises the Management Board on its leadership of DEG. Under DEG's articles of association, the Supervisory Board consists of 15 members. Five of these are employee representatives elected under the provisions of Germany's One-Third Participation Act (Gesetz über die Drittelbeteiligung der Arbeitnehmer im Aufsichtsrat – DrittelbG), while the other members are appointed by the shareholder's meeting. The 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 Climate Action (known until 7 December 2021 as 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 Chair of the Supervisory Board. Eberhard Brandes, CEO of WWF Deutschland, resigned from the board with effect from 31 March 2021. Wolfgang Schmidt resigned from the board with effect from 8 December 2021 and Dr Ingrid Hengster resigned from the board with effect from 31 December 2021. There were seven women on the Supervisory Board in the year under review. The Supervisory Board thus exceeded its target of 33% female membership, adopted on 19 June 2017.

Article 2 Section 3 of the rules of procedure of the Supervisory Board states that anyone who would exceed the statutory or regulatory limits on the number of Management or Supervisory Board mandates by taking up or continuing a

[1)] The responsibilities allocated to Christiane Laibach at the beginning of the year under review were temporarily allocated elsewhere during a transition period owing to the change of CEO. The responsibilities shown apply as of 1 October 2021.

[2)] The front office divisions under the responsibility of Monika Beck were reorganised during the year and have new names. However, this did not affect how responsibilities were allocated among members of the Management Board.

Supervisory Board mandate at DEG, and anyone who cannot guarantee that they can dedicate the time required for the role for other reasons, may not be a member of the Supervisory Board. DEG also follows Article 25d Section 3a of the German Banking Act (Kreditwesengesetz – KWG) in this regard. The recommendations of the PCGC also apply to members of the Supervisory Board appointed at the instigation of the German Federal Government.

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

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 KWG:

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

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

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

The **Audit Committee** deals specifically with monitoring the financial reporting process; with the effectiveness of the risk management system, especially the Internal Control System and Internal Audit; with the audit of the annual financial statements and with evaluating whether the auditor demonstrates the required independence. It also sets priorities for the audits 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 management activities 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 (Bundesanstalt für Finanzdienstleistungsaufsicht – 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. the Minimum Requirements for Risk Management; Mindestanforderungen an das Risikomanagement – MaRisk), as well as regulatory requirements that DEG must fulfil as a subsidiary of KfW in connection with consolidation at group level for regulatory purposes.

Public benefit

DEG exclusively and directly serves the public benefit within the meaning of the 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. Annual Corporate Governance Reports including the Declaration of Conformity with the PCGC are always available on DEG's website. 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 an adequate 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 23 March 2020, the shareholder appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) as the auditor for the 2021 financial year after consulting with the Supervisory Board. The Supervisory Board subsequently issued the audit mandate to EY on 21 June 2021 and established priorities for the audit with the auditor. It was agreed with the auditor that the chair of the Audit Committee would be informed immediately of any findings and circumstances of material significance to the duties of the Supervisory Board arising during the audit. It was further agreed that the auditor should inform the Audit Committee chair or include a note in the audit if, while carrying out the audit, it ascertained facts that negated the accuracy of the Declaration of Conformity with the PCGC. The audit contract awarded to the auditor also includes an inspection of whether the Declaration of Conformity with the PCGC for the year prior to the audit has been submitted and whether the Corporate Governance Reports from the past five financial years have been published on DEG's website (paragraph 8.2.5 PCGC).

Efficiency review

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

Sustainability / non-financial report / fair taxation

As part of KfW Group, DEG pursues a sustainable governance approach in accordance with Germany's Sustainable Development Strategy and applies the UN Sustainable Development Goals (SDGs). With its new impact and climate strategy, DEG plans over the coming years to intensify the focus of its financing on sustainable business activities that contribute measurably to the SDGs and aim to comply with the goals of the Paris Agreement. DEG is also working closely with KfW Group and other European development banks to prepare strategically for the provisions of the EU taxonomy, which are still to be defined, for sustainable investments outside Europe. Its objectives over the next few years are:

- To further develop and apply its impact management approach, based on the SDGs
- At group level, to gradually apply sector-specific guidelines that are compatible with the Paris Agreement pertaining to financing for particularly greenhouse gas-intensive industries and to establish greenhouse gas accounting processes (including carbon footprint) for the entire DEG portfolio and new business
- To systematically strengthen the analysis of ESG risks within risk management processes in line with requirements developed and applied for the entire KfW Group

DEG provides excerpts from its non-financial report, input for the TCFD report and input on reporting requirements relating to human rights as part of KfW Group's annual sustainability report. The declaration of compliance with the German Sustainability Code submitted by KfW Group every two years also applies to DEG.

DEG is recognised as a public-benefit corporation within the meaning of Section 51 of the Fiscal Code of Germany (Abgabenordnung – AO). In both the KfW tax model and code of conduct, which DEG applies without restriction, and its own tax rules, DEG commits to pay taxes on time and to present all of its tax items in a transparent and accountable manner. It therefore acts as a responsible taxpayer that makes a fair contribution to society in accordance with national and international tax laws. DEG does not develop or support tax models designed exclusively to achieve tax advantages or savings. In particular, DEG does not design, use or support any artificial tax structures. DEG cultivates an open, transparent and cooperative relationship with German and foreign tax authorities. The principles of DEG's tax policy are anchored in the tax model of KfW's tax guidelines, which apply to the entire KfW Group in the form of an operating procedure, and in DEG's tax rules, which also describe the tax compliance management system (TCMS) of KfW Group and DEG. In 2021, an independent tax consulting firm confirmed that DEG's TCMS was adequate and was being implemented correctly. DEG complies with the requirements of the EU Directive on Administrative Cooperation and meets its disclosure obligations under the law to introduce an obligation to submit information on reportable cross-border arrangements.

Diversity and equal opportunities

For DEG, diversity and equal opportunities are mandatory. Nobody may be discriminated against because of their origin, ethnicity, gender, religion, world view, disability, age or sexual identity.

The equal treatment of men and women – including in terms of remuneration – is an important component of DEG's personnel policy. At management level, this is achieved by specifically targeting female candidates and taking measures to support women. DEG is a member of the Cologne-based alliance "Mit Frauen in Führung" ("With Women in Management"), in which it plays an active part in furthering equality. DEG also supports women through the aforementioned alliance's cross-mentoring programme and as part of the "Women in Foreign Trade" alliance. It ensures a balanced participation quota by continuously monitoring the proportion of men and women benefiting from support measures (e.g. in its Professional Development Programme or during external training). Activities undertaken to promote diversity and equal opportunities are presented to the Supervisory Board each year.

As of 31 December 2021, women made up 33% of the Management Board. Women accounted for 20% of employees at the first management level below the Management Board and for 35% of employees at the second management level below the Management Board.

Mindful of its social responsibility, DEG is also committed to the inclusion of severely disabled persons, and is guided by the UN Convention on the Rights of Persons with Disabilities, which has been in force in Germany since March 2009. In targeting severely disabled employees, DEG relies on a solid network of institutions and universities, as well as job vacancies on specialised job portals, such as the International Placement Services (Zentrale Auslands- und Fachvermittlung – ZAV) of the German Federal Employment Agency. Positive examples of successful inclusion at work create awareness among employees of how to cultivate an open-minded approach to people with disabilities. DEG also offers internships to severely disabled persons to help them to gain work experience and thus have better access to the mainstream labour market. Digital accessibility is another focus, which is being put into practice on DEG's website and by adapting internal IT systems. In individual cases, DEG seeks external assistance, such as speech-to-text interpreters for employees who are hard of hearing at a multi-day event. A representative body for severely disabled employees is elected by employees with severe disabilities, to ensure that their interests are represented.

Work and family life / remote working

A work/life balance is essential for the health and employability of employees. This approach forms the basis of DEG's strategic, family-focused personnel policy. DEG offers its employees a range of working/lifestyle models, allowing them to combine work and private life in a way that works for them. It also offers a wide range of part-time models and remote working opportunities.

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

Remuneration

DEG employees are subject to the provisions concerning working hours, holiday entitlement and remuneration set out in the collective bargaining agreement for the public and private banking sector. DEG is expressly committed to fair, transparent and non-discriminatory remuneration policies and appraisal processes. Its remuneration systems do not discriminate on the basis of gender, nationality, ethnic origin or religion. Activities under the collective agreement are allocated to the pay scale groups set out in the collective bargaining agreement for the public and private banking sector. Details regarding the remuneration of employees not subject to the collective agreement are laid down in corresponding company agreements. Different pay scale bands are specified for the individual levels not covered by the collective agreement; these form the basis for remuneration. Furthermore, the variable component is based on a performance-related assessment that takes into account qualitative and quantitative objectives achieved. The overall content and material design of the DEG remuneration system is based on its business model as a development bank. It is designed as a performance-based remuneration system with a focus on fixed remuneration and including a variable remuneration component that is low compared with traditional commercial banks. Variable remuneration is measured using the criteria of development, return and risk, taking into account the sustainability of the business performance in particular. To measure employee performance, DEG applies a structured annual procedure. Objectives management and performance assessment are key corporate management instruments and provide tools for boosting leadership and motivation. The outcome of the performance management procedure forms the basis for determining remuneration at DEG. Since 2018, all DEG employees have been able to exercise their individual right to information pursuant to Article 10 of the German Transparency in Wage Structures Act (Entgelttransparenzgesetz), through which they can obtain information about the criteria and processes used to determine remuneration and the median monthly gross remuneration, as well as up to two salary components of a comparable group of the other gender.

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 16).

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 15 March 2021, 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 the fulfilment of objectives, is immediately disbursed to the Management Board. The other half constitutes a provisional claim only, and is paid from a "bonus account" in equal instalments over the following three years, provided there is no significant decline in business performance. If the agreed profitability objective is not met over the following years, payments from the bonus account shall be subject to a penalty. In the year under review, penalties were imposed on all outstanding payments from the bonus accounts of Management Board members.

The summary in Table 2 (pages 16 and 17) shows total remuneration 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 its 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. Costs incurred as a result of personal use of a company car are borne by members of the Management Board in accordance with current tax legislation.

Members of the Management Board are insured under a group accident insurance policy. Health insurance and long-term care insurance are subsidised. In respect of the risks associated with their management activities on the governing body, members of the Management Board are insured under a policy that covers liability for 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 4.3.2 PCGC.

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

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

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

In the past financial year, no member of the Management Board received benefits, or a pledge to that effect, from a third party in respect of 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. These contracts of employment also provide that, 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 (Bürgerliches Gesetzbuch – 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.

These contracts also include a severance payment cap in accordance with the recommendations of the PCGC. 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. In another departure from this, the entitlement of Roland Siller will increase by 1.34 percentage points up to a maximum pension entitlement of 49%.

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 995.5 k in 2020 and EUR 990.2 k in 2021 (cf. summary of retirement pensions for former members of the Management Board and surviving dependants in Table 3).

Transfers to pension provision for former members of the Management Board and their surviving dependants amounted to EUR 96.0 k at the end of the 2021 financial year (previous year: EUR 172.3 k).

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.

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

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 provide details of the Supervisory Board's compensation for the 2020 and 2021 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. A deductible has not been agreed at present. Members of DEG's Supervisory Board are also covered in the exercise of their duties by a special group insurance policy for employees that meets any legal expenses incurred as a result of criminal prosecution.

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

Cologne, 21 March 2022

The Management Board The Supervisory Board

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

EUR k	2021	2020	Change
Management Board	1,086	1,209[1]	-123
Former members of the Management Board & surviving dependants	990	995	-5
Members of the Supervisory Board	81	77	+4
Total	**2,157**	**2,281**	**-124**

[1] In a departure from Corporate Governance Reports from previous years, employer contributions to health and long-term care insurance are taken into account.

Table 2: Annual compensation of the Management Board and transfers to pension provision for 2020 and 2021 in EUR k[1]

EUR k[1]		Fixed salary	Variable remuneration[2]	Benefits in kind[3] [4] [8]	Total	Bonus account	Transfer to pension provision
Bruno Wenn	2021	-	-	-	**-**	6.2	-
	2020	-	15.4	-	**15.4**	24.6	-
Christiane Laibach (CEO)[6]	2021	143.7	25.8	6.0	**175.5**	60.9	553.5
	2020	344.9	47.6	15.0	**407.5**	66.1	352.7
Monika Beck	2021	344.9	20.7	17.3	**382.9**	54.7	283.1
	2020	344.9	32.2	17.0	**394.1**	41.5	239.9[5]
Philipp Kreutz	2021	344.9	11.4	6.4	**362.7**	27.1	424.1
	2020	344.9	41.0	6.1	**392.0**	58.2	364.9
Roland Siller (CEO)[7]	2021	160.0	-	5.1	**165.1**	-	1,677.8[5]
Total	**2021**	**993.6**	**57.9**	**34.8**	**1,086.3**	**148.9**	**2,938.5**
	2020	**1,034.8**	**136.2**	**38.2**	**1,209.2**	**190.5**	**957.5**

[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 under pensions and unemployment insurance. The total for 2021 was EUR 25.7 k (previous year: EUR 26.1 k).

[4] In a departure from Corporate Governance Reports from previous years, employer contributions to health and long-term care insurance are taken into account.

[5] Includes entitlements from earlier periods of employment with the group.

[6] Christiane Laibach left DEG's Management Board as of 1 June 2021.

[7] Since 15 July 2021.

[8] In contrast to the information reported in Table 2a, benefits in kind also include employer contributions towards the use of public transport.

Table 2a: Breakdown of benefits in kind for the Management Board in 2021 and 2020 in EUR k[1)]

	Company cars		Group accident insurance policy		Health insurance		Long-term care insurance		Dual household	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Christiane Laibach[2)]	4.0	9.6	-	0.6	1.8	4.3	0.2	0.4	-	-
Monika Beck	10.8	10.8	0.8	0.8	4.6	4.4	0.4	0.3	-	-
Philipp Kreutz	-	-	0.8	0.8	4.6	4.4	0.5	0.4	-	-
Roland Siller[3)]	2.5	-	-	-	2.1	-	0.2	-	-	-
Total	**17.3**	**20.4**	**1.6**	**2.4**	**13.1**	**13.1**	**1.3**	**1.1**	**-**	**-**

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

[2)] Christiane Laibach left DEG's Management Board as of 1 June 2021.

[3)] Since 15 July 2021.

Table 2b: Breakdown of remuneration received by Management Board members from secondary employment activities in 2021 and 2020 in EUR k[1)]

	2021	2020
Christiane Laibach[2)]	-	-
Monika Beck	-	-
Philipp Kreutz	-	5
Roland Siller[3)]	-	-
Total	**-**	**5**

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

[2)] Christiane Laibach left DEG's Management Board as of 1 June 2021.

[3)] Since 15 July 2021.

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

	Number 2021	EUR k 2021	Number 2020	EUR k 2020
Former members of the Management Board	5	659.2	5	648.0
Surviving dependants	3	331.0	4	347.5
Total	**8**	**990.2**	**9**	**995.5**

Tables 4 and 5: Compensation of members of the Supervisory Board for the 2020 and 2021 financial years in EUR

No.	Name	Period of membership 2021	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.–31.03.	-	-	-	-
4.	Michael Junginger	01.01.–31.12.	5,000	-	2,560	**7,560**
5.	Jürgen Gerke[1]	01.01.–31.12.	-	-	-	-
6.	Dr Ingrid Hengster[1]	01.01.–31.12.	-	-	-	-
7.	Bernd Loewen[1]	01.01.–31.12.	-	-	-	-
8.	Wolfgang Schmidt[1]	01.01.–08.12.	-	-	-	-
9.	Prof. Dr Christiane Weiland	01.01.–31.12.	8,000	2,500	12,524	**23,024**
10.	Elisabeth Winkelmeier-Becker[1]	01.01.–31.12.	-	-	-	-
11.	Dr Amichia Biley	01.01.–31.12.	5,000	553	5,012	**10,565**
12.	Marina Dietz	01.01.–31.12.	5,000	-	3,000	**8,000**
13.	Sarah Madew	01.01.–31.12.	5,000	500	3,548	**9,048**
14.	Bertram Dreyer	01.01.–31.12.	5,000	500	6,608	**12,108**
15.	Caroline Kremer	01.01.–31.12.	5,000	553	5,012	**10,565**
Total (net)			**38,000**	**4,606**	**38,264**	**80,870**

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**

[1] Compensation not claimed.

Management Report 2021

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.

DEG finances economically and developmentally sustainable, socially and environmentally sound projects 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, as 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 (SDGs) contained in the United Nations 2030 Agenda for Sustainable Development.

DEG reaches enterprises in partner countries in two ways. One way is to finance companies directly with loans and participating interests. The other is to provide capital to local banks and other financiers, such as funds, which in turn advise mainly SMEs in developing countries and provide them with long-term financing tailored to their specific needs. This enables local enterprises to develop further and invest.

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, for example 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 holds particularly true during the global COVID-19 pandemic, which is having a huge impact on economies and societies. DEG provides 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 19 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 disclosure policy was expanded further in 2020. For larger-scale land-related projects, a summary of the contractually agreed environmental and social action plan will be published on the customer's website after the project has been approved.

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

Building on the review of its business model, which began during its annual strategy review in 2020, DEG developed and fleshed out a new business strategy in 2021: "DEG2030: Climate/Impact returns". In particular, it looked at the developmental and commercial opportunities offered by focusing even more strongly on providing impact and climate financing. DEG's focused business model positions it as a strong finance provider and transformation consultant for forward-looking private enterprises in developing and emerging market countries. In addition to providing debt capital and equity, DEG plans to expand its impact and climate consultancy services within the scope of its BSS and to make its portfolio climate-neutral by 2040. The company will begin implementing its new business strategy in 2022.

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.

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

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)[1)]

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 2021, the percentage for management level one was 22.2% (2020: 22.2%) and the figure for level two was 35% (2020: 35.9%).

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. Female representation is 33.3% on the Management Board (2020: 66.6%) and remains at 50% on the Supervisory Board, as in the previous year.

ECONOMIC REPORT

Business environment[2)]

The global economy recovered from the shock of the COVID-19 pandemic in 2021, albeit at a slowing pace. As a result of accommodative fiscal and monetary policy and steps taken to adapt economic activity to the pandemic, the global economy initially exhibited strong growth in gross domestic product (GDP) in the second half of 2020 (8.1% in the third quarter), which then lost some of its momentum again in 2021 (around 1% in each of the first three quarters). The reasons for this included supply bottlenecks, increasing COVID-19 infection rates and new mobility restrictions.

Economic recovery took place on two parallel tracks worldwide, with increasing divergences between economies again becoming apparent. Various factors played a part in this, such as considerable differences in the economic support offered to enterprises and individuals to help them overcome the effects of the crisis, as well as in access to vaccines. By October 2021, around 58% of the population in industrialised countries were already fully vaccinated against COVID-19, compared with a rate of around 36% in emerging market countries and less than 5% in low-income countries. Mobility restrictions continued in 2021 as a result of high infection rates, which also hampered economic recovery. As a result of rising energy and food prices and supply bottlenecks, the global inflation rate rose by more than 1% to 4.3% in 2021. Some central banks have hiked up interest rates in response. Brazil, for example, increased its interest rate in seven stages in 2021, taking it from 2% to 9.25%, while Mexico raised its rate in five stages, from 4% to 5.5%, between June and December. Many developing and emerging market countries also faced challenging financing conditions, hampering their ability to provide economic support measures.

Despite pandemic conditions, global GDP growth was significant in 2021 at 5.9% (2020: -3.1%). The US economy recorded solid growth of 6.0% (2020: -3.4%), bolstered by substantial government stimulus packages and the easing of restrictions, made possible by the swift vaccine rollout. Economic recovery was also positive in the eurozone, partly due to a resurgence in domestic demand, with GDP rising by 5.0% (2020: -6.3%). GDP in developing and emerging market countries recorded strong growth of 6.4% (2020: -2.1%), although once again there were variations between regions and sectors.

- The GDP growth rate in **Asia (excluding Japan)** increased from -0.8% (2020) to 7.2% in 2021. The two largest Asian economies, India and China, achieved the biggest recovery. Fiscal measures and economic reforms supported recovery in India, with GDP growing by 9.5% (2020: -7.3%). Despite turmoil in the property sector, energy shortages and significant fiscal tightening, the Chinese economy grew by 8.0% (2020: 2.3%), attributable in part to solid industrial output and exports, predominantly of pharmaceutical and electronic products. By contrast, the ASEAN[3)]-5 countries (Indonesia, Malaysia, Philippines, Thailand, Vietnam) recorded growth of only 2.9% (2020: -3.4%). Supply bottlenecks also occurred in these countries, accompanied by a weak recovery in the tourism industry, where business came to only about 2.3% of the pre-pandemic level in Thailand, for example. Regional COVID-19 outbreaks and resulting lockdown measures also had an impact.
- Economic development in the region **Europe outside the EU** improved from -2.0% in 2020 to 6.0% in 2021, mainly thanks to strong consumer demand. Turkey exhibited robust growth of 9.0% (2020: 1.8%), due to a strong recovery in

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

[2)] **Sources:** IMF World Economic Outlook (October 2021); World Bank, Global Economic Monitor database (6 January 2022); assessment by the Economist Intelligence Unit, October 2021.

[3)] ASEAN stands for the Association of Southeast Asian Nations.

both industry and private consumption. However, inflation increased from 14.6% in late 2020 to 36% in late 2021. Despite this, the Turkish central bank lowered the interest rate from 19% in the first quarter of 2021 to 14% at the end of the year. The lira thus depreciated by 42% in one year. Russia, meanwhile, benefited from high raw material prices and strong consumer demand, with GDP growth standing at 4.7% in 2021 (2020: -3.0%).

- Economies in the **Middle East and North Africa** gained momentum in 2021, fuelled by rising oil prices, with GDP growing by 4.1% (2020: -3.2%). The resurgence of trading activities, bolstered by increasing output in the agricultural and industrial sectors, supported economic recovery in Morocco, where GDP rose by 5.7% (2020: -6.3%). By contrast, Tunisia's economy grew by only 3.0%, as tourism was slow to pick up again there.
- Economic output in **sub-Saharan Africa** recorded a GDP growth rate of 3.7% (2020: -1.7%). This was attributable to insufficient fiscal measures and low availability of vaccines, especially in low-income countries. The region's largest economies experienced different trends. South Africa grew by 5.0% (2020: -6.4%) thanks to its strong mining industry and high raw material prices (the S&P Goldman Sachs Commodity Index rose by 37% over the course of 2021). At 2.6%, the pace of growth in Nigeria was significantly slower (2020: -1.8%), as oil production fell to a ten-year low due to technical problems.
- GDP in **Latin America** grew by 6.3% (2020: -7.0%). The region benefited from high commodity prices, and the easing of restrictions also supported economic recovery. The region's largest economies recorded slightly below-average growth, however, with Mexico's economy growing by 6.2% (2020: -8.3%) and Brazil's by 5.2% (2020: -4.1%). Supply bottlenecks negatively impacted the automotive industries in both countries. On top of this, Brazil faced extreme drought, which severely impacted agriculture and energy supply.

Business development

The 2021 financial year proved challenging as a result of the ongoing COVID-19 pandemic, which, coupled with varying economic developments in partner countries, meant that DEG was once again in particularly high demand as an experienced partner to its customers. Although general conditions remained difficult on the whole, DEG achieved the vast majority of its objectives for 2021.

It committed more funds for private sector enterprise investments in developing and emerging market countries in 2021 than in the previous year. With a volume of EUR 1,533.6 million (own funds), new commitments almost reached the budgeted figure, adjusted during the year, of EUR 1.6 billion (original budgeted figure: EUR 1.85 billion) in 2021 and exceeded the previous year's figure (2020: EUR 1,410.6 million).

DEG also acted as the “lead” for 12 commitments by mobilising EUR 507 million from development banks and institutional investors from the private sector (2020: EUR 378 million), significantly exceeding the budgeted figure of EUR 300 million.

The committed volumes ranged from the single-digit millions to high-volume commitments of up to EUR 30 million, and even considerably more in individual cases, such as financing for a vaccine manufacturer in Africa. The volume of commitments (total of commitments disbursed and new commitments on own account approved but not yet disbursed) increased to EUR 9.2 billion at the end of 2021 (2020: EUR 8.5 billion).

New commitments by customer cluster in EUR millions

Year	Corporates	Financial institutions	Funds	Project financing	Total
2021	506.1	493.6	345.3	188.6	**1,533.6**
2020	588.6	469.6	189.6	162.8	**1,410.6**

New commitments by region in EUR millions

Year	Asia	Latin America	Africa / MENA[1]	Europe / Caucasus	Supraregional investments	Total[2]
2021	499.1	566.1	337.2	103.7	27.5	**1,533.6**
2020	439.6	333.8	385.5	171.2	80.6	**1,410.6**

[1] Middle East & North Africa / MENA
[2] Differences in the total due to rounding

DEG committed financing for 98 projects in the year under review (2020: 84). As in the previous year, the customer clusters "Corporates" and "Financial institutions" accounted for the largest share – around a third each – of new commitments. Commitments for enterprises amounted to EUR 506.1 million and commitments for financial institutions to EUR 493.6 million. DEG continued to closely support its customers in the second year of the pandemic. Overall, its customers fared better than expected in the crisis, as shown by the DERa score of 78 points[1)] for the 2021 portfolio. Over a three-year average, the score was 79, well above the expected figure of 74 points.

DEG also cooperated with financial institutions to help provide companies in partner countries with the liquidity they needed.

Commitments for the customer clusters "Funds" and "Project financing" were higher year on year in 2021 at EUR 345.3 million and EUR 188.6 million, respectively. Commitments for funds increased by almost 90%, while in terms of larger investment decisions related to project financing, there was a slight catch-up effect from projects already initiated.

DEG's new commitments in 2021 facilitated entrepreneurial investments with a total volume of EUR 8.2 billion (2020: EUR 7.7 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, for example for the purchase of German plants or components. Commitments from funds on own account for German companies, especially those in the manufacturing sector, reached EUR 262.6 million in 2021 (2020: EUR 368.6 million).

In addition, DEG provided around EUR 46 million (2020: EUR 40 million) for 14 projects via the promotional programme AfricaConnect, aimed at European companies investing in Africa, of which EUR 2 million was for two COVID-19 response measures.

DEG was able to reach around 50 German corporates through additional promotional programmes (2020: 80). A total of EUR 62.2 million was committed for promotional programmes for 179 projects (2020: EUR 63.2 million). The various COVID-19 response measures accounted for a large share of this. Co-financing of EUR 23.2 million was committed for 40 projects (2020: EUR 30.8 million).

EUR 736.7 million of newly committed financing in 2021 was destined for SMEs and medium-sized businesses ("Mittelstand"), which again represented around 50% of new commitments (2020: EUR 741.0 million). A total of EUR 498.7 million (2020: EUR 467.9 million) was committed for risk capital financing (participating interests and loans with equity features) in 2021.

EUR 408.7 million of new commitments in 2021 were for projects that promote the protection of the climate and the environment (2020: EUR 507.7 million). Investments in climate protection accounted for EUR 193.3 million of that sum (2020: EUR 280.5 million). The pandemic caused delays in the implementation of new projects, for example in the area of renewable energies.

By continent, commitments for projects in America accounted for the lion's share of new business at EUR 566.1 million, followed by Asia with EUR 499.1 million and the Africa/North Africa/Middle East region with EUR 337.2 million. New commitments for Europe stood at EUR 103.6 million.

Lendings accounted for EUR 1,034.8 million of DEG's new commitments (2020: EUR 942.8 million), of which EUR 32.1 million was arranged as loans with equity features (2020: EUR 192.4 million). At EUR 466.6 million, equity participations were considerably higher than in the previous year (2020: EUR 275.4 million).

Three quarters of DEG financing was once again committed in US dollars in 2021. In total, lendings and participating interests in USD were equivalent to EUR 1,141.3 million (2020: EUR 1,071.0 million). Newly committed financing in local currencies totalled EUR 159.4 million (2020: EUR 62.7 million).

Disbursements (own business) came to EUR 1,402.1 million in 2021, down slightly on the previous year's figure of EUR 1,444.2 million.

The commitment volume was distributed across 705 commitments in 82 partner countries at the end of 2021 (2020: 693 and 83).

STATUS REPORT

Profitability

DEG closed 2021 with very positive results. Owing to an increased operating result as well as earnings from the partial write-back of a risk provision created in the previous year in response to the pandemic, predominantly for participating interests, DEG concluded the 2021 financial year with a profit before tax of EUR 225.4 million. This significantly surpassed DEG's target of more or less returning to a profit.

Net interest income was satisfactory in 2021. The decline in interest rates in particular caused net interest income to fall to EUR 184.5 million (2020: EUR 198.0 million).

The result from participating interests developed positively in 2021. Despite the ongoing challenges caused by the pandemic, the company disposed of a larger number of partici-

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

pating interests, and the resulting earnings increased to EUR 98.4 million (2020: EUR 82.4 million). The number and amount of dividends increased year on year.

In the year under review, the net write-back of provision for risk amounted to EUR 21.2 million after a net cost of provision for risk of EUR 359.1 million in the previous year. Of this sum, write-backs of EUR 26.8 million relate to participating interests (2020: additions of EUR 244.6 million) and additions of EUR 13.9 million to the loans portfolio (2020: EUR 111.0 million). Net provisions of EUR 8.3 million were written back for irrevocable credit commitments (2020: EUR 3.5 million added).

After the risk provision created in the previous year was impacted by the negative performance of participating interests and customer rating downgrades due to the pandemic, the values of participating interests increased again to some extent in 2021, especially in Asia.

With regard to loans, transfers to non-performing commitments fell year on year. The rate of transfers to non-performing commitments in 2021 was therefore back below the long-term average. At a regional level, the focus is on net transfers to loans in Asia. At EUR 42.2 million net, significant general loan loss provisions were written back, resulting in particular from the reversal of some rating downgrades issued in the previous year.

Financial position

In the past financial year, investments were made in partner countries and in bonds and notes under current fixed assets in the equivalent amount of EUR 1,459.1 million. These disbursements were funded through cash inflows from loan repayments (EUR 838.4 million) and disposals of participating interests (EUR 305.5 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 2021, a total of EUR 1,761.2 million in funds was raised and EUR 1,568.9 million was repaid.

HGB P&L – economic presentation

EUR million	**31.12.2021**	**31.12.2020**
Income from long-term lendings	195.7	237.3
Other interest and similar income	1.4	1.0
Interest payable and similar charges	-12.6	-40.3
Interest surplus	**184.5**	**198.0**
Income from disposals [1]	98.4	82.4
Income from dividends [2]	47.1	39.8
Result from participating interests	**145.5**	**122.2**
Remaining other operating income [3]	**25.8**	**23.7**
Staff costs	-87.8	-84.3
Non-staff costs [4]	-55.3	-59.4
Administrative costs	**-143.1**	**-143.7**
Operating results (before risk provision and valuation effects from currency)	**212.7**	**200.2**
Net risk provision (write-back [+]/write-up [-])	21.2	-359.1
Valuation effects from currency [5]	-8.5	-19.8
Profit for financial year before tax	**225.4**	**-178.7**
Taxes [6]	-9.8	-2.5
Net profit (2020: net loss)	**215.6**	**-181.2**

[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&L as “Tax on income and profit” and “Other taxes”.

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 2021.

Net worth position

The decline in the level of risk provisions and a generally stronger USD compared with the effective date led to a EUR 693.7 million increase in financial fixed assets.

Assets held under trust for the Federal Ministry for Economic Cooperation and Development (BMZ) with a focus on Africa increased further: EUR 150.5 million was invested in the "Global Impact Investment Facility" and "AfricaConnect" measures promoted as part of "Financial Cooperation with Regions". Total assets held under trust accordingly rose to EUR 338.7 million (2020: EUR 190.4 million).

Business volume (balance sheet total without trust business) increased by EUR 653.5 million year on year to EUR 6,800.7 million.

Equity increased to EUR 2,506.6 million due to the profit for the financial year of EUR 215.6 million. The equity ratio (ratio of equity to business volume) declined from 37.3% to 36.9%. At 9.5%, the return on equity for 2021 (before taxes and hedging costs for participating interests) exceeded the forecast of 0.0%, due to the profit for the financial year. Over a three-year average, the performance indicator of return on equity is 0.2%, falling short of the target of 2.6% owing to the losses for the previous two financial years.

Business development was positive on the whole.

OPPORTUNITY AND RISK REPORT

Opportunity management

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

As a development finance institution for the private sector, DEG regularly analyses market developments and potential business opportunities. Long-term opportunities that are identified are developed and included in the annual strategy review process, which results in the DEG 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. Strong megatrends such as climate change, sustainability requirements and digitalisation are transforming markets and creating market potential in numerous regions around the world. Companies and financial institutions are therefore adapting their business models in preparation for the future.

Against the background of this dynamic development, DEG enhanced its business strategy in 2021 in terms of focus and modernisation, thus positioning itself as an impact and climate financier for forward-looking, sustainable companies operating in developing and emerging market countries. In the future, DEG will position itself in the three customer clusters of Infrastructure & Energy, Banking and Industries & Services, focusing on the cross-cutting issues of participating interests, Africa and German business. It will begin implementing its new business strategy in 2022.

The opportunities identified by DEG include the fact that, in addition to financing for their investments, private sector enterprises are increasingly requesting solutions to the environmental, governance and social aspects of their operations. This gives DEG the opportunity to exploit its climate and sustainability expertise still further and to closely support the transformation of enterprises in developing and emerging market countries. With its Business Support Services (BSS) and different promotional programmes, it is able to offer companies needs-based consultancy solutions, resources and know-how for effective development measures aimed at facilitating sustainable transformation. Increasing demand for these additional services, in connection with investment projects offered by private sector enterprises that extend beyond merely providing liquidity, creates additional opportunities for DEG to secure attractive, economically efficient customers in order to reach its strategic goals and at the same time to improve the risk profile of its portfolio.

The company also sees additional potential in supporting German business abroad. The advisory service "German Desks – Financial Support and Solutions" is currently active at seven locations worldwide, providing support to German companies and their local trading partners. The in-demand financing service "AfricaConnect" for German and European medium-sized businesses, in connection with the German Federal Government's Development Investment Fund (EIF), facilitates more entrepreneurial investment in Africa through risk-sharing and by offering attractive lending conditions. Where such financing proves successful, this may result in opportunities to support subsequent investments by German enterprises in Africa. 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 its diversified range of financing and advisory services, DEG is able to offer needs-based solutions to meet its customers' requirements. Follow-up business with existing DEG customers also offers potential for extra business.

With its subsidiary DEG Impact GmbH, which offers investment advisory services, DEG has focused on mobilising private impact investors for its partner countries since 2020. In 2022, the aim is to establish a second subsidiary, "DEG Impulse", which will focus on DEG's advisory and promotion-related business.

Risk management

The effects of the COVID-19 pandemic and measures taken to mitigate them remained a focus of DEG's risk management in 2021. However, developing and emerging market countries were not hit by economic impacts to the extent feared in the previous year. The economic recovery process that began in these countries in the second half of 2020 continued in 2021. This recovery had a positive impact on assessments of DEG's equity investments and improved its risk and earnings situation.

Further pandemic-related developments will be reported on as part of DEG's standard processes. For example, DEG regularly analyses impacts on its portfolio as part of its monthly risk reports. Measures targeting individual commitments are taken during credit processes. The DEG crisis team meets on a regular basis to evaluate the impacts of the pandemic on DEG's business activities. The main aim has always 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.

DEG is exempt from key requirements of the German Banking Act (Kreditwesengesetz – KWG). Despite these exemptions, DEG voluntarily complies with important KWG regulations on risk management. These primarily include the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk), which flesh out Article 25a KWG, and Article 18 KWG (credit documentation). DEG, as part of KfW Group, 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 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 Control 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. Trading activities are processed and monitored in a division independent from Trading, and are kept separate up to Management Board level. Within the scope of their business operations, the Market and Trading divisions bear responsibility not only 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, assessment and reporting) and credit management (allocation of responsibilities in the credit business, credit processes, back office vote, restructuring and disposal, and valuation of participating interests).

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, objectives for risk management as they relate to the main business activities, and measures to achieve those objectives. 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 as part of KfW Group, and the standard CRR approaches, with a secondary condition of adequate liquidity.

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

The minimum requirement for DEG's Pillar I ratio in 2021 was 10.5% (31 December 2020: 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 2021. 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 2021, DEG reported a Pillar I ratio of 22.1% (31 December 2020: 20.1%).

To calculate economic risk-bearing capacity, the economic capital requirement is established for all significant types of risk and compared with the economic risk coverage. Risk-bearing capacity is determined each month in a view that is closely related to present values. The overall economic capital requirement is determined by aggregating the different risk types. At the effective date of 31 December 2021, DEG reported an economic coverage ratio of 185.1% (31 December 2020: 172.1%).

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.

While the COVID-19 pandemic had a major impact on risk-bearing capacity in 2020, the values of DEG's participating interests in particular recovered significantly in 2021. Given the stronger US dollar exchange rate year on year, DEG's equity has improved significantly. As a result, the economic coverage ratio increased from 172.1% to 185.1% year on year, and the Pillar I ratio rose by 2.0 percentage points to 22.1% thanks to the improved equity.

Economic and regulatory risk-bearing capacity was ensured throughout 2021.

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 as significant capital risks for DEG. Of these, credit risks (especially counterparty default risk including participation 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. Participation risk, as the danger of losses (in value) and other damage arising from the direct and/or indirect provision of equity or products with equity features to third parties, is subsumed under credit risk (in the wider sense).

Risk-bearing capacity

EUR million	31.12.2021	31.12.2020
Economic capital requirement	**1,544.6**	**1,342.0**
Credit risks	1,119.9	919.2
Market price risks	369.4	346.3
of which interest rate risks	53.3	53.0
of which foreign currency risks	336.7	293.3
Operational risks	18.4	38.5
Buffers	**37.0**	**38.0**
Economic risk coverage	**2,859.7**	**2,310.1**
Unrestricted equity	**1,315.1**	**968.2**

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 15.9% to 31.5%).

Among the customer clusters, there were concentrations mainly in financing for the financial sector (share of banks and insurance companies as of 31 December 2021: 41.7%; share of funds: 38.9%) and corporates in the energy sector (share as of 31 December 2021: 19.3%). 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 project financing. A group-wide scoring process based on expected returns and qualitative criteria has been used for the assessment of equity funds since mid-2021. The rating or scoring method is regularly validated. In addition, the country and transfer ratings valid across KfW Group as a whole are used to evaluate and limit risks. DEG also applies its own rating methods, which are validated according to its own model risk management policy.

A ratings review is carried out for all commitments at least once a quarter to establish whether early warning indicators are present. From a rating of M16 or a score of 1-3 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.

In 2021, non-performing commitments rose slightly in absolute terms, but fell slightly in terms of percentage. As of 31 December 2021, the non-performing commitments amounted to EUR 743.2 million (8.1% of the portfolio), which represented an increase of EUR 48.1 million compared with 31 December 2020 (EUR 695.1 million; 8.2% 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 1,119.9 million in total as of 31 December 2021 (31 December 2020: EUR 919.2 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. The diversification between interest rate and foreign currency risk is taken into account when determining overall market price risk. DEG is not a trading book institution within the meaning of the CRR, i.e. it does not enter into transactions with the aim of generating revenue in the short term. Market price 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 369.4 million as of 31 December 2021 (31 December 2020: EUR 346.3 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.

In the loans business, balance sheet foreign currency risks from nominal amounts and interest payments are generally hedged. Risks from loans in US dollars are hedged via macro-hedging. Similarly to the KfW procedure, cumulative margins are sold forward as part of the stop loss and take profit strategy. Risks from other foreign currencies including margins are hedged via micro-hedging.

As a result of the look-through approach implemented as at mid-2021 for equity funds, there is a difference between foreign currencies on the balance sheet before the look-through (predominantly in USD) and foreign currencies after the look-through (predominantly in other foreign currencies). US dollar currency risks are therefore only hedged at item level after the look-through. 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.

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

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)]

Global economic growth is expected to slow down in 2022 as fiscal and monetary policy support is gradually scaled back. The US Federal Reserve and the European Central Bank have already announced plans to cut bond purchases. Some central banks, such as those in Brazil and Mexico, have already significantly raised key interest rates. Fiscal programmes and support measures are coming to an end in many countries. Global GDP growth is expected to reach 4.9% in 2022.

The USA is expected to achieve growth of 5.2%, with the current shortage of goods and labour resulting in a dampening effect. Growth of 4.3% is forecast for the eurozone, given the ongoing impact of supply bottlenecks and high energy prices on industry. Economic growth in developing and emerging market countries is expected to reach 5.1%.

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

- Compared with other regions, **Asia (excluding Japan)** is expected to achieve the strongest growth of 6.3%, with recovery supported by global demand for products and exports from the region. India will continue on its growth course at 8.5%. Economic recovery of 5.8% is expected for the ASEAN[2)]-5 countries (Indonesia, Malaysia, Philippines, Thailand, Vietnam). A decline in construction activities will restrict China's growth, with GDP growth of 5.6% expected for 2022.
- Growth of 3.6% has been forecast for the region **Europe outside the EU** in 2022. The fiscal support measures that have been in place up to now are coming to an end in many of these countries. Industry is feeling the impact of prolonged supply bottlenecks and a shortage of materials, as well as high energy prices. Turkey is having to contend with high inflation, which reached 36% at the beginning of 2022. Growth of 3.3% is expected for Turkey, while Russia is set to grow by 2.9%.
- Economies in the **Middle East and North Africa** look set to grow by 4.1%, supported by high oil prices. In Tunisia, economic growth of 3.3% is expected for 2022 provided that, for example, the tourism industry recovers further. Egypt withstood the COVID-19 crisis well and continued to implement economic reforms. The country will continue on its growth course at 5.2%.
- Growth of 3.8% has been forecast for **sub-Saharan Africa** in 2022. In South Africa, domestic demand remains low given the country's high unemployment rate of over 30%. A shortage of power continues to hamper industrial production. For 2022, economic growth is expected to reach 2.2%. Nigeria expects to overcome its oil production problems in 2022, and increasing oil production will support economic recovery. Overall, economic growth of 2.7% is forecast for Nigeria. However, growth is being hampered by factors such as high inflation (up to 18% in 2021), high interest rates (key interest rate of 11.5%), low foreign direct investments (1%[3)] of GDP) and high unemployment rates (33%[4)]). Economies like Ghana and Côte d'Ivoire have benefited from the swift political responses to the COVID-19 crisis in these countries. They are also expected to achieve higher GDP growth rates (Ghana: 6.2%; Côte d'Ivoire: 6.5%) than other countries in the region.

[1)] **Sources:** IMF World Economic Outlook (October 2021), Assessment by Economist Intelligence Unit, October 2021.
[2)] ASEAN stands for the Association of Southeast Asian Nations.
[3)] Assessment by Economist Intelligence Unit, October 2021.
[4)] Assessment by Economist Intelligence Unit, October 2021.

- Economic growth in **Latin America** is expected to hit 3.0% in 2022. The fiscal support measures – combined with the region's structural problems (e.g. weak healthcare systems, large informal sector) – are not sufficient to catch up on production backlogs. The labour market is also recovering only slowly.[1] Mexico is expected to record moderate growth of 4.0%. In Brazil, supply bottlenecks are negatively impacting industry, while rising interest rates are hampering financing conditions. Low growth of 1.5% is expected there in 2022.

The forecasts are all subject to uncertainty. Factors such as (a) uncertainty over the further course of the pandemic, (b) the duration of disruptions to supply chains, (c) inflation rate trends and (d) the impact of a normalisation of US monetary policy on financial markets and financing conditions, especially for highly indebted countries, will have a substantial impact on global economic development.

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

Corporate outlook

With its new business strategy "DEG2030: Climate/Impact returns", DEG is positioning itself as an impact and climate financier for companies requiring support with their environmental, social and financial transformation. DEG's medium-term financial planning has been developed with this strategy in mind. The new strategy involves overhauling the performance indicators and switching to IFRS for measuring performance.

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

The DERa score for the DEG portfolio is determined on the basis of the previous year in each case. Possible impacts of the coronavirus pandemic on companies' business activities may therefore also have a delayed impact on the assessment. Against this background, an average DERa score of 75 points[2] is expected for 2022, marginally lower than in the year under review.

A commitment volume of around EUR 9.1 billion is planned for 2022. Sales are not expected to be fully offset by new business, and a slight decline is therefore anticipated. The cash exposure is expected to be around EUR 6.8 billion.

Subject to continued economic recovery, the aim with regard to new DEG business is to achieve a commitment volume of EUR 1.6 billion, thus slightly up on the level in the year under review. An additional EUR 300 million will again be mobilised from finance providers and institutional investors. Applications for financing received by the end of 2021 came to around EUR 1.7 billion.

Based on this business development, DEG expects net interest income to be slightly lower than in 2021, owing to a changed product mix. DEG expects earnings from dividends to remain at the same level as in the past few years. Operating and personnel expenses will increase moderately. With regard to the risk provision and valuation of participating interests, the catch-up effects from coronavirus-related valuation haircuts undertaken in 2020 occurred in 2021, as a result of which a return to pre-crisis levels is expected here too.

DEG expects the following annual profit before taxes pursuant to HGB and IFRS for 2022 compared with 2021 (in EUR million):

Year	HGB	IFRS	Δ[3]
2022 (forecast)	25	112	87
2021	225	609	384

[3] The difference between the HGB and IFRS amounts is mainly due to the valuation of participating interests, which are measured at fair value under IFRS and at fair value but at no more than acquisition cost under HGB, and to the risk provision determination, for which IFRS provides for a risk provision in the amount of the expected loss over the remaining term of the commitment if a significant increase in the default risk has occurred.

[1] Assessment of the International Monetary Fund, World Economic Outlook, 12 October 2021.

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

Annual Financial Statements 2021

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

NOTES

HGB – BALANCE SHEET AS AT 31.12.2021

(with previous year's figures for comparison)

ASSETS	Notes	31.12.2021	31.12.2020
A. Fixed assets		EUR	EUR k
I. Intangible assets	(15, 16)		
1. Purchased industrial property rights and similar rights and assets, including licences to such rights and assets		3,811,707	5,387
2. Payments in advance		1,065,960	2,963
		4,877,667	8,350
II. Tangible assets	(15, 17)		
1. Land and buildings		72,016,289	72,457
2. Office equipment		5,982,605	6,233
3. Payments in advance		80,569	39
		78,079,463	78,729
III. Financial fixed assets			
1. Investments in partner countries	(15, 18)		
a) Participating interests		1,929,156,143	1,627,243
b) Lendings to enterprises in which DEG has a participating interest		45,027,705	52,280
c) Other lendings		4,258,580,368	3,890,526
		6,232,764,216	5,570,049
2. Other financial fixed assets	(15, 19)		
a) Bonds and notes under current fixed assets		180,518,806	150,048
b) Other lendings		4,933,414	4,452
		185,452,220	154,500
		6,418,216,436	5,724,549
Total A (I + II + III)		**6,501,173,566**	**5,811,628**
B. Current assets			
I. Debtors and other assets			
1. Amounts owed from investment activities	(20)	46,243,881	49,591
of which amounts owed by enterprises in which DEG has a participating interest		541,274	2,597
2. Amounts owed from disposal of investments	(21)	3,808,878	5,295
3. Amounts owed from consultancy and other services	(22)	2,796,797	2,102
4. Other assets	(23)	75,721,672	111,620
		128,571,228	168,608
II. Other bonds and notes	(24)	2,054,420	1,865
III. Cash in hand, balances with Deutsche Bundesbank and with credit institutions	(25)	167,574,384	163,605
Total B (I + II + III)		**298,200,032**	**334,078**
C. Accruals and deferrals	(26)	1,327,216	1,516
D. Assets held under trust	(27)	338,693,927	190,445
Total assets		**7,139,394,741**	**6,337,667**

HGB – BALANCE SHEET AS AT 31.12.2021

(with previous year's figures for comparison)

LIABILITIES	Notes	31.12.2021	31.12.2020
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 of 1 January		1,722,194,789	1,776,766
Withdrawal of net loss for previous year (in previous year transfer from net income)		-181,157,908	-54,571
as of 31 December		1,541,036,881	1,722,195
III. Net profit (previous year: net loss)		215,585,315	-181,158
Total A (I + II + III)		**2,506,622,196**	**2,291,037**
B. Provisions for liabilities and charges	(30)		
1. Provisions for pensions and similar obligations		161,523,852	146,352
2. Provisions for taxes		4,987,673	2,034
3. Other provisions		69,581,549	76,435
Total B (1 + 2 + 3)		**236,093,074**	**224,821**
C. Creditors			
1. Amounts owed for financing investment activities	(31)	3,999,046,902	3,594,902
2. Trade creditors		25,217	1,196
3. Other creditors	(32)	58,913,425	35,266
of which tax payable		1,058,799	1,118
of which social security		0	0
Total C (1 + 2 + 3)		**4,057,985,544**	**3,631,364**
D. Liabilities for assets held under trust	(33)	338,693,927	190,445
Total liabilities		**7,139,394,741**	**6,337,667**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01. TO 31.12.2021

(with previous year's figures for comparison)

INCOME	Notes	2021	2020
1. Sales revenue	(35)	EUR	EUR k
a) from consultancy contracts		8,230,866	7,834
b) from trust transactions		408,803	425
c) from services		10,549,490	10,679
		19,189,159	18,938
of which from affiliated enterprises		87,070	28
2. Income from participating interests	(36)	47,075,840	39,834
3. Income from long-term lendings	(36)	195,659,759	237,325
of which from affiliated enterprises		-25,438,116	-18,962
of which from negative interest rates		1,508,843	1,031
4. Other interest and similar income	(37)	1,433,787	1,044
of which from affiliated enterprises		-434,554	-504
of which from negative interest rates		567,843	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		200,955,171	53,544
b) Write-up of amounts owed from investment activities and from disposal of investments		472,641	894
c) Write-back of provisions in respect of lendings business and participating interests		11,260,407	6,924
d) Income from write-back of value adjustments on bonds and notes under current fixed assets		377,245	327
		213,065,464	61,689
6. Other operating income	(39, 46)	206,120,370	188,347
Total income		**682,544,379**	**547,177**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01. TO 31.12.2021

(with previous year's figures for comparison)

CHARGES	Notes	2021	2020
		EUR	EUR k
7. Costs of services purchased	(40)	1,745,994	1,700
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		187,710,459	409,247
b) Depreciation and value adjustments in respect of amounts owed from investment activities and disposal of investments		368,293	56
c) Transfer to provisions in respect of lendings business and participating interests		2,933,906	10,461
d) Depreciation and value adjustments in respect of bonds and notes under current fixed assets		806,404	1,073
		191,819,062	420,837
9. Interest payable and similar charges	(42)	12,594,038	40,405
of which to affiliated enterprises		6,062,724	33,594
of which from negative interest rates		1,994,689	1,538
10. Staff costs	(43)		
a) Wages and salaries		62,079,314	61,993
b) Social security, pensions and other benefits		25,749,877	22,328
of which pensions		16,194,525	13,010
11. Depreciation and adjustments for impairment of intangible and tangible assets	(15, 44)	5,435,534	5,797
12. Other operating charges	(45)	157,754,960	172,791
Total (7 + 8 + 9 + 10 + 11 + 12)		**457,178,779**	**725,851**
13. Tax on income and profit	(48)	9,380,035	2,330
14. Net earnings		215,985,565	-181,004
15. Other taxes		400,250	154
16. Profit for financial year		215,585,315	-181,158
17. Net profit (previous year: net loss)		**215,585,315**	**-181,158**

NOTES FOR THE 2021 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 (Handeslgesetzbuch – 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 (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute), DEG is not required to apply 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 (Einführungsgesetz zum Handelsgesetzbuch – 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 (Einkommensteuergesetz – 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 direct participating interests by applying 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 specific loan loss provision is required on those grounds. If such a trigger event has occurred, the level of the specific loan loss 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 1,710 k as of the balance sheet date. The original costs and the fair value of the assets each amounted to EUR 1,710 k as of 31 December 2021.

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 2021 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 1.87% as of 31 December 2021. 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 is 2.0%, in line with the average value from the past five years.

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 3,489,792 k
- Debts: EUR 2,774,148 k
- Pending transactions: EUR 722,914 k

The USD currency risk from the participating interests portfolio was hedged by means of forward exchange transactions in the amount of USD 565,770 k; this equates to an approximately 37% hedge on participating interests with USD currency risk.

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:

- 13,343 EUR k in CNY
- 19,962 EUR k in IDR
- 69,054 EUR k in MXN
- 34,572 EUR k in RUB
- 17,371 EUR 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. The income statement method of valuation has been applied as of this year.

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

The calculation at the effective date of 31 December 2021 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 3,812 k, as well as payments in advance of EUR 1,066 k for one purchased licence that still needs to be rendered operational.

17. Tangible assets

Land and buildings in the amount of EUR 72,016 k are reported under tangible assets. This item also includes office equipment in the amount of EUR 5,983 k, as well as payments in advance of EUR 81 k.

18. Investments in partner countries

This item shows investments from funds on own account of EUR 6,232,764 k, which are made up of participating interests and lendings.

Investments from funds on own account were made in 569 enterprises in 81 countries. In nine enterprises, third parties entered into risk sub-participations in the form of counter-guarantees.

19. Other financial fixed assets

The item Bonds and notes under 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 2,107 k. The general loan loss provision was EUR 1,837 k.

Other lendings comprise loans to staff members in the amount of EUR 4,933 k.

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

	EUR k
1. Investments in partner countries	
b) Lendings to enterprises in which DEG has a participating interest	4,614
c) Other lendings	668,869
2. Other financial fixed assets	
a) Bonds and notes under current fixed assets	2,107
b) Other lendings	199
Total	**675,790**

Movements in fixed asset balances

EUR k	Original costs 01.01.2021	Accruals	Book transfers	Disposals	31.12.2021	Depreciation 01.01.2021	Accruals	Book transfers	Currency	Consumption[1]	Disposals	31.12.2021	Book values 31.12.2021
I. Intangible assets													
1. Purchased industrial property rights and similar rights and assets, including licences in such rights and assets	13,414	167	320	28	13,872	8,026	2,046	0	0	0	12	10,061	3,812
2. Payments in advance	2,963	0	-320	1,577	1,066	0	0	0	0	0	0	0	1,066
	16,376	167	0	1,605	14,938	8,026	2,046	0	0	0	12	10,061	4,878
II. Tangible assets													
1. Land and buildings	89,501	1,136	0	0	90,636	17,044	1,576	0	0	0	0	18,620	72,016
2. Office equipment	14,829	1,749	0	732	15,846	8,596	1,814	0	0	0	547	9,863	5,983
3. Payments in advance	39	63	0	21	81	0	0	0	0	0	0	0	81
	104,369	2,947	0	753	106,563	25,640	3,390	0	0	0	547	28,483	78,079
Total (I + II)	**120,745**	**3,114**	**0**	**2,358**	**121,501**	**33,667**	**5,436**	**0**	**0**	**0**	**558**	**38,544**	**82,957**
III. Financial fixed assets													
1. Investments in partner countries													
a) Participating interests	2,184,473	447,287	0	267,059	2,364,701	557,230	112,701	0	-89,628	58,141	86,616	435,545	1,929,156
b) Lendings to enterprises in which DEG has a participating interest	72,061	3,050	0	24,942	50,169	19,781	315	0	1,545	15,870	630	5,141	45,028
c) Other lendings	4,298,057	1,066,977	0	703,276	4,661,758	407,531	84,044	0	27,726	38,758	77,365	403,178	4,258,580
Total 1 (a + b + c)	**6,554,591**	**1,517,314**	**0**	**995,277**	**7,076,628**	**984,543**	**197,060**	**0**	**-60,358**	**112,770**	**164,611**	**843,864**	**6,232,764**[2]
2. Other financial fixed assets													
a) Bonds and notes under current fixed assets	149,695	33,393	0	2,839	180,249	1,305	806	0	103	0	377	1,837	178,412[3]
b) Other lendings	4,453	1,171	0	691	4,933	0	0	0	0	0	0	0	4,933
	154,147	34,565	0	3,530	185,182	1,305	806	0	103	0	377	1,837	183,345
Total III	**6,708,739**	**1,551,879**	**0**	**998,806**	**7,261,811**	**985,847**	**197,866**	**0**	**-60,254**	**112,770**	**164,988**	**845,702**	**6,416,109**
Total (I + II + III)	**6,829,484**	**1,554,993**	**0**	**1,001,165**	**7,383,312**	**1,019,514**	**203,302**	**0**	**-60,254**	**112,770**	**165,546**	**884,245**	**6,499,066**

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

[2] Of which EUR 178,136,873.39 hedged with third-party counter-guarantees (unfunded risk participation).

[3] Without accrued pro-rata interest.

20. Amounts owed from investment activities

The item Amounts owed of EUR 46,244 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 1,252 k).

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 3,809 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” 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 38,298 k) and by the tax office (EUR 1,212 k), as well as balancing items for accountancy purposes for foreign currency transactions in respect of the foreign currency valuation units for loans in CNY, IDR, MXN, RUB, USD and ZAR (EUR 33,424 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	46,244	0	0	0	46,244[1]
2. disposal of investments	1,121	0	2,688	0	3,809
3. consultancy and other services	2,797	0	0	0	2,797
Other assets	75,722	0	0	0	75,722
Total	**125,884**	**0**	**2,688**	**0**	**128,571**

[1] Of which EUR 1,028 k (2020: EUR 2,396 k) owed by the shareholder.

24. Other bonds and notes

This item contains a purchased security in the amount of EUR 2,054 k used to hedge semi-retirement agreements for older staff members.

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

Balances with credit institutions cover investments in the money market of EUR 99,883 k invested with the shareholder KfW, as well as current account balances of EUR 67,692 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 2021.

27. Assets held in trust

This item breaks down as follows:

	EUR k
Investments in partner countries from trust funds in the form of participating interests	331,314
of which BMZ promotional programme “AfricaConnect”	145,484
of which BMZ promotional programme “Global Impact Investment Facility”	185,000
Investments in partner countries from trust funds in the form of lendings	7,380
Total	**338,694**

Of the lendings, EUR 7,340 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 risk provision and the depreciation rate for buildings, which deviates from the usual tax treatment, and the transfer of silent reserves as per Article 6b EStG, resulting in deferred tax liabilities of EUR 6,398 k. These are offset by deductible temporary differences, especially from provisions and tax losses carried forward, which have led to deferred tax assets in the amount of EUR 17,391 k. The option not to take the deferred tax asset surplus into consideration was exercised. Deferred taxes were calculated based on an overall tax rate of 32.45%.

NOTES ON LIABILITIES

29. Subscribed capital

Subscribed capital amounts to EUR 750,000 k.

As a subsidiary of Kreditanstalt für Wiederaufbau (KfW), based in Frankfurt am Main, DEG is included in its 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 2021 financial year:

Provisions for	EUR k
Valuation units (contingent losses)	38,060
Latent default risks from obligations deemed irrevocable in respect of lendings not yet disbursed	5,532
Taxes	4,988
Variable remuneration	4,649
Semi-retirement programmes for older staff members	2,981
Leave and compensation for overtime	2,016
Legal risks	3,149

The difference in pension provisions between discounting at the 10-year average market interest rate and the seven-year average market interest rate (1.35%) was EUR 16,834 k as of 31 December 2021.

31. Amounts owed for financing investment activities

Amounts owed here mainly include loans against borrowers' notes in the amount of EUR 2,306,951 k and time deposits of EUR 1,686,080 k. These transactions were carried out solely with the shareholder KfW.

32. Other creditors

Other creditors mainly include EUR 40,766 k owed in respect of consortium partners and borrowers, as well as EUR 13,778 k in foreign currency balancing items in the macro valuation unit for participating interests in USD.

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	1,930,754	431,980	1,586,314	50,000	3,999,048[1)]
2. Trade creditors	25	0	0	0	25
3. Other creditors	57,588	0	0	1,325	58,913
Total	**1,988,367**	**431,980**	**1,586,314**	**51,325**	**4,057,986**

[1)] Of which EUR 3,999,048 k (2020: EUR 3,594,902 k) to the shareholder.

33. Liabilities for assets held under trust

EUR 338,654 k was made available to DEG on a trust basis by BMZ.

34. Deferred tax liabilities

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

NOTES ON INCOME

35. Sales revenue

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

By region, sales revenue breaks down as follows:

EUR k	2021	2020
Africa	7,660	7,890
America	5,226	4,178
Asia	4,125	4,020
Europe	634	2,185
Worldwide	1,544	666
Total	**19,189**	**18,939**

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 -25,037 k) is as follows:

EUR k	2021	2020
Africa	68,223	67,158
America	101,810	115,575
Asia	77,024	90,796
Europe	10,924	15,780
Worldwide	9,792	6,894
Total	**267,772**	**296,203**

37. Other interest and similar income

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

	EUR k
Interest on other receivables	1,235
Income from late subscriber interest with funds	744
(Negative) net interest income from money market business and bank deposits	-552

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	80,534
Participating interests	120,421
Bonds and notes under current fixed assets	377
Amounts owed from investment activities and disposal of investments	473
Lendings not yet disbursed	11,260
Total	**213,065**

The change in the existing parameters in the portfolio value adjustment in 2021 led to additional income totalling EUR 8,904 k, which is included in the aforementioned amounts for loans and provisions on lendings not yet disbursed.

39. Other operating income

This item mainly includes income from the disposal of participating interests of EUR 98,355 k (2020: EUR 82,419 k) and effects from currency totalling EUR 99,958 k (2020: EUR 100,924 k).

NOTES ON CHARGES

40. Costs of services purchased

The cost of services purchased amounts to EUR 1,746 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	94,102
Participating interests	93,609
Bonds and notes under current fixed assets	806
Amounts owed from investment activities and disposal of investments	368
Lendings not yet disbursed	2,934
Total	**191,819**

42. Interest payable and similar charges

These charges were incurred largely on the net result from derivative hedging transactions (EUR 5,757 k) and on borrowers' notes (EUR 1,875 k). For the 2021 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 3,488 k (2020: EUR 3,745 k).

43. Staff costs

The item Social security, pensions and other benefits, totalling EUR 25,750 k, includes transfers to provision for pensions of EUR 16,729 k. This item also comprises contributions to the Pension Association of Publicly Sponsored Companies (Versorgungsverband bundes- und landesgeförderter Unternehmen e.V. (VBLU)) (EUR 1,039 k).

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

This item breaks down as follows:

	EUR k
Depreciation on software	2,046
Depreciation on office equipment	1,814
Depreciation on buildings	1,576
Total	**5,436**

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	2021	2020
Expenses from currency conversion	**108,499**	**120,671**
Administration costs	**48,164**	**51,937**
Legal and consultancy costs	21,567	24,188
IT costs	6,494	4,521
Disposal costs, bank and service fees	6,234	7,773
Travel costs	555	1,246
Other administrative costs	13,313	14,210
Other operating charges	**1,092**	**183**

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

Other operating income includes EUR 2,625 k in income that is attributable to a different financial year, most of which results from write-backs of other provisions and tax reimbursements. 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 2021 financial year, the following auditing fees were taken into consideration:

	EUR k
Auditing fee	671
Other certification services	68
Tax consultancy services	0
Other services	0
Total	**738**

The statement of auditing fees includes costs relating to the audit of the annual financial statements as of 31 December 2020 of EUR 27 k.

Expenses for the previous year of EUR 6 k are included in the statement of fees for other certification services.

48. Tax on income and profit

Taxes on income and profit break down as follows:

	EUR k
Domestic taxes in the reporting period	9,197
Domestic taxes in previous years	-2
Foreign income taxes (mainly withholding taxes)	185
Total	**9,380**

PROFIT FOR THE FINANCIAL YEAR / NET PROFIT

The net profit recognised amounts to EUR 215,585 k. In accordance with the articles of association, the net profit will not be distributed to the shareholder.

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
	31.12.2020	31.12.2021	31.12.2021	31.12.2021
Contracts with interest rate risks				
Interest rate swaps	960.1	865.8	0.0	-32.9
Total interest rate risks	**960.1**	**865.8**	**0.0**	**-32.9**
Contracts with currency risks				
Forward foreign exchange transactions, forward currency swaps	369.3	585.9	1.6	0.0
Currency and cross-currency interest rate swaps	768.4	810.5	13.7	-34.3
Total currency risks	**1,137.7**	**1,396.4**	**15.3**	**-34.3**
Total	**2,097.9**	**2,262.2**	**15.3**	**-67.2**

Maturities

	Interest rate risks		Currency risks	
Nominal values* in EUR million	**31.12.2020**	**31.12.2021**	**31.12.2020**	**31.12.2021**
Residual maturities				
up to 3 months	0.0	76.8	369.2	612.1
more than 3 months up to 1 year	147.8	263.7	28.9	67.3
more than 1 year up to 5 years	540.4	336.4	617.9	653.8
more than 5 years	271.9	188.9	121.8	63.3
Total	**960.1**	**865.8**	**1,137.7**	**1,396.4**

Counterparties

EUR million	Nominal values*		Positive market values	Negative market values
	31.12.2020	31.12.2021	31.12.2021	31.12.2021
OECD banks	2,097.9	2,262.2	15.3	-67.2
Total	**2,097.9**	**2,262.2**	**15.3**	**-67.2**

* 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 30,743 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 1,075 k annually; the agreement with the longest term runs until 2026.

A total of EUR 98 k will be payable in fees on leasing contracts with a remaining term until 2022.

Obligations in respect of participating interests and lendings not yet disbursed amount to EUR 1,984,937 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	499
Staff covered by regular pay scales	219
Total	**718**
Number of female staff	365
Number of male staff	353
Total	**718**

These figures include local staff in foreign countries (61), part-time staff (158) and temporary staff (33), 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 149 k, of which EUR 43 k was annual remuneration for membership of the Supervisory Board and its committees, EUR 42 k was attendance fees, daily allowances and travel expenses, EUR 27 k was training for Supervisory Board members and EUR 38 k was other expenses. No advances or loans were granted to members of the Supervisory Board.

Total Management Board remuneration for the 2021 financial year came to EUR 1,130 k. Regular annual salary components are set at a uniform rate for all members of the Management Board and amount to EUR 994 k in total. Overall remuneration also includes a sum of EUR 20 k for benefits in kind and other emoluments. The performance-related management bonus for 2021 came to EUR 116 k, of which EUR 58 k will be paid in stages over several years. In 2021, no phased payments were made from the deferred management bonuses for the years 2017 to 2019 owing to the penalty.

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

Total payments made to former members of the Management Board and their surviving dependants amounted to EUR 990 k. Provisions of EUR 15,348 k were made for pension obligations towards these persons.

53. List of investment holdings

Information on DEG's investment holdings as of 31.12.2021 as per Article 285 Section 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., Panama City, Panama	USD	1.1326	6.25	222,535	22,992
3.	Banque Nationale de Développement Agricole S. A., Bamako, Mali	XOF	655.9570	21.43	64,230,493	8,197,166
4.	Industrial Promotion Services (West Africa) S.A., Abidjan, Côte d'Ivoire	XOF	655.9570	9.00	22,075,104	4,862,093
5.	Fransabank S.A.L., Beirut, Lebanon	LBP	1,717.7100	5.00	2,689,882,294	-88,778,593
6.	TOO Knauf Gips Kapchagay. An enterprise in which DEG - Deutsche Invest.- u. Entwicklungsg. mbH has a participating interest, Kapchagay, Kazakhstan	EUR	1.0000	40.00	[6]	[6]
7.	LHF – Latin Healthcare Fund, L.P., Acton, USA	USD	1.1326	10.09	[6]	[6]
8.	Safety Centre International Ltd., Port Harcourt, Nigeria			8.00	[6]	[6]
9.	Kyrgyz Investment and Credit Bank, Bishkek, Kyrgyzstan	USD	1.1326	4.00	81,325	3,255
10.	SEAF Central and Eastern Europe Growth Fund LLC, Wilmington, USA			23.90	[6]	[6]
11.	Benetex Industries Ltd., Dhaka, Bangladesh			28.30	[6]	[6]
12.	P.T. Arpeni Pratama Ocean Line Tbk., Jakarta, Indonesia			3.00	[6]	[6]
13.	Egyptian Direct Investment Fund Ltd., St Peter Port, Guernsey			14.58	[6]	[6]
14.	SEAF Sichuan SME Investment Fund LLC, Washington D.C., USA	USD	1.1326	13.33	[6]	[6]
15.	Turkish Private Equity Fund I, L.P., St Peter Port, Guernsey			11.33	[6]	[6]
16.	DBG Eastern Europe II, L.P., St Helier, Jersey	EUR	1.0000	14.88	6,666	-36
17.	Industrial Promotion Services Kenya Ltd., Nairobi, Kenya	KES	128.4150	9.91	[6]	[6]
18.	SEAVI Advent Equity IV Fund, L.P., George Town, Cayman Islands			13.48	[6]	[6]
19.	European Financing Partners S.A., Luxembourg, Luxembourg	EUR	1.0000	7.63	179	12
20.	Sichuan Tianfu Bank Co., Ltd., Nanchong, China	CNY	7.1947	4.89	17,610,284	845,525
21.	SEAF India International Growth Fund, Port Louis, Mauritius	USD	1.1326	6.57	1,758	-147
22.	Advent Central & Eastern Europe III, L.P., Boston, USA	EUR	1.0000	5.35	[6]	[6]
23.	Balkan Accession Fund C.V., Curaçao, Curaçao	EUR	1.0000	11.36	8,110	2,010
24.	CENTER-INVEST BANK GROUP, Rostov-on-Don, Russian Federation	RUB	85.3004	14.57	14,770,774	990
25.	TOO Isi Gips Inder, Inderborskij, Kazakhstan	EUR	1.0000	40.00	[6]	[6]

DEG's investment holdings as of 31.12.2021 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]
26.	Advent Latin American Private Equity Fund III-B, L.P., Wilmington, USA	USD	1.1326	100.00	819	-197
27.	Russia Partners II, L.P., George Town, Cayman Islands	USD	1.1326	3.88	36,823	-1,117
28.	Ethos US Dollar Fund V (Non-Opic-Jersey), L.P., Johannesburg, South Africa			13.23	[6]	[6]
29.	Ace Power Embilipitiya Pvt Ltd., Colombo, Sri Lanka	LKR	230.7705	26.00	5,853,746	1,275,473
30.	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd., Rizhao, China	CNY	7.1947	40.99	127,435	239
31.	Hebei Sihai Development Co. Ltd., Chengde, China			0.00	[6]	[6]
32.	Global Environment Emerging Markets Fund III-A, L.P., Chevy Chase, USA	USD	1.1326	4.58	18,997	-32,737
33.	DLJ SAP International, LLC, New York, USA	USD	1.1326	3.29	98	-319
34.	ICS OCN Total Leasing & Finance SA (TLF), Amsterdam, Netherlands	EUR	1.0000	25.00	3,866	-41
35.	AO Bucharagips, Kogon, Uzbekistan			24.89	[6]	[6]
36.	Turkish Private Equity Fund II, L.P., St. Peter Port, Guernsey	EUR	1.0000	4.95	88,846	-39,728
37.	The Kibo Fund LLC, Ebene Skies, Mauritius	EUR	1.0000	13.80	[6]	[6]
38.	Lombard Asia III, L.P., George Town, Cayman Islands	USD	1.1326	2.13	87,072	-118
39.	African Development Partners I, LLC, Ebène CyberCity, Mauritius	EUR	1.0000	5.96	196,221	5,657
40.	BanyanTree Growth Capital, LLC, Ebène Cybercity, Mauritius	USD	1.1326	27.00	29,317	-281
41.	Istmo Compania de Reaseguros, Inc., Panama City, Panama			12.47	[6]	[6]
42.	India Agri Business Fund Ltd., Ebène CyberCity, Mauritius	USD	1.1326	16.67	30,030	14,600
43.	Tourism Promotion Services, Tajikistan OJSC, Dushanbe, Tajikistan	TJS	12.8350	11.02	-8,553	-40,862
44.	Tolstoi Investimentos S.A., São Paulo, Brazil			31.14	[6]	[6]
45.	Acon Latin America Opportunities Fund-A, L.P., Washington D.C., USA	USD	1.1326	40.00	18,930	-16
46.	The Africa Health Fund, LLC, Port Louis, Mauritius	USD	1.1326	9.49	[6]	[6]
47.	Renewable Energy Asia Fund, L.P., London, UK	EUR	1.0000	11.58	26,797	-49,342
48.	Limited Liability Company Gematek, St Petersburg, Russian Federation	RUB	85.3004	5.76	[6]	[6]
49.	PT Indonesia Infrastructure Finance, Jakarta, Indonesia	IDR	16,100.4200	15.12	2,180,260,000	42,510,000
50.	Emerging Europe Accession Fund Coöperatief U.A., Amsterdam, Netherlands	EUR	1.0000	10.15	63,934	-2,159
51.	GEF Africa Sustainable Forestry Fund, L.P., Chevy Chase, USA	USD	1.1326	12.96	110,931	-6,625

DEG's investment holdings as of 31.12.2021 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.	Asia Environmental Partners (PF1), L.P., New York, USA	USD	1.1326	15.96	41,404	-2,759
53.	Catalyst Fund I, LLC, Ebène Cybercity, Mauritius	USD	1.1326	10.17	48,157	-12,684
54.	Africa Joint Investment Fund, Ebène CyberCity, Mauritius			16.00	[6]	[6]
55.	NEOMA SOUTH-EAST ASIA FUND II L.P., Toronto, Canada	USD	1.1326	5.74	156,944	-2,016
56.	Interact Climate Change Facility S.A., Luxembourg, Luxembourg	EUR	1.0000	7.69	173	40
57.	The CapAsia ASEAN Infrastructure Fund III, L.P., George Town, Cayman Islands	USD	1.1326	13.17	24,758	-12,594
58.	EMX Capital Partners, L.P., Mexico City, Mexico	USD	1.1326	20.08	60,724	-7,614
59.	Knauf Gips Buchara OOO, Bukhara, Uzbekistan			25.00	[6]	[6]
60.	Deepak Fasteners Ltd., Ludhiana, India	INR	84.2292	0.01	[6]	[6]
61.	Chase Bank (Kenya) Limited, Nairobi, Kenya			0.00	[6]	[6]
62.	Maghreb Private Equity Fund III, Port Louis, Mauritius	EUR	1.0000	9.78	91,909	-12,191
63.	Lereko Metier Sustainable Capital Fund Trust, Sandhurst, South Africa	ZAR	18.0625	14.49	502,832	8,264
64.	Mediterra Capital Partners I, L.P., St Peter Port, Guernsey	EUR	1.0000	6.09	45,600	265
65.	Orient Investment Properties Ltd., Road Town, British Virgin Islands	USD	1.1326	3.88	[6]	[6]
66.	Worldwide Group, Inc, Charlestown, St Kitts and Nevis	USD	1.1326	33.41	26,996	1,959
67.	Berkeley Energy Wind Mauritius Ltd., Ebène CyberCity, Mauritius	EUR	1.0000	25.83	12,232	-36,352
68.	Renewable Energy Asia Fund L.P.,[7] London, UK			24.30	[6]	[6]
69.	EMF NEIF I (A), L.P., Fareham, UK	USD	1.1326	28.08	28,349	-926
70.	VI (Vietnam Investments) Fund II, L.P., George Town, Cayman Islands	USD	1.1326	7.86	85,094	7,024
71.	Stratus SCP Fleet Fundo de Investimento em Participações – Multiestratégia, São Paulo, Brazil	BRL	6.3101	39.69	49,195	8,418
72.	Maestro Locadora de Veículos S.A.,[7] Embu, Brazil	BRL	6.3101	17.86	50,728	1,070
73.	Russia Partners Technology Fund, L.P., George Town, Cayman Islands	USD	1.1326	21.59	170,176	-2,631
74.	Teak Tree Investments Pte. Ltd., George Town, Cayman Islands	USD	1.1326	16.50	31,359	2,819
75.	The Clean Energy Transition Fund, L.P., St Peter Port, Guernsey	EUR	1.0000	15.38	23,200	-33,518
76.	Ambit Pragma Fund II, Mumbai, India	INR	84.2292	10.68	1,511,504	-157,741
77.	Equis Asia Fund, L.P., Singapore, Singapore	USD	1.1326	4.50	23,000	-6,623
78.	Grassroots Business Investors Fund I, L.P., Washington D.C., USA	USD	1.1326	16.36	8,124	-3,120

DEG's investment holdings as of 31.12.2021 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.	Adenia Capital (III) LLC Ltd., Saint Pierre, Mauritius	EUR	1.0000	10.44	67,004	3,286
80.	Lereko Metier Solafrica Fund I Trust, Johannesburg, South Africa	ZAR	18.0625	47.50	153,267	24,163
81.	ACWA Power Solafrica Bokpoort CSP Power Plant Proprietary Limited (RF),[7] Sandton, South Africa			4.28	[6]	[6]
82.	UT Bank Ltd., Accra, Ghana			13.52	[6]	[6]
83.	Latin Renewables Infrastructure Fund, L.P., Dover, USA	USD	1.1326	14.06	67,058	3,997
84.	Victoria South American Partners II, L.P., Toronto, Canada	USD	1.1326	3.03	414,090	-105,337
85.	Adobe Social Mezzanine Fund I, L.P., Mexico City, Mexico	USD	1.1326	32.89	6,584	-4,837
86.	CoreCo Central America Fund I, L.P., Wilmington, USA	USD	1.1326	22.00	19,318	-7,542
87.	Elbrus Capital Fund II, L.P., George Town, Cayman Islands	USD	1.1326	3.12	820,562	29,780
88.	Armstrong S.E. Asia Clean Energy Fund, L.P., Singapore, Singapore	USD	1.1326	7.54	88,794	-10,546
89.	Archimedes Health Developments Ltd., Limassol, Cyprus			19.23	[6]	[6]
90.	AGF Latin America, L.P., London, UK	USD	1.1326	19.72	48,758	-12,713
91.	ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya	USD	1.1326	5.88	275,752	17,260
92.	African Development Partners II, L.P., St Peter Port, Guernsey	USD	1.1326	3.45	1,065,905	5,180
93.	BanyanTree Growth Capital II LLC, Grand Baie, Mauritius	USD	1.1326	12.44	187,064	-2,208
94.	Altra Private Equity Fund II, L.P., George Town, Cayman Islands	USD	1.1326	3.88	195,285	-110,355
95.	Falcon House Partners Indonesia Fund I, George Town, Cayman Islands	USD	1.1326	8.76	262,440	-21,323
96.	Lombard Asia IV, L.P., George Town, Cayman Islands	USD	1.1326	5.57	240,041	225
97.	Schulze Global Ethiopia Growth and Transformation Fund I, L.P., George Town, Cayman Islands	USD	1.1326	0.98	45,812	-709
98.	Parque Eólico la Carabina I, S.A.P.I. de C.V., Mexico City, Mexico			9.65	[6]	[6]
99.	Parque Eólico la Carabina II, S.A.P.I. de C.V., Mexico City, Mexico			9.99	[6]	[6]
100.	Parque Eólico el Mezquite, S.A.P.I. de C.V., Mexico City, Mexico			3.14	[6]	[6]
101.	Paraguay Agricultural Corporation S.A., Luxembourg, Luxembourg	EUR	1.0000	15.83	[6]	[6]
102.	ADP Enterprises W.L.L., Manama, Bahrain	EUR	1.0000	23.26	232,858	-10,274
103.	Biopharm S.A.,[7] Algiers, Algeria	DZD	157.9016	11.40	11,687,000	1,556,000
104.	CGFT Capital Pooling GmbH & Co. KG, Berlin, Germany	EUR	1.0000	40.00	6,044	-754
105.	MGM Sustainable Energy Fund L.P., Miami, USA	USD	1.1326	15.82	52,812	-777

DEG's investment holdings as of 31.12.2021 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]
106.	The Enterprise Expansion Fund, S.A. SICAV-SIF, Munsbach, Luxembourg	EUR	1.0000	10.31	28,396	1,056
107.	Takura II Feeder Fund Partnership, Cape Town, South Africa	USD	1.1326	25.00	46,407	-527
108.	Portland Caribbean Fund II, L.P., George Town, Cayman Islands	USD	1.1326	15.37	157,158	-1,148
109.	CapMan Russia II Fund, L.P., Moscow, Russian Federation	EUR	1.0000	12.57	50,932	554
110.	Oragroup S.A., Lomé, Togo	XOF	655.9570	2.39	141,995,000	7,491,000
111.	ACON Latin America Opportunities Fund IV-A, L.P., Washington D.C., USA	USD	1.1326	39.90	50,197	-406
112.	Navegar I, L.P., George Town, Cayman Islands	USD	1.1326	13.23	52,459	-21,430
113.	Mediterrania Capital II (SICAV) P.L.C., Valletta, Malta	EUR	1.0000	10.44	120,351	12,897
114.	Quadria Capital Fund, L.P., Singapore, Singapore	USD	1.1326	8.33	414,310	-37,536
115.	Lovcen Banka AD, Podgorica, Montenegro	EUR	1.0000	25.14	22,820	1,504
116.	LeapFrog Financial Inclusion Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.1326	5.00	316,532	1,293
117.	Berkeley Energy Netherlands Holding B.V., Amsterdam, Netherlands	EUR	1.0000	15.00	[6]	[6]
118.	AEP China Hydro Ltd., Ebène CyberCity, Mauritius	USD	1.1326	30.18	[6]	[6]
119.	Shenzhen Zhaoheng Hydropower Co., Ltd.,[7] Shenzhen, China			2.11	[6]	[6]
120.	Grassland Finance Ltd., Hong Kong, China	CNY	7.1947	24.95	435,437	2,537
121.	Orilus Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.1326	32.98	61,420	-22,269
122.	Medica Hospitals Private Limited,[7] Calcutta, India			4.24	[6]	[6]
123.	Frontier Bangladesh II, L.P., George Town, Cayman Islands	USD	1.1326	20.00	18,844	3,742
124.	Asia Environmental Partners II, L.P., New York, USA	USD	1.1326	8.28	206,552	306
125.	Soleq Holdings, Singapore, Singapore			6.82	[6]	[6]
126.	Euromena III, L.P., London, UK	USD	1.1326	9.00	131,036	-7,494
127.	Lereko Metier REIPPP Fund Trust, Dunkeld, South Africa	ZAR	18.0625	32.28	968,793	78,491
128.	Kathu Solar Park (Pty) Ltd.,[7] Johannesburg, South Africa	ZAR	18.0625	4.24	[6]	[6]
129.	Ninety One Africa Private Equity Fund 2 St Peter Port, Guernsey	USD	1.1326	8.48	131,762	321
130.	Malacca Trust Pte. Ltd., Singapore, Singapore	IDR	16,100.4200	13.47	1,251,870,842	89,109,851
131.	The Kibo Fund II LLC, Ebène CyberCity, Mauritius	USD	1.1326	19.96	60,287	-1,476
132.	AfricInvest Fund III LLC, Port Louis, Mauritius	EUR	1.0000	4.40	216,493	-22,021

DEG's investment holdings as of 31.12.2021 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]
133.	Energon Holdings, Singapore, Singapore			10.51	[6]	[6]
134.	Aavishkaar Frontier Fund, Mumbai, India	USD	1.1326	20.82	36,928	3,867
135.	Abraaj North Africa Fund II, L.P., London, UK	USD	1.1326	4.27	133,257	-3,416
136.	Creed Healthcare Holdco Ltd., Birkirkara, Malta	USD	1.1326	7.50	274,212	-63,489
137.	Gaja Capital Fund II Ltd., Port Louis, Mauritius	USD	1.1326	7.89	0	0
138.	Emerald Sri Lanka Fund I Ltd., Ebène CyberCity, Mauritius	USD	1.1326	23.53	17,478	-910
139.	Metier Capital Growth Fund II Partnership, Dunkeld, South Africa	ZAR	18.0625	16.43	2,132,365	50,080
140.	Tournai Investments S.L., Barcelona, Spain	EUR	1.0000	11.88	57,532	-916
141.	Kandeo Fund II (A), L.P., Bogotá, Colombia	USD	1.1326	53.11	39,610	-3,107
142.	AIIF2 Towers Mauritius Ltd., Port Louis, Mauritius	USD	1.1326	16.10	214,674	12,362
143.	VI (Vietnam Investments) Fund III, L.P., George Town, Cayman Islands	USD	1.1326	6.25	212,379	29,891
144.	Neoma Africa Fund III, L.P., George Town, Cayman Islands	USD	1.1326	4.69	286,284	-88,757
145.	Equis Direct Investment Fund, L.P., Singapore, Singapore			3.78	[6]	[6]
146.	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia, São Paulo, Brazil	BRL	6.3101	29.90	[6]	[6]
147.	Agro Fertilaqua Participações S.A.,[7] São Paulo, Brazil			0.00	0	0
148.	Joint Stock Innovation Commercial Bank, Ipak Yuli, Tashkent, Uzbekistan	UZS	12,253.8300	12.00	1,120,781,000	188,707,000
149.	Americas Energy Fund II Clean Energy, L.P., Toronto, Canada	USD	1.1326	17.14	19,447	-596
150.	Navegar II (Netherlands) B.V., Amsterdam, Netherlands			29.17	[6]	[6]
151.	Vantage Mezzanine III Pan African Sub-Fund Partnership, Johannesburg, South Africa	USD	1.1326	6.53	178,728	10,904
152.	Vantage Mezzanine III Southern African Sub-Fund Partnership, Johannesburg, South Africa	ZAR	18.0625	11.33	511,386	24,243
153.	ACON Retail MXD, L.P., Toronto, Canada	USD	1.1326	100.00	9,647	-26
154.	Equis DFI Feeder, L.P., Singapore, Singapore	USD	1.1326	12.00	136	-84
155.	Citadell Capital SAE, Cairo, Egypt	EGP	17.8450	0.85	2,341,782	-9,573,154
156.	Stratus SCP II Investors – B LP, Edinburgh, UK	USD	1.1326	75.00	17,864	-3,020
157.	Ashmore Andean Fund II, L.P., Bogotá, Colombia	USD	1.1326	10.21	195,823	-4,185
158.	Taxim Capital Partners I, L.P., Istanbul, Turkey	EUR	1.0000	6.99	108,236	-5,726

DEG's investment holdings as of 31.12.2021 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.	Cambodia-Laos-Myanmar Development Fund II, L.P., Singapore, Singapore	USD	1.1326	15.54	46,002	-5,228
160.	Pembani Remgro Infrastructure Mauritius Fund I, L.P., Ebène CyberCity, Mauritius	USD	1.1326	10.35	140,157	17,992
161.	Mobisol GmbH, Berlin, Germany			9.94	[6]	[6]
162.	Triple P SEA Financial Inclusion Fund LP, Singapore, Singapore	USD	1.1326	25.20	41,970	5,515
163.	Falcon House Partners Fund II, L.P., George Town, Cayman Islands	USD	1.1326	4.00	318,115	-8,571
164.	Arbaro Fund, SCSp, Luxembourg, Luxembourg	USD	1.1326	9.89	34,060	-3,645
165.	ECP Africa Fund IV LLC, Ebène CyberCity, Mauritius	USD	1.1326	34.55	57,280	-1,199
166.	Foursan Capital Partners II LP, Amman, Rabieh, Jordan	USD	1.1326	9.80	14,994	-3,736
167.	Principle Capital Fund IV, L.P., George Town, Cayman Islands	USD	1.1326	12.47	231,861	-1,674
168.	MC II Pasta Ltd., Qormi, Malta	EUR	1.0000	32.17	17,996	-11
169.	Société Meunière Tunisienne SA,[7] Tunis, Tunisia	TND	3.2649	8.30	[6]	[6]
170.	AFIG Fund II, L.P., Dakar, Senegal	USD	1.1326	7.40	111,043	13,644
171.	Adenia Capital (IV), L.P., Port Louis, Mauritius	EUR	1.0000	8.65	56,447	-8,477
172.	Apis Growth 2 Ltd., Ebène CyberCity, Mauritius	USD	1.1326	25.63	39,133	-4,361
173.	Baobab SAS,[7] Paris, France	EUR	1.0000	5.90	160,790	7,220
174.	Africa Bovine Ltd., Ebène CyberCity, Mauritius	USD	1.1326	11.39	218,968	-635
175.	Whitlam Holding PTE. Ltd., Singapore, Singapore	USD	1.1326	38.74	56,324	5,361
176.	An Cuong Wood-Working JSC,[7] Ho Chi Minh City, Vietnam	VND	25,997.5700	8.29	3,516,691,508	491,977,935
177.	Metier Retailability Partnership, Sandhurst, South Africa	ZAR	18.0625	22.10	935,689	227,996
178.	Retailability (PTY) LTD,[7] Dunkeld, South Africa	ZAR	18.0625	9.66	720,648	89,651
179.	PT Bank Victoria International Tbk., South Jakarta, Indonesia	IDR	16,100.4200	9.00	2,644,375,254	-252,193,690
180.	Catalyst MENA Clean Energy Fund, L.P., Amman, Jordan	USD	1.1326	19.44	23,523	764
181.	Catalyst Fund II, L.P., Ebène Cybercity, Mauritius	USD	1.1326	6.56	37,997	-10,210
182.	ADP II Holding 6 W.L.L., Manama, Bahrain	DZD	157.9016	16.67	14,408,494	3,568,471
183.	New Forests Company Holdings I Ltd., Port Louis, Mauritius	USD	1.1326	16.67	[6]	[6]
184.	Sierra Madre Philippines I, L.P., George Town, Cayman Islands	USD	1.1326	20.00	35,592	8,915

DEG's investment holdings as of 31.12.2021 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]
185.	Phi Capital Trust, Chennai, India	INR	84.2292	16.15	2,718,483	128,947
186.	Greater Pacific Capital (Cayman) Private Investing India LP, George Town, Cayman Islands	USD	1.1326	8.34	137,399	-16,320
187.	ADAMAS Ping An Opportunities Fund, L.P., Wanchai, Hong Kong, China	USD	1.1326	11.63	[6]	[6]
188.	North Haven Thai Private Equity, L.P., George Town, Cayman Islands	USD	1.1326	5.66	118,124	-10,485
189.	Knauf Gypsum Philippines Inc., Makati, Philippines	PHP	57.7630	25.00	1,405,610	-141,499
190.	Maison Capital Fund L.P., Shenzhen, Futian District, China	USD	1.1326	9.69	275,602	122,721
191.	Dolce M8 Holdco Ltd., Port Louis, Mauritius			12.50	[6]	[6]
192.	African Infrastructure Investment Fund 3, L.P., Cape Town, South Africa	USD	1.1326	10.02	304,762	27,328
193.	Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R., Zapopan, Mexico	MXN	23.1438	21.94	1,495,652	600,220
194.	Tesla Wind d.o.o., Belgrade, Serbia	RSD	117.5800	10.01	1,409,138	635,939
195.	Siguler Guff Global Emerging Markets Co-Investment Opportunities (AIF), LP, London, UK	USD	1.1326	99.93	11,649	-667
196.	SSG Secured Lending Opportunities II, L.P., George Town, Cayman Islands	USD	1.1326	4.91	418,181	3,178
197.	Exacta Asia Investment II, L.P., George Town, Cayman Islands	USD	1.1326	9.30	118,555	-6,415
198.	Emerging Europe Growth Fund III, L.P., Wilmington, USA	USD	1.1326	5.00	210,062	-2,961
199.	Abraaj Global Credit Fund, L.P., George Town, Cayman Islands	USD	1.1326	9.15	91,030	8,919
200.	Mediterrania Capital III, L.P., Port Louis, Mauritius	EUR	1.0000	13.62	112,595	-12,544
201.	AfricInvest III – SPV 1, Port Louis, Mauritius	EUR	1.0000	21.82	[6]	[6]
202.	AfricInvest Fund III, LLC,[7] Port Louis, Mauritius	EUR	1.0000	3.83	216,493	-22,021
203.	IAPEF 2 SJL Ltd., Ebène CyberCity, Mauritius	EUR	1.0000	13.30	[6]	[6]
204.	MGM Sustainable Energy Fund II L.P., Toronto, Canada	USD	1.1326	10.00	51,624	-3,362
205.	Global Credit Rating Company Limited, Ebène CyberCity, Mauritius	USD	1.1326	12.53	40,911	2,236
206.	Darby Latin American Private Debt Fund IIIA, L.P., Toronto, Canada	USD	1.1326	37.58	19,918	981
207.	Fortress Vietnam Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.1326	11.58	133,132	-247
208.	MC II Concrete Ltd, Qormi, Malta	EUR	1.0000	19.76	50,590	-36
209.	Maghreb Private Equity Fund IV LLC, Port Louis, Mauritius	EUR	1.0000	7.74	66,349	2,478
210.	LeapFrog Emerging Consumer Fund III, LP, Ebène, Mauritius	USD	1.1326	5.38	230,023	30,065

DEG's investment holdings as of 31.12.2021 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]
211.	Adobe Mezzanine Fund II, L.P., Colonia del Carmen, Mexico City, Mexico	USD	1.1326	18.32	6,929	-2,427
212.	M-BIRR Ltd., Dublin, Ireland	ETB	55.6270	19.79	[6]	[6]
213.	Clearwater China Investments Ltd., George Town, Cayman Islands	USD	1.1326	9.50	346,201	4,264
214.	Leiden PE II, L.P., Toronto, Canada	USD	1.1326	26.64	84,681	-2,635
215.	PAG Growth I, L.P., George Town, Cayman Islands	USD	1.1326	7.88	289	15
216.	Digital East Fund II, SCSp, Luxembourg, Luxembourg	EUR	1.0000	12.50	12,931	-4,611
217.	Rent 2 Own Holdings Pte Ltd, Singapore, Singapore			21.20	[6]	[6]
218.	GenBridge Capital Fund I, L.P., George Town, Cayman Islands	USD	1.1326	3.09	419,225	-34,146
219.	Lighthouse India Fund III, Limited, Port Louis, Mauritius	USD	1.1326	5.10	93,308	-12,436
220.	Denham International Power SCSp, Luxembourg, Luxembourg	USD	1.1326	12.64	170,599	-4,737
221.	Apis Growth Fund II, L.P., London, UK	USD	1.1326	4.76	88,299	-11,296
222.	Ascent Private Equity Trust, Bangalore, India	INR	84.2292	6.17	5,877,820	-466,395
223.	Forebright New Opportunities Fund II, L.P., Hong Kong, China	USD	1.1326	8.33	89,599	-32,504
224.	India Housing Fund, Mumbai, India			8.18	[6]	[6]
225.	Verod Capital Growth Fund III, L.P., Port Louis, Mauritius	USD	1.1326	10.00	56,395	-4,784
226.	QUADRIA Capital Fund II L.P., Singapore, Singapore	USD	1.1326	12.95	34,008	-6,662
227.	Ethos Mezzanine Partners 3 (A) Partnership, Johannesburg, South Africa	USD	1.1326	10.39	17,726	-11,390
228.	Latin America Healthinvest S.L.U., Madrid, Spain	EUR	1.0000	18.67	64,231	-74
229.	African Development Partners III, L.P., St Peter Port, Guernsey	USD	1.1326	6.13	87,618	-11,594
230.	Alta Growth Capital, Mexico Fund III, Toronto, Canada	USD	1.1326	13.20	45,001	-3,363
231.	C88 Financial Technologies Pte. Ltd., Singapore, Singapore	USD	1.1326	5.73	[6]	[6]
232.	JREP I Logistics Acquisition, L.P., Grand Cayman, Cayman Islands	USD	1.1326	15.25	249,569	-1,247
233.	ADP II Holding 10 L.P., St Peter Port, Guernsey	USD	1.1326	11.18	104,088	-110
234.	Creador IV L.P., Ebène, Mauritius	USD	1.1326	4.31	236,349	-12,674
235.	BRAC Uganda Bank Ltd., Kampala, Uganda	UGX	4,039.5000	17.00	38,755,980	-28,246,366
236.	Oriental InfraTrust, New Delhi, India	INR	84.2292	4.60	52,026,090	-1,405,570
237.	Metier Sustainable Capital International Fund II L.P., Calebasses, Mauritius	USD	1.1326	7.64	4,457	-3,304

DEG's investment holdings as of 31.12.2021 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]
238.	Vietnam Opportunity Fund II PTE. LTD., Singapore, Singapore			32.00	[6]	[6]
239.	Tam Tri Medical JSC,[7] Ho Chi Minh City, Vietnam	VND	25,997.5700	3.10	662,915,093	-39,753,404
240.	ADP II Holding 11 S.A.R.L., Munsbach, Luxembourg	USD	1.1326	33.30	30,497	-170
241.	Uni Confort Maroc - Dolidol S.A.,[7] Casablanca, Morocco			7.55	[6]	[6]
242.	BIO-LUTIONS International AG, Hamburg, Germany	EUR	1.0000	17.61	5,374	-1,636
243.	Landsberg Investments S.L., Barcelona, Spain	EUR	1.0000	49.76	11,450	-1,689
244.	AVLA S.A. Y Filales,[7] Las Condes, Chile	CLP	969.1500	18.90	26,405,581	550,599
245.	Thanh Thanh Cong Bien Hoa Joint Stock, Tay Ninh, Vietnam	VND	25,997.5700	3.55	8,238,305,009	650,368,455
246.	Novel Sky Global Limited, Road Town, British Virgin Islands			25.00	[6]	[6]
247.	Novel Sky Global Limited,[7] Road Town, British Virgin Islands			0.76	[6]	[6]
248.	Suryoday Small Finance Bank Ltd., Mumbai, India	INR	84.2292	3.71	[6]	[6]
249.	DataArt Enterprises, Inc., New York, USA	USD	1.1326	2.64	64,184	11,224
250.	Jungle Ventures III, L.P., George Town, Cayman Islands	USD	1.1326	5.49	98,192	-435
251.	Africinvest Fund IV LLC, Port Louis, Mauritius	USD	1.1326	10.70	29,631	-2,538
252.	GPC EIV Ltd., George Town, Cayman Islands	USD	1.1326	10.00	170,999	-63
253.	LivFin India Private Ltd. New Delhi, India	INR	84.2292	0.00	619,826	-45,423
254.	Accion Quona Inclusion Fund L.P., Cambridge, UK	USD	1.1326	4.92	77,675	-5,500
255.	MC III Scan 1 Ltd., Valletta, Malta	USD	1.1326	11.55	28,748	404
256.	OAO Belgips, Minsk, Belarus			49.99	[6]	[6]
257.	Navegar II L.P., George Town, Cayman Islands	USD	1.1326	12.01	15,365	-5,327
258.	Hazelcast Inc., San Mateo, USA			7.40	[6]	[6]
259.	AfricaGrow GmbH & Co. geschlossene Investment KG, Frankfurt am Main, Germany	EUR	1.0000	15.00	99,891	-1,824
260.	Amethis Fund II S.C.A., SICAR, Leudelange, Luxembourg	EUR	1.0000	4.00	129,262	11,636
261.	Olympus Bolt Holdings L.P., George Town, Cayman Islands	USD	1.1326	15.33	92,146	-723
262.	SPE AIF I, L.P., Ebène CyberCity, Mauritius	USD	1.1326	7.76	56,938	-9,004
263.	wpd Malleco S.p.A., Santiago Providencia, Chile	USD	1.1326	24.50	80,046	-8,381
264.	Hosen Private Equity III L.P., George Town, Cayman Islands	USD	1.1326	3.75	108,036	-20,654

DEG's investment holdings as of 31.12.2021 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]
265.	Amethis Retail LLC, Port Louis, Mauritius			15.95	[6]	[6]
266.	Agri Trekta Ltd. Port Louis, Mauritius	USD	1.1326	10.00	[6]	[6]
267.	wpd Negrete S.p.A., Santiago Providencia, Chile	USD	1.1326	24.50	10,954	-1,520
268.	wpd Duqueco S.p.A., Santiago de Chile, Chile	USD	1.1326	24.50	17,545	-586
269.	AsiaCollect Holdings Pte. Ltd., Singapore, Singapore	USD	1.1326	11.23	1,619	-3,056
270.	Provident Growth Fund II, LP, George Town, Cayman Islands	USD	1.1326	11.05	127,199	-3,315
271.	DEG Impact GmbH, Cologne, Germany			100.00	[6]	[6]
272.	CDH VGC Fund II, L.P., George Town, Cayman Islands	USD	1.1326	5.76	76,625	-9,648
273.	BizBnk Holdings Ltd., Grand Cayman, Cayman Islands	BRL	6.3101	8.20	62,113	-22,813
274.	Crescera Investimentos Growth Capital, Fund I-B, L.P., Wilmington, USA	USD	1.1326	20.00	41,109	-5,035
275.	Grand Bremner Corp Pte. Ltd., Singapore, Singapore	USD	1.1326	24.67	54,910	-1
276.	IFS Facility Services Company Limited,[7] Bangkok, Thailand	THB	37.6530	16.70	843,871	127,662
277.	Fortio Co. Ltd., George Town, Cayman Islands	USD	1.1326	46.15	3,000	0
278.	Fortio Co. Ltd.,[7] George Town, Cayman Islands			0.00	[6]	[6]
279.	Asia Partners I, LP, George Town, Cayman Islands	USD	1.1326	5.73	97,729	-182
280.	Actera Partners III, L.P., St Helier, Jersey	USD	1.1326	6.03	-24,807	-14,800
281.	BanyanTree India Growth Capital Fund, Mumbai, India			17.20	[6]	[6]
282.	Lombard Asia V, L.P., George Town, Cayman Islands			21.08	[6]	[6]
283.	Elbrus Capital Fund III B, S.C.Sp., Luxembourg, Luxembourg			23.85	[6]	[6]
284.	Mekong Enterprise Fund IV L.P., George Town, Cayman Islands	USD	1.1326	8.13	3,151	-6,197
285.	North Haven India Infrastructure Fund, Mumbai, India	INR	84.2292	12.79	1,403,456	-207,393
286.	Vinci Impact and Return IV A, LP, Toronto, Canada			56.73	[6]	[6]
287.	Openspace Ventures III, L.P., George Town, Cayman Islands	USD	1.1326	11.00	6,472	-3,128
288.	ECP Power and Water Holding SAS, Paris, France			9.00	0	0
289.	Eranove S.A.,[7] Puteaux, France	EUR	1.0000	0.00	362,398	58,411
290.	Genbridge Capital Fund II, L.P., George Town, Cayman Islands			6.52	[6]	[6]
291.	Onstar Galaxy SPV Pte. Ltd., Singapore, Singapore			34.00	[6]	[6]

DEG's investment holdings as of 31.12.2021 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]
292.	Onstar Galaxy SPV Pte. Ltd.,[7] Singapore, Singapore			2.66	[6]	[6]
293.	Integra Partners Fund II, LP, Singapore, Singapore			18.58	[6]	[6]
294.	Binh Duong Water - Environment JSC, Thu Dau Mot City, Vietnam			6.42	[6]	[6]
295.	EDFI Management Company N.V., Brussels, Belgium	EUR	1.0000	10.00	[6]	[6]
296.	ACON Injectable Investors I, L.P., Toronto, Canada			19.65	[6]	[6]
297.	L CATTERTON LATIN AMERICA III, L.P, Toronto, Canada			4.09	[6]	[6]
298.	Metier AMN Partnership LP, Port Louis, Mauritius			18.79	[6]	[6]
299.	Turkey Growth Fund IV L.P., St Peter Port, Guernsey			11.35	[6]	[6]
300.	Ashwah Holdings Limited, Road Town, British Virgin Islands	USD	1.1326	7.68	27,762	-478
301.	TPL Insurance Ltd., Karachi, Pakistan	PKR	200.3570	19.90	798,979	39,788
302.	ACON Latin America Opportunities Fund V-A, L.P., Toronto, Canada			15.23	[6]	[6]
303.	Uhuru Growth Fund I – A, SCSp, Luxembourg, Luxembourg			8.85	[6]	[6]
304.	Da Vinci Emerging Technologies Fund III L.P., St Peter, Guernsey			20.00	[6]	[6]
305.	PAG Growth II, L.P., George Town, Cayman Islands			10.17	[6]	[6]
306.	LCP Fund II Coöperatief U.A., Amstelveen, Netherlands			7.88	[6]	[6]
307.	Eiffel Infrastructure Ltd., Saint Pierre, Mauritius			17.58	[6]	[6]
308.	Jungle Ventures IV, L.P., George Town, Cayman Islands			12.30	[6]	[6]
309.	Copia Global Inc., Wilmington, USA			6.47	[6]	[6]
310.	Vantage Mezzanine IV Feeder Partnership, Johannesburg, South Africa			6.00	[6]	[6]
311.	Revo Capital Fund II B.V., Amstelveen, Netherlands			16.67	[6]	[6]
312.	KUA LLC, Wilmington, USA			13.16	[6]	[6]
313.	FIG3 Investment Holding PTE. Ltd., Singapore, Singapore			11.55	[6]	[6]

[1] ISO currency code
[2] CU = currency units in local currency
[3] Equity calculated as per Article 266 Section 3 and Article 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 (ret.)
Federal Ministry for Economic Coopera-tion and Development,
Berlin

Dr Ingrid Hengster (until 30.12.2021)
First Deputy Chairwoman,
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
State Secretary Federal Foreign Office,
Berlin

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

Eberhard Brandes (until 31.03.2021)
CEO WWF Deutschland,
Berlin

Marina Dietz
Senior Investment Manager,
Financial Institutions Debt Department,
Asia & EMECA
DEG, Cologne

Bertram Dreyer
Senior Investment Manager,
Infrastructure & Energy Debt Depart-ment, Asia/EMECA
DEG, Cologne

Jürgen Gerke
Managing Director of Blue Shell Capital GmbH,
Munich

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
(since 01.01.2022),
Member of the Executive Board of KfW,
Frankfurt am Main

Sarah Madew
Senior Counsel, Legal Department
DEG, Cologne

Wolfgang Schmidt (until 07.12.2021)
Head of the Federal Chancellery and Federal Minister for Special Tasks,
Federal Chancellery,
Berlin

Elisabeth Winkelmeier-Becker
Member of the Bundestag,
Berlin

55. Management Board

Christiane Laibach
CEO (until 31.05.2021)

Roland Siller
CEO (since 15.07.2021)

Monika Beck
Member of the Management Board

Philipp Kreutz
Member of the Management Board

Cologne, 21 February 2022

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Management Board

Siller 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 2021, the profit and loss account for the financial year from 1 January 2021 to 31 December 2021 and the Notes, which include the accounting/valuation criteria. We have also audited DEG's management report for the financial year from 1 January 2021 to 31 December 2021. 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 of the German Commercial Code (Handelsgesetzbuch – 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 2021 and of its earnings situation for the financial year from 1 January 2021 to 31 December 2021, 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, 21 February 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Holger Lösken	Katrin Zobel
Auditor	Auditor

Translation of the independent auditor's report issued in German on the annual financial statements prepared in German by the Management Board of the company. The German language-statements are decisive.

REPORT ON GENDER EQUALITY AND EQUAL PAY AS PER ARTICLE 21 OF THE ACT TO PROMOTE TRANSPARENCY OF PAY STRUCTURES (ENTGTRANSPG)

Measures to promote equality

DEG's commitment to gender equality is a significant element of its human resources policy. In a corporate agreement drawn up as far back as 2003, it established goals designed to "implement equality".

DEG participates in KfW's group-wide gender balance process and enables staff members to take part in overarching corporate programmes, including, for example, "shadowing" or "mentoring". It also provides its own development programmes designed to identify talent at an early stage and motivate women to assume management responsibilities. These specifically include carrying out an assessment of potential if interest in a leadership position is shown, a personal skills review as part of the in-house professional development programme, and an offer of coaching.

Further building blocks of DEG's efforts to achieve equality include various cross-mentoring programmes with female staff members and executives as well as, among other things, a mentoring programme for female graduates with a disability or impaired health. Ways in which a good work-life balance is assured include flexible working time models and options that allow mobile working. Since 2012, DEG has been certified as a family-friendly employer by the Hertie Foundation under the "work and family" (berufundfamilie) initiative.

In compliance with the law requiring equal participation of men and women in leadership roles in the private and public sectors, DEG pursues the express aim of increasing the proportion of women in leadership positions and reports on this in its annual management report.

Measures to achieve equal pay

DEG's remuneration system involves a fixed and a variable component. As a company bound by collective bargaining agreements, it applies the agreement for public banks. For staff outside regular pay scales, job-related salary bands have been defined. These set the basic remuneration framework. Added to this is a variable component which is applied annually. For both salary groups – those on regular pay scales and those outside these pay scales – this component is governed by the company agreement on "Salary determination and remuneration at DEG".

The success-related remuneration component, known as the "target bonus", is paid in a transitional phase based on the business factor multiplied by the individual target bonus. DEG employees can also receive a spot bonus for outstanding performance. Both the target bonus and the spot bonus are performance-related, gender-neutral reward schemes.

All the above-mentioned components are transparently and verifiably published on DEG's intranet. In addition, all the tasks and activities, knowledge and professional experience, as well as core competencies including skill sets, have been arranged into job families. Job families are clusters of posts based on similar competency requirements. They are standardised and comprise an indeterminate number of DEG positions and functions in different departments and fields. Relevant competencies are additionally described in detail in DEG's competency model. The knowledge, experience and competencies required together constitute the prerequisites for a given career level. Competencies are evaluated and assessed by the executive responsible, in discussion with the staff member. The job families system is clearly laid out in the company agreement "Job families at DEG".

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

Information about the entry into force of Germany's Act to Promote Transparency of Pay Structures (EntgTranspG) and the operation of the individual right to information (as per Article 10 EntgTranspG) can be found on DEG's intranet. Relevant queries are handled by the HR department. The Works Council receives a copy of the query and the written answer.

Number of employees[1] in 2021
(average values)

Total employees	647
female	333
male	314
Full-time employees	480
female	187
male	292
Part-time employees	167
female	145
male	22

[1] Excluding Management Board

Imprint

Published by:

DEG – Deutsche Investitions- und
Entwicklungsgesellschaft mbH
Kämmergasse 22
50676 Cologne (Germany)
Box 100961, 50449 Cologne (Germany)
Phone +49 (0)221 4986-0
Fax +49 (0)221 4986-1290

info@deginvest.de
www.deginvest.de

Design and layout:
Werkstudio : Werbung und Design GmbH
www.werkstudio.de

Photo:
DEG | Andreas Huppertz

Translation:
BBi (Scotland) Ltd
www.bbi.eu

ISSN: 1862-779X

The annual report with financial statements and management report is also available in German.

April 2022

KFW DEG

DEG – Deutsche Investitions- und
Entwicklungsgesellschaft mbH
Kämmergasse 22
50676 Cologne (Germany)
Phone +49 (0)221 4986-0
Fax +49 (0)221 4986-1290

info@deginvest.de
www.deginvest.de