Annual Report 2022

Financial Statements and Management Report
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

KFW DEG

Contents

DEG at a glance

	2022	2021
Business performance (EUR million)		
Total financial commitments in financial year	**1,644**	1,534
Total investments of co-financed enterprises/new business	**9,492**	8,200
Portfolio (volume of commitments) at year end	**9,866**	9,242
Development impact (of DEG portfolio)		
Local income generated by co-financed enterprises (p.a.)	**EUR 209bn**	EUR 147bn
Number of employees in co-financed enterprises	**3m**	2.8m
Renewable energies/annual production	**35 TWh**	42 TWh
CO_2 savings/million tonnes per year	**24**	15
Annual financial statements (EUR million)		
Balance sheet total	**7,702**	7,139
Investments in partner countries	**6,938**	6,418
Equity	**2,517**	2,507
Operating result before effects from risk provision, currency translation and taxes [1)]	**248**	213
Risk provision/valuation effects from currency	**-226**	13
Taxes	**-12**	-10
Net income	**10**	216

[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 responded to the Supervisory Board's short-term need for information about the impact of the Russia-Ukraine war in early March 2022 and reported on the consequences for business and customers in Ukraine. At subsequent meetings of the Supervisory Board, the Management Board reported regularly on the current status of the Ukraine portfolio, the impact on business as a whole and DEG's "Ukraine" task force and its results.

The Management Board's prudent management helped ensure that DEG's risk situation remained stable, despite new macroeconomic challenges due to the effects of the Russia-Ukraine war and an unstable market environment in which there was little willingness to invest. Even after the coronavirus pandemic subsided in regions outside China, the overall context in which DEG operates still remained challenging, particularly with regard to new business.

The Supervisory Board welcomed the return to normal business during the course of the year and the gradual lifting of travel restrictions.

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. We developed and continued our trusting, constructive collaboration, both within the newly restructured Supervisory Board and with the Management Board. The Management Board was a competent, functional unit.

The majority of meetings were once again held in person, thus favouring a culture of debate and facilitating the induction of new members of the Supervisory Board.

DEG's rules and regulations are based on the 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 six meetings in 2022, one of which was the constitutive meeting of the new Supervisory Board. One meeting of the Supervisory Board was held in May 2022 instead of a meeting of the Risk and Credit Committee, as membership of the committees was not determined until the Supervisory Board meeting on 20 June 2022. In carrying out its work, the Supervisory Board received effective assistance from its committees, membership of which is drawn from the board. These held 17 meetings in total. The Executive and Nomination Committee and the Audit Committee each met on four occasions. The Remuneration Control Committee met twice. The Risk and Credit Committee, which takes final decisions on measures and transactions of particular importance to DEG's financing business, held seven meetings over the course of the past financial year and also took two decisions on submissions via the circulation procedure.

Following the Supervisory Board meeting on 12 September 2022, members took part in a reception to celebrate DEG's 60th anniversary.

The onboarding of new Supervisory Board members and training in key content of regulations and the tasks involved in the work of the Supervisory Board were major topics discussed by the newly formed board.

During the period under review, the Supervisory Board addressed further key issues that are of special importance to DEG, discussed these with both the Management Board and the shareholder and followed up on various topics discussed in previous years. It continued to concentrate on DEG's new strategic direction. Members of the Supervisory Board and the Management Board met in July 2022 in an interactive digital workshop to discuss DEG's new strategic direction with a focus on impact, climate and returns, as well as the current status of implementation. Supervisory Board members welcomed the opportunity to hold in-depth discussions on specific topics.

The changes in DEG's organisational structure in connection with the strategic restructuring, affecting customer clusters and the Corporate Management and Digitalisation divisions, together with the restructuring of the Compliance and Risk Controlling division, were presented to the Supervisory Board. The board also dealt with the new information technology supply organisation with two business analyses for the Corporate Management division and the financing business.

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 28 November 2022 as part of the overall strategy, including the 2023 risk strategy, the 2023 IT strategy and the 2023 financial planning.

The new objectives system that applied for the first time in 2022 comprises two coherent, equally weighted objectives – an adequate return (IFRS profit before taxes) and an increased impact, as measured by the Development Effectiveness Rating (DERa). The Supervisory Board notes with approval that the company ultimately achieved a small profit for the year despite the impact of the Russia-Ukraine war, the many macroeconomic challenges and a slowdown in global economic activity. It specifically welcomes the substantial improvement in the already good result in the Development Impact pillar.

The Supervisory Board discussed the requirements profile for a position on DEG's Management Board put forward by the shareholder in order to fill the vacancy left by Mr Kreutz, based on the suitability guidelines adopted by the Supervisory Board last year. The new member of the Management Board, Joachim Schumacher, who will succeed Mr Kreutz with effect from 1 May 2023, was introduced to the members of the Supervisory Board at the meeting in November 2022.

The DEG subsidiary DEG Impulse was spun off at the end of August 2022 with the aim of strengthening the advisory and promotion-related business in the context of the new strategy. The Supervisory Board expressly welcomes efforts to strengthen this area of business through the spin-off of DEG Impulse.

The newly restructured Supervisory Board held intensive discussions on dealings with so-called "critical jurisdictions". This issue was also debated with the Management Board and other representatives of DEG at a workshop on 28 November 2022. The Supervisory Board welcomed the in-depth discussion of this subject, which will support the board's further work.

In addition, the Supervisory Board received regular reports in the year under review on the latest developments in ongoing financing challenges that have attracted critical public interest. This particularly concerned ongoing complaints procedures filed with DEG's independent complaints mechanism. The Supervisory Board valued its direct dialogue with the representatives of the Independent Expert Panel ((IEP)/independent complaints mechanism), Michael Windfuhr and Arntraud Hartmann, who presented the panel's annual report and reported on ongoing complaints procedures linked to DEG financing.

Discussions on dealing with financing in the People's Republic of China also continued from previous years on an ad hoc basis.

During the year under review, the Management Board also continued its 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 received regular reports on measures taken to boost equality, participation and family-friendly personnel policy, and discussed the current status within DEG. The new equality plan, which runs until 2027, and the updated objectives with respect to appointments at management level ("gender balance"), together with the accompanying dimensions of gender empowerment, work-life blend and gender pay, was presented to the Supervisory Board, which expressly welcomed it.

On the recommendation of the Executive and Nomination Committee, the Supervisory Board set a new voluntary target of at least 40% for the proportion of both male and female members of the Supervisory Board. This target applies to the entire period of office. The Supervisory Board also declared itself in favour of ensuring that the numbers of male and female members on the Supervisory Board are as equal as possible for the entire period.

Since 2014, the Supervisory Board has carried out an annual self-evaluation, as well as an evaluation of the Management Board, both based on structured questionnaires. The self-evaluation for the 2022 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 Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), 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 2022 and discharge the Management Board from its liabilities.

In the year under review, the Audit Committee again satisfied itself of the quality of the audit in accordance with the Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz – FISG). An updated version of the process was applied for the first time in the 2021 financial year. It includes an evaluation based on qualitative key questions, quantitative indicators and discussions between the chair of the Audit Committee, the auditor, the CFO and the head of the Accounting Department.

Changes in membership of the Supervisory Board

The 2017 – 2022 period of office of the Supervisory Board ended with the board's meeting on 21 March 2022. Norbert Barthle resigned as a member of the Supervisory Board with effect from 28 February 2022. Susanne Baumann resigned with effect from 4 March 2022 and Elisabeth Winkelmeier-Becker with effect from 16 March 2022.

A new Supervisory Board for the period from 2022 to 2027 was constituted at the meeting on 21 March 2022. Christiane Laibach and Bernd Loewen (both members of the Executive

Board of KfW) represent the shareholder on the Supervisory Board. DEG's employee representatives were elected on 26 January 2022. Caroline Kremer, Esther Kabey-Wuntke, Isabel Thywissen, Bertram Dreyer and Ulrich Müller-Gaude were all elected as members of the Supervisory Board. Professor Christiane Weiland and Jürgen Gerke also remain in place as members of the Supervisory Board. In a decision of the shareholder's meeting of 24 May 2022, Niels Annen (Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development), Professor Luise Hölscher (State Secretary at the Federal Ministry of Finance), Dr Günter Sautter (head of department at the Federal Foreign Office) and Anja Hajduk (State Secretary at the Federal Ministry for Economic Affairs and Climate Action) were appointed as representatives of the Federal Government. Professor Maja Göpel and Carl Martin Welcker were elected as new members of the Supervisory Board with effect from 24 May 2022.

In the year under review, Norbert Barthle served as Chair of the Supervisory Board from 1 January 2022 to 28 February 2022. Bernd Loewen was acting Chair of the Supervisory Board from 28 February 2022 to 21 March 2022 and Chair of the Supervisory Board from 21 March 2022 to 20 June 2022. Niels Annen, Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development, was elected as Chair of the Supervisory Board on 20 June 2022. Ms Laibach was elected as First Deputy Chair and Ms Weiland as Second Deputy Chair.

In 2022, 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. It also wishes to thank those members who have left the board 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 global crises on DEG's customers and to secure important developmental impacts in developing and emerging market countries on a lasting basis.

Cologne, 20 March 2023

Niels Annen
Chair of the Supervisory Board

Corporate Governance Report

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

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

Declaration of Conformity

The Management Board and Supervisory Board of DEG make the following declaration: "Since the previous Declaration of Conformity on 21 March 2022, 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 arranged D&O insurance policies which, as group insurance, also extend protection to the members of DEG's Supervisory Board and which – in a departure from paragraph 4.3.2 PCGC – only provide for an option to introduce a deductible in the period under review. Since many members of the Supervisory Board waive their right to compensation, the contracts do not provide for any deductible. For members of the Management Board, the D&O insurance policies include a deductible that meets the requirements of paragraph 4.3.2 PCGC.

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

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

Forwarding of documents to the Supervisory Board

In a departure from paragraph 4.1.3 PCGC, the documents required in order to make a decision were not forwarded in full to members of the Supervisory Board 14 days in advance of one meeting, owing to a last-minute change in circumstances.

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 addition, the Executive and Nomination Committee has the authority to make the final decision in some areas with respect to the suitability assessment of Management Board and Supervisory Board members in accordance with the suitability guidelines required by the supervisory authority.

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

Cooperation 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.

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

Roland Siller
CEO

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

Philipp Kreutz

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

Monika Beck

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

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

Supervisory Board

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

The period of office of the Supervisory Board ended with the board's meeting on 21 March 2022. A new Supervisory Board for the period from 2022 to 2027 was constituted at the subsequent meeting on 21 March 2022.

The employee representatives were elected on 26 January 2022. Caroline Kremer, Esther Kabey-Wuntke, Isabel Thywissen, Bertram Dreyer and Ulrich Müller-Gaude were all elected as new members of the Supervisory Board. Professor Maja Göpel and Carl Martin Welcker were elected as new members of the Supervisory Board with effect from 24 May 2022. Professor Christiane Weiland and Jürgen Gerke also remain in place as members of the Supervisory Board. In a decision of the shareholder's meeting of 24 May 2022, Niels Annen (Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development), Professor Luise Hölscher (State Secretary at the Federal Ministry of Finance), Dr Günter Sautter (head of department at the Federal Foreign Office) and Anja Hajduk (State Secretary at the Federal Ministry for Economic Affairs and Climate Action) were appointed as representatives of the Federal Government.

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 from 1 January 2022 to 28 February 2022. Bernd Loewen was acting Chair of the Supervisory Board from 28 February 2022 to 21 March 2022 and Chair of the Supervisory Board from 21 March 2022 to 20 June 2022. Niels Annen, Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development, was elected Chair of the Supervisory Board on 20 June 2022.

The members of the Supervisory Board possess, individually and collectively, the knowledge, skills and professional experience required in order to perform their duties correctly. The

[1)] The Corporate Management, Communication and Politics, Digitalisation and Compliance and Risk Controlling divisions were reorganised during the year and have new names. Responsibility for Compliance was transferred from Roland Siller to Philipp Kreutz on 1 November 2022, when the new Compliance and Risk Controlling division was created.

Supervisory Board is made up of eight women and seven men. The target of 33% female membership by 1 June 2022, set by the Supervisory Board in 2017, was thus exceeded. The legal quota of 30% male and female members, set in 2021, and the internal target adopted voluntarily by the Supervisory Board in 2022 of 40% male and female membership for the period up to 30 June 2027 were met in the year under review.

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 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, assesses the quality of the auditor 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 – AO). The company's purpose is to promote development cooperation. DEG is non-profit-making.

Transparency

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

Since 2015, DEG has made investment-related information available in a database on its website about projects financed with its own funds. This information shows the status at the time of approval of DEG financing and includes details of the relevant customer, the purpose of the project, the volume of financing and the environmental and social category. Since 2022, this information has been available for the entire period of the customer relationship. The customer must give consent before this information is published.

Risk management

Risk management and risk controlling are key management tasks at DEG. The Management Board draws up the risk strategy, establishing the framework for business activities in relation to risk tolerance and risk-bearing capacity.

This ensures that DEG is able to fulfil its specific tasks sustainably and over the long term, while maintaining an acceptable risk profile. Monthly risk reports to the Management Board present a comprehensive analysis of DEG's overall risk situation. The Supervisory Board receives a detailed update on the risk situation regularly and at least once per quarter.

Compliance

DEG's success depends to a significant degree on the trust that the shareholder, customers, business partners, staff members and the public place in its effectiveness and above all in its integrity. This trust is substantially rooted in its implementation of, and compliance with, the relevant legal and regulatory requirements and in-house rules, as well as other applicable laws and regulations. DEG's compliance organisation includes, in particular, provisions to ensure that the regulatory requirements of the MaRisk compliance function are met, and that data protection rules are followed. It further includes provisions to guarantee securities compliance, to comply with the terms of financial sanctions, to prevent money laundering, to avoid financing terrorism and other criminal activities, and to ensure an adequate level of information security, appropriate business continuity management, 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 21 September 2021, the shareholder appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) as the auditor for the 2022 financial year after consulting with the Supervisory Board. The Supervisory Board subsequently issued the audit mandate to Deloitte on 20 June 2022 and established priorities for the audit with the auditor. It was agreed with the auditor that the chair of the Audit Committee would be informed immediately of any findings and circumstances of material significance to the duties of the Supervisory Board arising during the audit. It was further agreed that the auditor should inform the Audit Committee chair or include a note in the audit if, while carrying out the audit, it ascertained facts that negated the accuracy of the Declaration of Conformity with the PCGC. The audit contract awarded to the auditor also includes an inspection of whether the Declaration of Conformity with the PCGC for the year prior to the audit has been submitted and whether the Corporate Governance Reports from the past five financial years have been published on DEG's website (paragraph 8.2.5 PCGC).

Efficiency review

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

Sustainability/non-financial report/ fair taxation

As part of KfW Group, DEG pursues a sustainable governance approach 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 avoidance practices within the meaning of the recitals of Directive 2016/1164/EU. DEG cultivates an open, transparent and cooperative relationship with German and foreign tax authorities. The principles of DEG's tax policy are anchored in the tax model of KfW's tax guidelines, which apply to the entire KfW Group in the form of an operating procedure, and in DEG's tax rules, which also describe the tax compliance management system (TCMS) of KfW Group and DEG. 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. To anchor the equality objectives within DEG, the company adopted an equality plan for the first time in 2022. This contains four key areas where action is required in order to ensure equal opportunities for women and men at DEG, with measurable objectives and appropriate measures for each area of action. Activities undertaken to promote diversity and equal opportunities are presented to the Supervisory Board each year and also made clear internally.

As of 31 December 2022, 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 36% 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. To make sure that their interests are represented, employees with severe disabilities elect a representative body.

Work and family life/remote working

A work/life balance is essential for the health and employability of employees. This approach forms the basis of DEG's strategic, family-focused personnel policy. DEG offers its employees a range of working/lifestyle models, allowing them to combine work and 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 that fall under collective bargaining agreements are assigned in accordance with the pay scale groups set out in the collective bargaining agreement for the private banking sector and public banks. 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 – EntgTranspG), 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 21 March 2022, DEG's Supervisory Board voted to retain the variable remuneration system for DEG's Management Board, based on the system that was first adopted on 18 March 2010 and has been agreed each year, essentially without changes. This system includes a balanced mix of short and medium-term incentives. For instance, only half of the performance-related management bonuses, as measured by the fulfilment of objectives, is immediately disbursed to the Management Board. The other half constitutes a provisional claim only, and is paid from a "bonus account" in equal instalments over the following three years, provided there is no significant decline in business performance. If the agreed profitability objective is not met over the following years, payments from the bonus account shall be subject to a penalty. In the year under review, penalties were imposed on all outstanding payments from the bonus accounts of Management Board members.

The summary in Tables 2 and 2a (page 17) shows total remuneration for individual members of the Management Board, broken down by fixed and variable components and 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. This cap limits payments to a member of the Management Board following premature termination of employment without good cause as per Article 626 BGB to two years' annual salary or the remuneration including fringe benefits for the remainder of the contract, whichever is lower. 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 BGB, any pension entitlements are void, in keeping with the principles established by employment contract case law.

Pensions for former members of the Management Board and their surviving dependants amounted to EUR 990.2 k in 2021 and EUR 917.6 k in 2022 (cf. summary of retirement pensions for former members of the Management Board and surviving dependants in Table 3).

Write-backs of pension provision for former members of the Management Board and their surviving dependants amounted to EUR 1,326.7 k at the end of the 2022 financial year (previous year: transfer of EUR 96.0 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 2021 and 2022 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, 20 March 2023

The Management Board The Supervisory Board

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

EUR k	2022	2021	Change
Management Board	1,131	1,086	+45
Former members of the Management Board & surviving dependants	918	990	-72
Members of the Supervisory Board	92	81	+11
Total	**2,141**	**2,157**	**-16**

Table 2: Annual compensation of the Management Board and transfers to pension provision for 2021 and 2022 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	2022	-	-	-	**-**	-	-
	2021	-	-	-	**-**	6.2	-
Christiane Laibach (CEO)[6)]	2022	-	11.1	-	**11.1**	41.3	95.2
	2021	143.7	25.8	6.0	**175.5**	60.9	553.5
Monika Beck	2022	344.9	21.3	17.3	**383.5**	53.2	109.5
	2021	344.9	20.7	17.3	**382.9**	54.7	283.1[5)]
Philipp Kreutz	2022	344.9	13.6	6.6	**365.1**	17.5	197.0
	2021	344.9	11.4	6.4	**362.7**	27.1	424.1
Roland Siller (CEO)[7)]	2022	344.9	12.2	14.0	**371.1**	12.2	221.3[5)]
	2021	160.0	-	5.1	**165.1**	-	1,677.8[5)]
Total	**2022**	**1,034.7**	**58.2**	**37.9**	**1,130.8**	**124.2**	**623.0**
	2021	993.6	57.9	34.8	1,086.3	148.9	2,938.5

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. Christiane Laibach received variable remuneration in respect of her 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 2022 was EUR 26.6 k (previous year: EUR 25.7 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 2022 and 2021 in EUR k[1)]

	Company cars		Group accident insurance policy		Health insurance		Long-term care insurance		Dual household	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Christiane Laibach[2)]	-	4.0	-	-	-	1.8	-	0.2	-	-
Monika Beck	10.9	10.8	0.8	0.8	4.6	4.6	0.4	0.4	-	-
Philipp Kreutz	-	-	0.8	0.8	4.6	4.6	0.4	0.5	-	-
Roland Siller[3)]	7.2	2.5	0.8	-	4.6	2.1	0.4	0.2	-	-
Total	**18.1**	**17.3**	**2.4**	**1.6**	**13.8**	**13.1**	**1.2**	**1.3**	-	-

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 2022	EUR k 2022	Number 2021	EUR k 2021
Former members of the Management Board	5	581.6	5	659.2
Surviving dependants	3	336.0	3	331.0
Total	**8**	**917.6**	**8**	**990.2**

Tables 4 and 5: Compensation of members of the Supervisory Board for the 2021 and 2022 financial years in EUR

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

[1] Compensation not claimed.

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]	01.11.–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]	26.08.–31.12.	-	-	-	-
11.	Dr Amichia Biley	01.01.–31.12.	5,000	553	5,012	**10,565**
12.	Marina Dietz	01.04.–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**

[1] Compensation not claimed.

Management Report 2022

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

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

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

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

To meet the specific needs of its customers, DEG offers various support services as well as financing. The subsidiary DEG Impulse gGmbH, founded in 2022 for this purpose, provides advice to businesses to enable them to realise a social and environmental transformation. Business Support Services (BSS) supports these companies to help them overcome challenges and achieve lasting growth. As well as improvement of business performance (e.g. through advice on working capital management), implementation of environmental and governance measures is a key focus area for BSS. By providing advice on potential ways to save energy, it can enable companies to implement appropriate measures to make more efficient use of resources, for example. In addition, DEG Impulse subsidises effective development measures by private sector enterprises, such as feasibility studies and pilot projects, via promotional programmes and funds from the German Federal Government. Overall, this further enhances DEG's profile in terms of development policy.

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 activities in foreign countries. Together with KfW Development Bank and KfW IPEX-Bank GmbH, it shapes KfW's range of international financing. Comprehensive knowledge of the economic and political conditions in its partner countries, close links to customers and a permanent presence on the ground are essential if DEG's development mandate is to be fulfilled effectively. DEG is currently represented in 18 locations in Africa, Asia, Latin America and Eastern Europe. At the same time, DEG shares the use of KfW Group's approximately 70 international offices. Furthermore, cooperation in joint financing projects with other European Development Finance Institutions (EDFI) and with multilateral development banks, such as the International Finance Corporation (IFC) and the Asian Development Bank (ADB), plays an important role in DEG's work.

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

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

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

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

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. However, at the end of 2022 the proportion of women at the first management level was 20%, and therefore slightly below the target, due to the increase in the number of positions from nine to ten. The proportion of women at the second management level remained above the target, at 38%.

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 (2021: 33.3%) and 53% on the Supervisory Board (2021: 50%).

ECONOMIC REPORT

Business environment[2)]

The global economy was impacted by many uncertainties in 2022, with Russia's invasion of Ukraine, soaring energy prices, high inflation and central banks' restrictive monetary policy curbing global growth. Moreover, China's zero-COVID strategy put considerable pressure on worldwide supply chains in 2022. Global growth slowed significantly overall. The International Monetary Fund (IMF) therefore predicts growth of only 3.2% for 2022 (2021: 6.0%)[3)].

At the same time, substantial inflationary pressure is weighing on the global economy. While the causes vary by region, the monetary and fiscal policy response has been robust on both sides of the Atlantic. Major central banks implemented very tight monetary policy measures at the beginning of the year. The US Federal Reserve raised key interest rates to a range of 4.25% to 4.5% until the end of 2022, while the European Central Bank (ECB) raised the main refinancing operations rate to 2.5%. Although inflation rates around the world began to rise in 2021, when energy prices increased for economic reasons and soaring demand for goods coincided with supply bottlenecks and high transport costs, it was only following Russia's war of aggression and the resulting explosion in energy prices that, by the autumn, they reached their highest levels for 40 years.

Monetary and fiscal policy measures initiated by central banks and governments to combat inflation also resulted in tighter financing conditions, leading to changes in exchange rates between major currencies. In particular, the US central bank's raising of key interest rates has had a negative impact on the financing position of developing and emerging market countries, putting increasing pressure on high-risk investments and assets.

The tense economic situation in major economic areas, especially the USA and the EU, is also affecting economic activity in developing and emerging market countries. Growth in the US economy has slowed considerably. Taking into account the recession in the second quarter, further adjustments to monetary policy and a reduction in households' purchasing power, the IMF predicts growth in US gross domestic product (GDP) of 1.6% for 2022 (2021: 5.7%). The IMF has also significantly lowered its growth forecast for the eurozone compared with the previous year to 3.1% (2021: 5.2%). Inflation in the eurozone is expected to reach 8.3%[4)] for 2022, its highest level since the euro was introduced. The main driver of this development is the sharp rise in energy prices caused by Russia's war of aggression in Ukraine.

The IMF also anticipates lower growth of 3.7% for developing and emerging market countries in 2022 (2021: 6.6%). However, there are very significant differences between regions and sectors:

- The GDP growth rate in **Asia (excluding Japan)** will fall sharply. After 7.2% in 2021, the IMF expects growth of just 4.4% in 2022. Slackening growth in China and India has had a particularly large impact here. Due to China's zero-COVID strategy, even the smallest COVID-19 outbreaks led to extensive lockdowns, which affected local production and exports to global supply and value chains. The IMF therefore predicts GDP growth of only 3.2% for the year in China (2021: 8.1%). In India, economic growth is being hindered mainly by external factors such as weaker demand from

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

[2)] The analysis is based on estimates by the IMF from the economic growth forecast of October 2022.

[3)] IMF World Economic Outlook (October 2022).

[4)] IMF Regional Economic Outlook (October 2022).

trading partners. The IMF nevertheless still anticipates growth of 6.8% for India (2021: 8.7%). By contrast, the ASEAN[1]-5 countries (Indonesia, Malaysia, Philippines, Thailand, Vietnam) have held their ground and are expected to have grown by 5.3% (2021: 3.4%).

- The Russian war of aggression in Ukraine has hit the economy in Europe outside the EU particularly hard, with Ukraine itself naturally being the worst affected. The Russian economy, which is suffering due to international sanctions, likely contracted by -3.4% following growth of 4.7% in 2021. However, high energy prices partially compensated for the drop in Russia's oil and gas exports. The Ukrainian economy is expected to have contracted by as much as -35% in 2022, due to the destruction of large swathes of Ukraine's infrastructure by Russian armed forces and the mass exodus of refugees.
- Economies in the **Middle East and North Africa** benefited strongly from high oil prices in 2022, with GDP growing by an average of 5.0% (2021: 4.1%). However, many middle- or low-income countries in the region are exposed to high levels of food insecurity, as grain and fertiliser prices have risen dramatically due to the Russian war of aggression. This particularly affects countries that depend on food imports, such as Morocco and Tunisia. For 2022, GDP growth of 0.8% is expected in Morocco (2021: 7.9%) and 2.2% in Tunisia (2021: 3.3%).
- Economic output in **sub-Saharan Africa** is expected to have fallen from 4.7% in 2021 to 3.6% in 2022. This weak outlook also reflects lower growth among trading partners, tighter fiscal and monetary policy and a deterioration in trading conditions for raw materials (i.e. prices are rising faster for imported goods than for exported goods). Service industries in South Africa experienced a robust recovery following a decline in COVID cases. At the same time, however, floods, power cuts and strikes all had an adverse impact on the South African economy. GDP is expected to have grown by 2.1% in 2022 (2021: 4.9%). Nigeria recorded GDP growth of 3.2% in 2022 (2021: 3.6%). Ongoing underinvestment in the oil sector caused production volume to fall to its lowest level for 50 years in 2022, while inflation reached a 17-year high at an estimated 20.8%.
- High inflation and associated interest rate hikes by central banks also led to an economic slowdown in **Latin America**, where GDP grew by only 3.5% in 2022 compared with 6.9% in 2021. However, the region did benefit from high raw material prices and a return to normal business in the services industry. The hospitality and tourism sectors in particular, having been severely restricted during the pandemic, recovered strongly. With regard to individual countries, Brazil initially experienced a solid economic recovery in the first half of the year, although increasingly restrictive monetary policy and a general decline in global demand then hindered further growth. The IMF has forecast growth of 2.8% for Brazil (2021: 4.6%). In the wake of the slowdown in US economic growth, Mexico grew by only 2.1% in 2022 (2021: 4.8%).

In line with its mandate as a development finance institution for the private sector, DEG once again provided complementary services in 2022 wherever long-term financing for private sector enterprises was not available on the market or was inadequate.

Business development

The 2022 financial year again proved challenging due to enormous geopolitical and economic uncertainties. Despite difficult overall conditions, DEG achieved its development policy goals for 2022.

DEG committed more funds for private sector enterprise investments in developing and emerging market countries in 2022 than in the previous year. New commitments came to EUR 1,643.5 million (own funds) in 2022, slightly exceeding the previous year's figure (2021: EUR 1,533.6 million).

DEG also acted as the "lead" for 15 commitments by mobilising EUR 487 million from development banks and institutional investors from the private sector (2021: EUR 507 million).

The development impact of new business, measured using the DERa score[2], reached a baseline (commitment before current DEG investments) of 74 points in the year under review, which is expected to rise to a very good score of 90 points (five years after investment).

At the effective date of 31 December 2022, the portfolio had an average DERa score of 81 points, which means that the portfolio exceeded the target DERa score of 75 points that was agreed as a key financial performance indicator for 2022. Despite many uncertainties and volatility in the markets, the figures reflecting the portfolio's development impact remain very good and stable.

The committed volumes ranged from the single-digit millions to high-volume commitments of up to EUR 40 million, or even considerably more in a few individual cases. The volume of commitments (total of commitments disbursed and new commitments on own account approved but not yet disbursed) increased to EUR 9.9 billion at the end of 2022 (2021: EUR 9.2 billion).

DEG committed financing for 80 projects in the year under review (2021: 98). As in the previous year, the customer clusters "Corporates" and "Financial institutions" accounted for the largest share – just over a third each – of new commitments. Commitments for enterprises amounted to EUR 575.5 million and commitments for financial institutions to EUR 608.9 million. Commitments for the customer clusters "Funds" and "Project financing" totalled EUR 297.2 million and EUR 161.9 million, respectively, in 2022.

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

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

DEG's new commitments of EUR 1,643.5 million in 2022 facilitated entrepreneurial investments with a total volume of EUR 9.5 billion (2021: EUR 8.2 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 391.6 million in 2022 (2021: EUR 262.6 million). In addition, DEG provided funding to European companies for investments in Africa via the "AfricaConnect" programme, which is financed by the Federal Ministry for Economic Cooperation and Development (BMZ). Around EUR 41.2 million was committed for 12 projects in the 2022 financial year (2021: EUR 46 million), of which EUR 2 million was earmarked for crisis liquidity financing.

EUR 789.1 million of newly committed financing in 2022 was destined for SMEs and medium-sized businesses ("Mittelstand"), which again represented just under 50% of new commitments (2021: EUR 736.7 million). A total of EUR 471.3 million (2021: EUR 498.7 million) was committed for risk capital financing (participating interests and loans with equity features) in 2022.

EUR 609.0 million of new commitments in 2022 were for projects that promote the protection of the climate and the environment (2021: EUR 408.7 million). Investments in climate protection accounted for EUR 315.7 million of that sum (2021: EUR 193.3 million). This represents an encouragingly large increase on the previous year, in keeping with the business strategy.

By continent, commitments for projects in Asia accounted for the lion's share of new business at EUR 574.5 million, followed by the Africa/North Africa/Middle East region at EUR 425.0 million and Latin America at EUR 407.4 million. New commitments for Europe stood at EUR 154.3 million.

Lendings accounted for EUR 1,256.2 million of DEG's new commitments (2021: EUR 1,034.8 million), of which EUR 84.0 million was arranged as loans with equity features (2021: EUR 32.1 million). At EUR 387.4 million, equity participations were lower than in the previous year (2021: EUR 466.6 million).

Around two thirds of DEG financing was committed in USD in 2022. In total, lendings and participating interests in USD were equivalent to EUR 1,112.9 million (2021: EUR 1,141.3 million). Newly committed financing in local currencies totalled EUR 151.0 million (2021: EUR 159.4 million).

Disbursements (own business) came to EUR 1,475.8 million in 2022, up slightly on the previous year's figure of EUR 1,402.1 million.

The commitment volume was distributed across 689 commitments in 74 partner countries at the end of 2022 (2021: 705 and 77).

New commitments by customer cluster in EUR millions

Year	Corporates	Financial institutions	Funds	Project financing	Total
2022	575.5	608.9	297.2	161.9	**1,643.5**
2021	506.1	493.6	345.3	188.6	**1,533.6**

New commitments by region in EUR millions

Year	Asia	Latin America	Africa/MENA[1]	Europe/ Caucasus	Supraregional investments	Total
2022	574.5	407.4	425.0	154.3	82.3	**1,643.5**
2021	499.1	566.1	337.2	103.7	27.5	**1,533.6**

[1] Middle East & North Africa/MENA.

Profitability

Despite the war of aggression against Ukraine, the consequences of which accounted for the bulk of risk provisions for the year under review, DEG proved resilient and achieved a profit before tax of EUR 22.4 million for the 2022 financial year.

Net interest income developed better than expected in 2022, mainly thanks to the strong US dollar and rising interest rates.

The result from participating interests also developed positively in 2022. Despite the challenges posed by the war in Ukraine, the company disposed of a larger number of participating interests than in the previous year, and the resulting earnings increased to EUR 112.2 million (2021: EUR 98.4 million). The volume of dividends significantly exceeded the previous year's figure, with three large individual dividends in particular contributing to this.

Due to the spin-off of a large proportion of DEG's promotional programmes and the employees responsible for these programmes to the newly founded subsidiary DEG Impulse with retroactive effect from 1 January 2022, staff costs and other operating income from advisory operations have fallen.

Staff costs have also declined as a result of lower transfers to pension provision, owing to the rise in interest rates.

Non-staff costs increased by EUR 5.2 million, due to additional expenditure in connection with BSS. The Management Board of DEG increased the BSS budget in the year under review as a contribution towards the implementation of DEG's impact/climate strategy and also provided an additional BSS budget for humanitarian projects relating to Ukraine, of which EUR 2.4 million was utilised. In addition, travel expenses rose by EUR 2.1 million after the lifting of coronavirus restrictions meant that travel was possible again.

HGB P&L – economic presentation

EUR million	31.12.2022	31.12.2021
Income from long-term lendings	260.1	195.7
Other interest and similar income	2.0	1.4
Interest payable and similar charges	-74.8	-12.6
Interest surplus	**187.3**	**184.5**
Income from disposals[1]	112.2	98.4
Income from dividends[2]	74.0	47.1
Result from participating interests	**186.2**	**145.5**
Remaining other operating income[3]	**23.9**	**25.8**
Staff costs	-83.9	-87.8
Non-staff costs[4]	-65.1	-55.3
Administrative costs	**-149.0**	**-143.1**
Operating results (before risk provision and valuation effects from currency)	**248.4**	**212.7**
Net risk provision (write-back [+]/write-up [-])	-200.5	21.2
Valuation effects from currency[5]	-25.5	-8.5
Profit for financial year before tax	**22.4**	**225.4**
Taxes[6]	-12.2	-9.8
Net profit	**10.2**	**215.6**

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

A net transfer to risk provision of EUR 200.5 million was necessary in the year under review, following net income from risk provision of EUR 21.2 million in the previous year. Write-backs had been carried out in the previous year after the impact of the coronavirus pandemic proved to be less severe than was assumed in 2020. Of this sum, additions of EUR 138.4 million relate to participating interests (2021: write-backs of EUR 26.8 million) and additions of EUR 63.9 million to the loans portfolio (2021: EUR 13.9 million). Net provisions of EUR 1.8 million were written back for irrevocable credit commitments (2021: EUR 8.3 million).

Transfers of EUR 39.5 million were required in 2022 for participating interests in Russia and Ukraine due to the war. Second- and third-round effects resulting from the war accounted for transfers of EUR 18.5 million to participating interests.

Additional transfers were made in isolated cases. There were also individual write-backs, albeit to a lesser extent.

With regard to loans, transfers to non-performing commitments increased year on year owing to the war in Ukraine. The rate of transfers to non-performing commitments remained below the long-term average in 2022. In regional terms, the bulk of net transfers related to Ukraine (EUR 22.6 million).

The review and subsequent adjustment to parameters for general loan loss provisions led to a rise in loss ratios (LGD), resulting in a transfer of EUR 7.6 million.

A comparison of the annual profit before taxes pursuant to HGB and IFRS shows the following picture (see below):

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.

The profit before taxes under IFRS has been a key financial performance indicator since 2022. It came to EUR 7 million in 2022, well below the target of EUR 112 million.

This deviation from the budgeted figure was essentially due to the war of aggression against Ukraine and its consequences. At the same time, write-downs on participating interests have a much greater impact under IFRS than under HGB, as the fair values of participating interests are reported in accordance with IFRS. The risk provision for loans is considerably higher under IFRS than under HGB, as it takes into account macroeconomic factors and the impact of a significant deterioration in credit risks since addition.

Furthermore, the increase in loss ratios (LGD), which has a greater impact under IFRS than under HGB, was not included in planning.

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 1,474.8 million. These disbursements were funded through cash inflows from loan repayments (EUR 866.6 million), disposals of participating interests (EUR 282.0 million), the raising of new debt capital and the cash operating result.

The debt capital was raised solely from KfW in the form of borrowers' notes and overnight loans. In 2022, a total of EUR 3,068.6 million in funds was raised and EUR 2,779.6 million was repaid.

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

DEG was solvent at all times in 2022.

Net worth position

Disbursements that exceeded repayments, together with a stronger USD compared with the effective date, essentially led to an increase of EUR 519.5 million in financial fixed assets. Business volume (balance sheet total without trust business) therefore increased by EUR 525.7 million year on year to EUR 7,326.4 million.

Equity increased to EUR 2,516.9 million due to the profit for the financial year of EUR 10.2 million. This result will strengthen DEG's equity basis and enable it to meet its promotional objectives by drawing on its own resources. The equity ratio (ratio of equity to business volume) declined from 36.9% to 34.4%.

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

A comparison of the annual profit before taxes pursuant to IFRS and HGB

EUR million	IFRS	HGB
2022 (actual)	7	22
2022 (forecast)	112	25

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. Increased interest from existing and potential customers regarding a stronger focus on the SDGs and the Paris Agreement represents a vital opportunity to realise DEG's sustainable development objectives and support companies in their transition to greater sustainability. Private sector enterprises protect and create jobs, generate local income and ensure innovation and investment in sectors that are important for sustainable development. They play a stabilising role in dealing with the global challenges resulting from the war in Ukraine and the COVID-19 pandemic in developing and emerging market countries. DEG maintains close contact with its customers in Ukraine, for example, and continues to support them through Business Support Services (BSS), ensuring that it remains a reliable partner even in difficult times.

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

In this context, DEG positions itself as an impact and climate financier for forward-looking, sustainable companies operating in developing and emerging market countries. DEG is organised in three customer clusters: (i) Infrastructure & Energy, (ii) Industries & Services, (iii) Banking. Cross-cutting issues that span all customer clusters are acquisition of participating interests, financing in Africa and support for German companies in developing and emerging market countries. Implementation of the new business strategy began in 2022. The modernisation of the business model and the constant refinement of the product portfolio, in line with the new business strategy, will ensure that DEG remains effective and fit for the future. Agile and digital transformation, together with consistent professionalisation, will also support our further organisational development.

The opportunities identified by DEG include the fact that, in addition to financing for their investments, private sector enterprises are increasingly requesting solutions to the environmental, governance and social aspects of their operations. This gives DEG the opportunity to exploit its climate and sustainability expertise further and to closely support the transformation of enterprises in developing and emerging market countries. With its Business Support Services and various other 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, which extend beyond merely providing liquidity, creates additional opportunities for DEG to secure attractive, economically efficient customers in order to reach its strategic goals and at the same time to improve the risk profile of its portfolio.

DEG 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 promotional programme "AfricaConnect" for German and other European medium-sized businesses facilitates more entrepreneurial investment in Africa by offering attractive lending conditions. Where such financing proves successful, further opportunities will arise to support subsequent investments by German enterprises in Africa.

With its subsidiary DEG Impact, DEG has worked to mobilise private capital by providing expert investment advice since 2020. DEG Impact offers services such as investment advice and brokerage, fund audits and consultancy services. A second subsidiary, DEG Impulse, was established in 2022 to focus on DEG's advisory and promotion-related business. The spin-off of these activities from DEG will facilitate more targeted and extensive expansion of advisory and development capacity, allowing DEG to consolidate its market position while simultaneously opening up new customer segments through fast, innovative product development. With its diversified range of financing and advisory services, DEG is able to offer needs-based solutions to meet its customers' requirements. Follow-up business with existing DEG customers also offers potential for further collaboration.

Risk management

With regard to DEG's risk situation, 2022 was dominated in particular by Russia's war against Ukraine and its effects on DEG's commitments. At the same time, a global economic slowdown, coupled with rising raw material, investment and financing costs, had a further negative impact.

The heightened risk situation due to the Russian war of aggression against Ukraine was closely monitored by a separate task force, taking into account all risk types, and appropriate steps were initiated. The impact of the global economic slowdown is continuously monitored through risk controlling and credit management processes. DEG's broadly diversified portfolio and comfortable equity enabled it to manage and absorb these increased risks.

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

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

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 and analysis).

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 2022 was 10.5% (31 December 2021: 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 2022. 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 2022, DEG reported a Pillar I ratio of 17.8% (31 December 2021: 22.1%).

Economic risk-bearing capacity is DEG's estimate of its ability to absorb potential losses from its activities as a development finance institution with the aid of its risk coverage. 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 2022, DEG reported an economic coverage ratio of 190.6% (31 December 2021: 185.1%).

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.

Despite higher risk provisions and a decline in the value of investments affected by the war in Ukraine, economic risk-bearing capacity improved slightly compared with the previous year (31 December 2021).

A drop in income from participating interests was offset mainly by the appreciation of the US dollar against the euro compared with the previous year. As a result, equity remained almost unchanged. The year-on-year rise in the economic coverage ratio from 185.1% to 190.6% was largely due to an increase in hedging for foreign currency risks. DEG expanded its hedging of participating interests in foreign currencies at the beginning of 2022. The Pillar I ratio fell by 4.3 percentage points to 17.8%, mainly due to an increase in RWA.

Economic and regulatory risk-bearing capacity was ensured at the reported dates in 2022.

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. The main capital risks that have been identified for DEG are credit risk (counterparty default risk and migration risk), participation risk, market price risk (interest rate and foreign currency risk), operational risk and reputation risk. Of these, credit risk (especially counterparty default risk) and 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 describes the danger of a negative impact on the company's net worth and financial and earnings situation 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). DEG's debt capital financing is recognised under credit risk. In addition, counterparty and settlement risks arise to a minor extent from the active management of the interest rate and currency risks associated with loans in local currencies by means of derivatives and through payment accounts with third parties.

Participation risk

Participation risk describes the danger of a negative impact on the company's net worth and financial and earnings situation and other damage arising from the direct and/or indirect provision of equity or products with equity features to third parties and from participating interests in funds. As part of its promotional activities, DEG provides equity financing in the form of direct participating interests and participating interests in funds. It does not acquire participating interests with the aim of achieving a short-term profit.

The allocation of commitment volume for credit and participation risks is diversified by region and sector. Overall, the regional distribution displays no unusual characteristics (four regions with shares ranging from 15.5% to 32.0%).

Among the customer clusters, there were concentrations mainly in financing for the financial sector (share of banks and insurance companies as of 31 December 2022: 42.0%; share of funds: 39.9%) and corporates in the energy sector (share as of 31 December 2022: 18.1%). To curb such concentrations, DEG has defined country-level limits for these industries.

Risk-bearing capacity

<table>
<tr><th>EUR million</th><th>31.12.2022</th><th>31.12.2021</th></tr>
<tr><td>Economic capital requirement</td><td>1,503.8</td><td>1,544.6</td></tr>
<tr><td>Credit risks</td><td>514.8</td><td rowspan="2">1,119.9</td></tr>
<tr><td>Participation risks</td><td>610.2</td></tr>
<tr><td>Market price risks</td><td>258.4</td><td>369.4</td></tr>
<tr><td>of which interest rate risks</td><td>48.7</td><td>53.3</td></tr>
<tr><td>of which foreign currency risks</td><td>221.3</td><td>336.7</td></tr>
<tr><td>Operational risks</td><td>42.3</td><td>18.4</td></tr>
<tr><td>Buffers</td><td>78.0</td><td>37.0</td></tr>
<tr><td>Economic risk coverage</td><td>2,865.6</td><td>2,859.7</td></tr>
<tr><td>Unrestricted equity</td><td>1,361.8</td><td>1,315.1</td></tr>
</table>

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 loan commitments and equity investments at least once a quarter to establish whether early warning indicators are present. From a rating of M16 or a score of 1–3 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 2022, non-performing commitments rose slightly both in absolute terms and as a percentage. As of 31 December 2022, the non-performing commitments amounted to EUR 855.9 million (8.7% of the portfolio), which represented an increase of EUR 112.7 million compared with 31 December 2021 (EUR 743.2 million; 8.1% 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 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. Quarterly valuation exercises are carried out to test for impairment of participating interests, in which the values of participating interests are remeasured.

The economic risk measurement required for credit and participation 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 and participation risks at DEG amounts to EUR 1,125.0 million in total as of 31 December 2022 (31 December 2021: EUR 1,119.9 million).

Market price risk

Market price risk describes the danger of a negative impact on the company's net worth and financial and earnings situation 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 258.4 million as of 31 December 2022 (31 December 2021: EUR 369.4 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 danger of a negative impact on the company's net worth and financial and earnings situation 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 (e.g. 3-month Euribor vs. 6-month Euribor) 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 a negative impact on the company's net worth and financial and earnings situation due to an adverse change in exchange rates. In principle, this also includes all risks resulting from changes in volatility. DEG incurs foreign currency risks in order to fulfil its development mandate, most of which result from loans in USD and look-throughs of participating interests in USD. The remainder of the foreign currency portfolio is distributed across a large number of local currencies and results mainly from look-throughs of participating interest positions.

In the loans business, balance sheet foreign currency risks from nominal amounts and interest payments are generally hedged. Risks from loans in USD 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.

Foreign currency risks arising from participating interests business in USD are fully hedged. A fixed portion of foreign currency risks in currencies that statistically have a strong correlation with the US dollar is currently hedged. The correlation and the level of hedging are reviewed at least once a year and on an event-driven basis. 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 a negative impact on the company's net worth and financial and earnings situation 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, currently, 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 regular reports on OpRisk events, the results of analyses and any risk mitigation measures derived from them.

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

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

Reputation risk

Reputation risk was classified as a significant risk type for the first time in DEG's risk inventory for 2021, leading to the establishment of a comprehensive risk management cycle.

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

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

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

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

Concentration risk

Concentration risk is understood to be the danger of a negative impact on the company's net worth and financial and earnings situation due to very large individual risk positions or increased correlations between risk positions. A distinction is made between intra-risk and inter-risk concentrations. Significant intra-risk concentrations for DEG exist mainly as credit and participation 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 business partners, 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 a negative impact on the company's net worth and financial and earnings situation and of adverse effects on 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)]

According to the IMF, global economic growth is set to slow again significantly in 2023, with global GDP growth falling to 2.7%. Major central banks are expected to continue their restrictive monetary policy in order to combat inflation, although interest rate rises are likely to be smaller. It is currently very difficult to assess how Russia's war of aggression against Ukraine and the phasing-out of China's zero-COVID strategy will pan out, but these factors will continue to influence economic prospects in 2023 and will either depress or boost global growth.

The IMF now predicts GDP growth of only 1.0% in the USA in 2023. A loss of purchasing power and rising interest rates are expected to further dampen the US economy. Low growth of 0.5% is also forecast for the eurozone. The European economy will continue to suffer due to reductions in gas supplies from Russia, while possible interest rate hikes by the ECB could curb economic growth still further. Moreover, many European countries face the prospect of recession. In contrast, the IMF expects growth in developing and emerging market countries to remain stable year on year at 3.7%.
The following developments are anticipated in DEG's important partner countries and regions:

1) Source: IMF World Economic Outlook (October 2022).

- Compared with other regions, **Asia (excluding Japan)** is expected to achieve the strongest growth of 4.9% (2022: 4.4%). China is expected to grow by 4.4% in 2023 (2022: 3.2%). COVID restrictions were relaxed significantly at the end of 2022, while a moderate increase in public investment by the Chinese government is also anticipated. According to the forecast, India's economic growth will slow slightly to 6.1% in 2023 (2022: 6.8%) due to a drop in global demand and difficult financing conditions. Moderate economic growth of 4.9% is predicted for the ASEAN[1]-5 countries (Indonesia, Malaysia, Philippines, Thailand, Vietnam) (2022: 5.3%).
- Growth of 0.6% has been forecast for the region **Europe outside the EU** in 2023 (2022: 0.0%). The Russian economy will contract by a further -2.3% (2022: -3.4%). As well as the effects of the war against Ukraine, a decline in consumer demand is also expected to have an impact. In Turkey, heavy dependence on energy imports, extremely high inflation, the weak lira and high levels of debt in the private sector will pose new risks to the economy and financial stability, with growth falling to 3.0% in 2023 (2022: 5.0%).
- Economies in the **Middle East and North Africa** look set to grow by only 3.6%, due to slowing global growth and stricter financing conditions (2022: 5.0%). High oil prices will continue to boost growth in oil-exporting countries and curb growth in developing countries that import oil. Alongside high fiscal spending for food and energy imports, higher interest payments are weighing on national budgets in countries such as Egypt and Tunisia. For 2023, economic growth of 4.4% is expected in Egypt (2022: 6.6%) and 1.6% in Tunisia (2022: 2.2%).
- Economic growth of 3.7% has been forecast for **sub-Saharan Africa** in 2023 (2022: 3.6%). In South Africa, electricity shortages continue to hamper industrial production, while exports of raw materials will fall as a result of waning global demand. Economic growth of 1.1% is predicted for 2023 (2022: 2.1%). Nigeria is unable to benefit from high oil prices, as inadequate investment in the past is hindering oil production. Factors such as high inflation (17.3%[2]), low direct foreign investment (1.0%[3] of GDP) and high unemployment (33%[4]) are also curbing growth. Overall, economic growth of 3.0% is forecast for Nigeria (2022: 3.2%).
- Economic growth of 1.7% is expected in **Latin America** in 2023 (2022: 3.5%). This weaker growth reflects more sluggish economic development in important partner countries, tighter financing conditions and falling raw material prices. In the wake of slackening growth in the US economy, Mexico is expected to grow by only 1.2% (2022: 2.1%). In Brazil, interest rate hikes by the US central bank have made financing conditions more difficult. Falling raw material prices due to declining global demand will also curb Brazil's growth. As a result, growth of only 1.0% is expected in 2023 (2022: 2.8%).

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

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

Corporate outlook

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

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

Impact and sustainable income are equally important objectives of DEG. To maximise these contributions to objectives, bearing in mind the scarcity of resources (equity and CO_2 budget), DEG will continue to refine its management and is developing a Strategic Portfolio Performance Management plan.

The DERa score for the DEG portfolio is determined on the basis of the previous year in each case. Possible impacts of the current global crisis (inflation, energy and food crisis) on companies' business activities may therefore also have a delayed impact on the assessment. Against this background, the average DERa score for 2023 is expected to be 75 points[5], the same level as in the year under review.

After 2022 proved to be an economically challenging year, DEG plans to achieve a profit before taxes under IFRS of EUR 90 million for 2023.

A commitment volume of EUR 10.3 billion is expected for 2023. As new commitments will exceed repayments, the portfolio is expected to grow. The cash exposure will be around EUR 7.8 billion at the end of 2023.

[1] ASEAN stands for the Association of Southeast Asian Nations.
[2] IMF 2023 forecast as at Oct. 2022.
[3] Economist Intelligence Unit 2023 forecast as at Nov. 2022.
[4] Economist Intelligence Unit, figure as at the end of 2020, last updated Sept. 2022.
[5] DERa scale: <= 49 poor, 50–69 satisfactory, 70–84 good, 85–99 very good, >= 100 outstanding.

With regard to new business, DEG is aiming for a slightly higher commitment volume in 2023 than in the year under review. The higher level of growth in new business compared with last year's planning is due in particular to new business that is protected with credit and political risk insurance (CPRI) and EU guarantees.

The company also plans to expand the mobilisation of private finance providers and institutional investors slightly.

Based on this business performance, DEG expects to achieve net interest income of EUR 226 million for 2023, above the budgeted figure for 2022. There will be only a moderate increase in staff and non-staff costs. In 2023, the risk provision and valuation of participating interests are expected to return to where they stood before the outbreak of war in Ukraine, following a very challenging year in 2022.

DEG expects the following annual profit before taxes pursuant to HGB and IFRS for 2023 compared with 2022:

EUR million	IFRS	HGB
2023 (forecast)	90	96
2022	7	22

Annual Financial Statements 2022

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

NOTES

HGB – BALANCE SHEET AS AT 31.12.2022

(with previous year's figures for comparison)

ASSETS	Notes	31.12.2022	31.12.2021
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		2,807,912	3,812
2. Payments in advance		387,577	1,066
		3,195,489	4,878
II. Tangible assets	(15, 17)		
1. Land and buildings		70,848,833	72,016
2. Office equipment		5,088,545	5,983
3. Payments in advance		1,403,051	81
		77,340,429	78,080
III. Financial fixed assets			
1. Investments in partner countries	(15, 18)		
a) Participating interests		2,088,313,438	1,929,156
b) Lendings to enterprises in which DEG has a participating interest		42,703,519	45,028
c) Other lendings		4,580,821,627	4,258,580
		6,711,838,584	6,232,764
2. Other financial fixed assets	(15, 19)		
a) Bonds and notes under current fixed assets		220,351,532	180,519
b) Other lendings		5,497,368	4,933
		225,848,900	185,452
		6,937,687,484	6,418,216
Total A (I + II + III)		**7,018,223,402**	**6,501,174**
B. Current assets			
I. Debtors and other assets			
1. Amounts owed from investment activities	(20)	69,925,680	46,244
of which amounts owed by enterprises in which DEG has a participating interest		860,591	541
2. Amounts owed from disposal of investments	(21)	3,782,662	3,809
3. Amounts owed from consultancy and other services	(22)	2,320,113	2,797
4. Other assets	(23)	55,034,411	75,722
		131,062,866	128,572
II. Other bonds and notes	(24)	2,516,308	2,054
III. Cash in hand, balances with credit institutions	(25)	171,301,263	167,574
Total B (I + II + III)		**304,880,437**	**298,200**
C. Accruals and deferrals	(26)	3,270,377	1,327
D. Assets held under trust	(27)	375,514,644	338,694
Total assets		**7,701,888,860**	**7,139,395**

HGB – BALANCE SHEET AS AT 31.12.2022

(with previous year's figures for comparison)

LIABILITIES	Notes	31.12.2022	31.12.2021
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		1,541,036,881	1,722,195
Transfer from profit for financial year (previous year: withdrawal of net loss for previous year)		215,585,315	-181,158
as of 31 December		1,756,622,196	1,541,037
III. Profit for financial year		10,249,807	215,585
Total A (I + II + III)		**2,516,872,003**	**2,506,622**
B. Provisions for liabilities and charges	(30)		
1. Provisions for pensions and similar obligations		166,920,194	161,524
2. Provisions for taxes		9,221,336	4,988
3. Other provisions		69,291,277	69,582
Total B (1 + 2 + 3)		**245,432,807**	**236,094**
C. Creditors			
1. Amounts owed for financing investment activities	(31)	4,482,620,874	3,999,047
2. Trade creditors		484,526	25
3. Other creditors	(32)	80,964,006	58,913
of which tax payable		1,080,843	1,059
of which social security		2	0
Total C (1 + 2 + 3)		**4,564,069,406**	**4,057,985**
D. Liabilities for assets held under trust	(33)	375,514,644	338,694
Total liabilities		**7,701,888,860**	**7,139,395**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01. TO 31.12.2022

(with previous year's figures for comparison)

INCOME	Notes	2022	2021
1. Sales revenue	(35)	EUR	EUR k
a) from consultancy contracts		2,442,901	8,231
b) from trust transactions		432,554	409
c) from services		13,079,359	10,549
		15,954,814	19,189
of which from affiliated enterprises		626,419	87
2. Income from participating interests	(36)	73,951,663	47,076
3. Income from long-term lendings	(36)	260,142,174	195,660
of which from affiliated enterprises		-19,139,751	-25,438
of which from negative interest rates		361,717	1,509
4. Other interest and similar income	(37)	2,031,676	1,434
of which from affiliated enterprises		646,157	-435
of which from negative interest rates		107,728	568
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		85,397,804	200,955
b) Write-up of amounts owed from investment activities and from disposal of investments		327,238	473
c) Write-back of provisions in respect of lendings business and participating interests		5,946,036	11,260
d) Income from write-back of value adjustments on bonds and notes under current fixed assets		423,404	377
		92,094,482	213,065
6. Other operating income	(39, 46)	225,186,269	206,120
Total income		**669,361,078**	**682,544**

HGB – PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.01. TO 31.12.2022

(with previous year's figures for comparison)

CHARGES	Notes	2022	2021
		EUR	EUR k
7. Costs of services purchased	(40)	1,822,383	1,746
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		287,123,690	187,711
b) Depreciation and value adjustments in respect of amounts owed from investment activities and disposal of investments		6	368
c) Transfer to provisions in respect of lendings business and participating interests		4,102,323	2,934
d) Depreciation and value adjustments in respect of bonds and notes under current fixed assets		1,388,639	806
		292,614,658	191,819
9. Interest payable and similar charges	(42)	74,832,434	12,594
of which to affiliated enterprises		68,791,180	6,063
of which from negative interest rates		550,091	1,995
10. Staff costs	(43)		
a) Wages and salaries		65,277,746	62,079
b) Social security, pensions and other benefits		18,575,005	25,750
of which pensions		9,244,930	16,195
11. Depreciation and adjustments for impairment of intangible and tangible assets	(15, 44)	5,210,976	5,436
12. Other operating charges	(45)	188,562,305	157,755
Total (7 + 8 + 9 + 10 + 11 + 12)		**646,895,507**	**457,179**
13. Tax on income and profit	(48)	11,802,977	9,380
14. Net earnings		10,662,594	215,985
15. Other taxes		412,787	400
16. Profit for financial year		**10,249,807**	**215,585**

NOTES FOR THE 2022 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

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

Under Article 340 of the German Commercial Code (Handelsgesetzbuch – 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.

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 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.

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

Accounting/valuation criteria

2. Intangible assets

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

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

3. Tangible assets

Tangible assets are capitalised at cost and amortised on a straight-line basis over their average useful life, which is 50 years for buildings and between five and 15 years for office equipment.

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.

4. Participating interests

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

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

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

"Bonds and notes under current fixed assets" refers to financing committed by DEG that has been securitised. This is also recognised at original cost or at fair value if lower, if the impairment is likely to be permanent.

To take account of counterparty default risk, DEG makes risk provision for both identifiable and latent default risks relating to lendings and bonds and notes under current fixed assets. The loan loss provisions are deducted in the respective asset items.

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 1,553 k as of the balance sheet date. The original costs and the fair value of the assets each amounted to EUR 1,476 k as of 31 December 2022. The difference of EUR 77 k is shown under "Provisions". The income and charges offset in this regard come to EUR 157 k.

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 2022 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.

The actuarial interest rate refers to the interest rate calculated by Deutsche Bundesbank as a ten-year average rate, assuming a remaining term of 15 years. This rate was 1.78% as of 31 December 2022. 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 3.0%, in line with the average value from the past five years.

Other provisions were made at the level of the anticipated settlement value 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.

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 (book values): EUR 3,589,664 k
- Debts (book values): EUR 2,905,584 k
- Pending transactions (nominal values): EUR 654,766 k

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

The USD currency risk from the participating interests portfolio in the amount of USD 702,553 k (book values) was hedged by means of forward exchange transactions in the amount of USD 748,000 k (nominal values). As well as the direct USD currency risk, participating interests in the amount of USD 713,193 k (book values) that were invested in assets with currencies that have a strong correlation with USD (INR, CNY, VND, DZD, PHP, PYG, KES, SGD and HKD) were also hedged with forward exchange transactions in the amount of USD 722,000 k (nominal values). This means that around 53% of the participating interests portfolio was hedged in total.

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

USD currency risk, including currencies with a strong correlation, is accounted for in each case via a macro valuation unit in accordance with 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 (book values) and pending transactions (nominal values) in the following amounts:

- EUR 36,830 k in CNY
- EUR 8,971 k in COP
- EUR 15,984 k in IDR
- EUR 84,583 k in MXN
- EUR 31,131 k in RUB
- EUR 39,022 k in ZAR

For the micro valuation units, both prospective and retrospective effectiveness is ensured as a result of incoming and outgoing cash flows being identical for underlying and hedging transactions. The remaining term is based on the due date of the underlying transactions and is between two months and 16 years.

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

14. Loss-free valuation in the interest book
A statement by the 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 as amended), proposes that where excess liability results from transactions involving interest-based financial instruments of the banking book, provision for contingent losses must be made. The income statement method of valuation is applied.

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

The calculation at the effective date of 31 December 2022 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 2,808 k, as well as payments in advance of EUR 388 k for one purchased licence that still needs to be rendered operational.

17. Tangible assets
Land and buildings in the amount of EUR 70,849 k are reported under tangible assets. This item also includes office equipment in the amount of EUR 5,089 k, as well as payments in advance of EUR 1,403 k.

18. Investments in partner countries
This item shows investments from funds on own account of EUR 6,711,839 k, which are made up of participating interests and lendings.

Movements in fixed asset balances

EUR k	Original costs					Depreciation							Book values
	01.01.2022	Accruals	Book transfers	Disposals	31.12.2022	01.01.2022	Accruals	Book transfers	Currency	Consumption[1]	Disposals	31.12.2022	31.12.2022
I. Intangible assets													
1. Purchased industrial property rights and similar rights and assets, including licences in such rights and assets	13,872	381	812	46	15,020	10,061	2,191	0	0	0	40	12,212	2,808
2. Payments in advance	2,643	134	-812	0	1,964	1,577	0	0	0	0	0	1,577	388
	16,515	515	0	46	16,984	11,637	2,191	0	0	0	40	13,788	3,195
II. Tangible assets													
1. Land and buildings	90,636	417	0	0	91,053	18,620	1,584	0	0	0	0	20,204	70,849
2. Office equipment	15,846	585	0	1,357	15,074	9,863	1,435	0	0	0	1,313	9,985	5,089
3. Payments in advance	81	2,104	0	782	1,403	0	0	0	0	0	0	0	1,403
	106,563	3,106	0	2,139	107,530	28,483	3,020	0	0	0	1,313	30,190	77,340
Total (I + II)	**123,078**	**3,621**	**0**	**2,185**	**124,514**	**40,120**	**5,211**	**0**	**0**	**0**	**1,353**	**43,978**	**80,536**
III. Financial fixed assets													
1. Investments in partner countries													
a) Participating interests	2,364,701	425,164	0	229,852	2,560,013	435,545	201,277	0	-40,006	58,930	66,186	471,700	2,088,313
b) Lendings to enterprises in which DEG has a participating interest	50,169	2,112	0	3,442	48,839	5,141	900	0	238	78	70	6,131	42,708
c) Other lendings	4,661,758	1,027,703	0	684,225	5,005,236	403,178	99,893	0	16,634	49,756	45,530	424,419	4,580,817
Total 1 (a + b + c)	7,076,628	1,454,980	0	917,519	7,614,089	843,864	302,070	0	-23,134	108,764	111,787	902,250	6,711,839[2]
2. Other financial fixed assets													
a) Bonds and notes under current fixed assets	180,249	80,040	0	39,732	220,557	1,837	1,389	0	173	0	423	2,976	217,581[3]
b) Other lendings	4,933	1,275	0	711	5,497	0	0	0	0	0	0	0	5,497
	185,182	81,315	0	40,443	226,055	1,837	1,389	0	173	0	423	2,976	223,078
Total III	**7,261,811**	**1,536,294**	**0**	**957,962**	**7,840,143**	**845,702**	**303,459**	**0**	**-22,960**	**108,764**	**112,210**	**905,226**	**6,934,917**
Total (I + II + III)	**7,384,888**	**1,539,916**	**0**	**960,147**	**7,964,657**	**885,822**	**308,670**	**0**	**-22,960**	**108,764**	**113,563**	**949,204**	**7,015,453**

[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.

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 seven bonds. Accrued interest at the balance sheet date was EUR 2,770 k. The general loan loss provision was EUR 2,976 k.

Bonds and notes under current fixed assets had a book value of EUR 218,094 k and a fair value of EUR 206,271 k. The underlying market prices are set rates, as these are illiquid securities. As DEG subscribes to these securities as part of its financing business in accordance with its articles of association in order to provide its customers with long-term debt capital, it does not intend to sell the securities before the end of the term, which means that no write-downs are carried out. To take account of counterparty default risk, DEG makes risk provision for both identifiable and latent default risks.

Other lendings comprise loans to staff members in the amount of EUR 5,497 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	5,119
c) Other lendings	764,450
2. Other financial fixed assets	
a) Bonds and notes under current fixed assets	2,770
b) Other lendings	290
Total	**772,629**

20. Amounts owed from investment activities

The item Amounts owed of EUR 69,925 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 6,431 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 3,783 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 37,036 k), tax assets (EUR 2,173 k) and balancing items for accountancy purposes for foreign currency transactions in respect of the foreign currency valuation units for loans in CNY, COP, IDR, MXN, RUB and ZAR (EUR 13,498 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	69,926	0	0	0	69,926*
2. disposal of investments	1,088	0	2,695	0	3,783
3. consultancy and other services	2,320	0	0	0	2,320
Other assets	55,034	0	0	0	55,034
Total	**128,368**	**0**	**2,695**	**0**	**131,063**

* Of which EUR 6,144 k (2021: EUR 1,028 k) owed by the shareholder.

24. Other bonds and notes

This item contains a purchased security in the amount of EUR 2,516 k used to hedge semi-retirement agreements for older staff members.

25. Cash in hand and balances with credit institutions

Balances with credit institutions cover investments in the money market, including accrued interest, of EUR 100,011 k invested with the shareholder KfW, as well as current account balances of EUR 71,290 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 2022.

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	369,314
of which BMZ promotional programme “AfricaConnect”	178,484
of which BMZ promotional programme “Global Impact Investment Facility”	190,000
Investments in partner countries from trust funds in the form of lendings	6,200
Total	**375,515**

Of the lendings, EUR 6,161 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 from buildings, resulting in deferred tax liabilities of EUR 531 k. These are offset by deductible temporary differences, especially from provisions, which have led to deferred tax assets in the amount of EUR 15,493 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 companies register.

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 2022 financial year:

Provisions for	EUR k
Valuation units (contingent losses)	40,138
Default risks from obligations deemed irrevocable in respect of lendings not yet disbursed	7,479
Taxes	9,221
Variable remuneration	6,014
Semi-retirement programmes for older staff members	3,372
Leave and compensation for overtime	1,417
Legal risks	910

The difference in pension provisions between discounting at the 10-year average market interest rate and the seven-year average market interest rate (1.44%) was EUR 11,118 k as of 31 December 2022.

31. Amounts owed for financing investment activities
Amounts owed here mainly include loans against borrowers' notes in the amount of EUR 2,649,324 k and time deposits of EUR 1,823,158 k (including accrued interest in each case). These transactions were carried out solely with the shareholder KfW.

32. Other creditors
Other creditors mainly include EUR 45,077 k owed in respect of consortium partners and borrowers, as well as EUR 29,212 k for the foreign currency balancing item in the macro valuation units for participating interests with USD currency risk and participating interests with currency risks that correlate strongly with 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	1,966,576	485,336	1,725,075	305,634	4,482,621*
2. Trade creditors	484	0	0	0	484
3. Other creditors	37,618	0	0	43,346	80,964
Total	**2,004,678**	**485,336**	**1,725,075**	**348,980**	**4,564,069**

* Of which EUR 4,481,302 k (2021: EUR 3,997,970 k) to the shareholder.

33. Liabilities for assets held under trust

EUR 375,475 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	2022	2021
Africa	5,361	7,660
America	4,686	5,226
Asia	4,237	4,125
Europe	1,077	634
Worldwide	594	1,544
Total	**15,955**	**19,189**

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

Income from participating interests and from lendings is largely made up of dividends, interest on lendings, bonds and related hedging transactions, and commitment fees and commissions on loans. The breakdown by region (excluding the results from hedging transactions of EUR -19,572 k) is as follows:

EUR k	2022	2021
Africa	102,160	68,223
America	133,270	101,810
Asia	99,936	77,024
Europe	11,223	10,924
Worldwide	7,077	9,792
Total	**353,665**	**267,772**

37. Other interest and similar income

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

	EUR k
Interest on other receivables	916
Income from late subscriber interest with funds	455
(Negative) net interest income from money market business and bank deposits	638

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	46,587
Participating interests	38,811
Bonds and notes under current fixed assets	423
Amounts owed from investment activities and disposal of investments	327
Lendings not yet disbursed	5,946
Total	**92,094**

39. Other operating income

This item mainly includes income from the disposal of participating interests of EUR 112,222 k (2021: EUR 98,355 k) and effects from currency totalling EUR 103,758 k (2021: EUR 99,958 k).

NOTES ON CHARGES

40. Costs of services purchased

The cost of services purchased amounts to EUR 1,822 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	109,908
Participating interests	177,216
Bonds and notes under current fixed assets	1,389
Amounts owed from investment activities and disposal of investments	0
Lendings not yet disbursed	4,102
Total	**292,615**

The change in the existing parameters in the portfolio value adjustment in 2022 led to additional charges totalling EUR 7,568 k, which are included in the aforementioned amounts for loans and provisions on lendings not yet disbursed.

42. Interest payable and similar charges

These charges were incurred largely on loans against borrowers' notes (EUR 33,410 k), overnight and time deposits (EUR 24,256 k) and the net result from derivative hedging transactions (EUR 12,975 k). For the 2022 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 2,968 k (2021: EUR 3,488 k).

43. Staff costs

The item Social security, pensions and other benefits, totalling EUR 18,575 k, includes transfers to provision for pensions of EUR 8,074 k. This item also comprises contributions to the Pension Association of Publicly Sponsored Companies (Versorgungsverband bundes- und landesgeförderter Unternehmen e.V. (VBLU)) (EUR 991 k).

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

This item breaks down as follows:

	EUR k
Depreciation on software	2,191
Depreciation on buildings	1,584
Depreciation on office equipment	1,435
Total	**5,211**

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	2022	2021
Expenses from currency conversion	**129,306**	**108,499**
Administration costs	**58,041**	**48,164**
Legal and consultancy costs	27,051	21,567
IT costs	8,750	6,494
Disposal costs, bank and service fees	7,080	6,234
Travel costs	2,597	555
Other administrative costs	12,563	13,313
Other operating charges	**1,216**	**1,092**
Total	**188,562**	**157,755**

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

Other operating income includes EUR 4,766 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 2022 financial year, the following auditing fees were taken into consideration:

	EUR k
Auditing fee	761
Other certification services	66
Tax consultancy services	0
Other services	0
Total	**827**

48. Tax on income and profit

Taxes on income and profit break down as follows:

	EUR k
Domestic taxes in the reporting period	11,697
Domestic taxes in previous years	0
Foreign income taxes (mainly withholding taxes)	106
Total	**11,803**

PROFIT FOR THE FINANCIAL YEAR

The profit recognised for the financial year amounts to EUR 10,250 k. In accordance with the articles of association, the profit for the financial year 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
	31.12.2021	**31.12.2022**	**31.12.2022**	**31.12.2022**
Contracts with interest rate risks				
Interest rate swaps	865.8	555.6	28.0	0.0
Total interest rate risks	**865.8**	**555.6**	**28.0**	**0.0**
Contracts with currency risks				
Forward foreign exchange transactions, forward currency swaps	585.9	1,452.0	0.6	-3.0
Currency and cross-currency interest rate swaps	810.5	944.5	145.7	-200.2
Total currency risks	**1,396.4**	**2,396.5**	**146.3**	**-203.2**
Total	**2,262.2**	**2,952.1**	**174.3**	**-203.2**

Maturities

Nominal values* in EUR million	Interest rate risks		Currency risks	
	31.12.2021	**31.12.2022**	**31.12.2021**	**31.12.2022**
Residual maturities				
up to 3 months	76.8	38.5	612.1	1,452.7
more than 3 months up to 1 year	263.7	62.7	67.3	148.3
more than 1 year up to 5 years	336.4	339.1	653.8	746.8
more than 5 years	188.9	115.3	63.3	48.8
Total	**865.8**	**555.6**	**1,396.4**	**2,396.5**

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

Counterparties

EUR million	Nominal values*		Positive market values	Negative market values
	31.12.2021	31.12.2022	31.12.2022	31.12.2022
OECD banks	2,262.2	2,952.1	174.3	-203.2
Total	**2,262.2**	**2,952.1**	**174.3**	**-203.2**

* 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 33,348 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 968 k annually; the agreement with the longest term runs until 2027.

A total of EUR 93 k will be payable in fees on leasing contracts with a remaining term until 2023.

Obligations in respect of participating interests and lendings not yet disbursed amount to EUR 2,030,452 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	502
Staff covered by regular pay scales	212
Total	**714**
Number of female staff	366
Number of male staff	348
Total	**714**

These figures include local staff in foreign countries (60), part-time staff (163) and temporary staff (34), 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 189 k, of which EUR 39 k was annual remuneration for membership of the Supervisory Board and its committees, EUR 62 k was attendance fees, daily allowances and travel expenses, EUR 11 k was training for Supervisory Board members and EUR 77 k was other expenses. No advances or loans were granted to members of the Supervisory Board.

Total Management Board remuneration for the 2022 financial year came to EUR 1,174 k. Regular annual salary components are set at a uniform rate for all members of the Management Board and amount to EUR 1,035 k in total. Overall remuneration also includes a sum of EUR 23 k for benefits in kind and other emoluments. The performance-related management bonus for 2022 came to EUR 116 k, of which EUR 58 k will be paid in stages over several years. In 2022, no phased payments were made from the deferred management bonuses for the years 2018 to 2020 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 918 k. Provisions of EUR 14,021 k were made for pension obligations towards these persons.

53. List of investment holdings

Information on DEG's investment holdings as of 31 December 2022 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	1.0666	6.25	250,846	35,811
3.	Banque Nationale de Développement Agricole S.A., Bamako, Mali	XOF	655.9570	21.43	73,215,000	11,649,000
4.	Industrial Promotion Services (West Africa) S.A., Abidjan, Côte d'Ivoire	XOF	655.9570	9.00	20,354,900	2,590,196
5.	Fransabank S.A.L., Beirut, Lebanon	LBP	1,613.1550	5.00	2,457,536,644	-277,591,958
6.	TOO Knauf Gips Kapchagay. Enterprise with share of DEG LLP Kapchagay, Kazakhstan			40.00	6)	6)
7.	LHF - Latin Healthcare Fund, L.P., Acton, USA			10.09	6)	6)
8.	Safety Centre International Ltd., Port Harcourt, Nigeria			8.00	6)	6)
9.	Kyrgyz Investment and Credit Bank CJSC Bishkek, Kyrgyzstan	USD	1.0666	4.00	85,524	5,218
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 (Channel Islands)			14.58	6)	6)
14.	SEAF Sichuan SME Investment Fund LLC, Washington, USA			13.33	6)	6)
15.	DBG Eastern Europe II, L.P., St. Helier, Jersey	EUR	1.0000	14.88	9,536	-43
16.	Industrial Promotion Services Kenya Ltd., Nairobi, Kenya			9.91	6)	6)
17.	SEAVI Advent Equity IV Fund, L.P., George Town, Cayman Islands			13.48	6)	6)
18.	European Financing Partners S.A., Luxembourg, Luxembourg	EUR	1.0000	7.63	181	2
19.	Sichuan Tianfu Bank Co., Ltd., Nanchong, China	CNY	7.3582	3.69	13,678,729	864,227
20.	SEAF India International Growth Fund, Port Louis, Mauritius			6.57	6)	6)
21.	Advent Central & Eastern Europe III, L.P., Boston, USA			5.35	6)	6)
22.	PJSC Commercial Bank Center-Invest, Rostov-on-Don, Russian Federation			14.57	6)	6)
23.	TOO Isi Gips Inder, Inderborskij, Kazakhstan			40.00	6)	6)
24.	Advent Latin American Private Equity Fund III-B, L.P., Wilmington, USA	USD	1.0666	100.00	575	-49
25.	Russia Partners II, L.P., George Town, Cayman Islands	USD	1.0666	3.88	34,990	-346

DEG's investment holdings as of 31 December 2022 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]
26.	Ethos US Dollar Fund V (Non-Opic-Jersey), L.P., Johannesburg, South Africa			13.27	[6]	[6]
27.	Ace Power Embilipitiya Pvt Ltd., Colombo, Sri Lanka	LKR	391.7555	26.00	4,435,069	254,189
28.	Evonik Lanxing (Rizhao) Chemical Industrial Co. Ltd., Rizhao, China	CNY	7.3582	40.99	184,601	1,359
29.	Hebei Sihai Development Co. Ltd., Chengde, China			0.00	[6]	[6]
30.	Global Environment Emerging Markets Fund III-A, L.P., Chevy Chase, USA	USD	1.0666	4.58	12,030	-1,082
31.	DLJ SAP International, LLC, New York, USA	USD	1.0666	3.29	90	-268
32.	AO Bucharagips, Kogon, Uzbekistan			24.89	[6]	[6]
33.	Turkish Private Equity Fund II, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1.0000	4.95	74,637	14,129
34.	The Kibo Fund LLC, Ebene Skies, Mauritius			13.80	[6]	[6]
35.	Lombard Asia III, L.P., George Town, Cayman Islands	USD	1.0666	2.13	100,456	-129
36.	African Development Partners I, LLC, Ebène CyberCity, Mauritius	EUR	1.0000	5.96	148,231	5,322
37.	BanyanTree Growth Capital, LLC, Ebène Cybercity, Mauritius	USD	1.0666	27.00	33,999	-292
38.	Istmo Compania de Reaseguros, Inc., Panama City, Panama			12.47	[6]	[6]
39.	India Agri Business Fund Ltd., Ebène CyberCity, Mauritius			16.67	[6]	[6]
40.	Tourism Promotion Services, Tajikistan OJSC, Dushanbe, Tajikistan	TJS	10.8800	3.69	174,422	-13,465
41.	Tolstoi Investimentos S.A., São Paulo, Brazil			31.14	[6]	[6]
42.	Acon Latin America Opportunities Fund-A, L.P., Washington, USA	USD	1.0666	40.00	20,660	-110
43.	The Africa Health Fund, LLC, Port Louis, Mauritius			9.49	[6]	[6]
44.	Renewable Energy Asia Fund, L.P., London, UK			11.58	[6]	[6]
45.	OOO Gematek, Saint Petersburg, Russian Federation			5.76	[6]	[6]
46.	PT Indonesia Infrastructure Finance, Jakarta, Indonesia	IDR	15,488.3000	15.12	2,221,508,000	53,027,000
47.	Emerging Europe Accession Fund Coöperatief U.A., Amsterdam, Netherlands	EUR	1.0000	10.15	61,985	-686
48.	GEF Africa Sustainable Forestry Fund, L.P., Chevy Chase, USA	USD	1.0666	12.96	83,570	-4,757
49.	Asia Environmental Partners (PF1), L.P., New York, USA	USD	1.0666	15.96	38,975	-2,429
50.	Catalyst Fund I, LLC, Ebène Cybercity, Mauritius			10.17	[6]	[6]
51.	Africa Joint Investment Fund, Ebène CyberCity, Mauritius			16.00	[6]	[6]
52.	NEOMA SOUTH-EAST ASIA FUND II L.P., Toronto, Canada	USD	1.0666	5.74	109,990	14,885

DEG's investment holdings as of 31 December 2022 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]
53.	Interact Climate Change Facility S.A., Luxembourg, Luxembourg	EUR	1.0000	7.69	187	14
54.	The CapAsia ASEAN Infrastructure Fund III, L.P., George Town, Cayman Islands	USD	1.0666	13.17	24,933	-612
55.	EMX Capital Partners, L.P., Mexico City, Mexico	USD	1.0666	20.08	413	-16,191
56.	Knauf Gips Buchara OOO, Bukhara, Uzbekistan			25.00	[6]	[6]
57.	Deepak Fasteners Ltd., Ludhiana, India	INR	88.1710	0.01	7,682	-2,385
58.	Chase Bank (Kenya) Limited, Nairobi, Kenya			0.00	[6]	[6]
59.	Maghreb Private Equity Fund III, Port Louis, Mauritius	EUR	1.0000	9.78	75,273	490
60.	Lereko Metier Sustainable Capital Fund Trust, Sandhurst, South Africa	ZAR	18.0986	14.49	203,621	13,817
61.	Mediterra Capital Partners I, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1.0000	6.09	71,398	336
62.	Orient Investment Properties Ltd., Road Town, British Virgin Islands			3.88	[6]	[6]
63.	Worldwide Group, Inc, Charlestown, St. Kitts and Nevis	USD	1.0666	33.41	25,762	-651
64.	Berkeley Energy Wind Mauritius Ltd., Ebène CyberCity, Mauritius	EUR	1.0000	25.83	-14,545	-26,777
65.	EMF NEIF I (A), L.P., Fareham, UK	USD	1.0666	28.08	38,624	-4,309
66.	VI (Vietnam Investments) Fund II, L.P., George Town, Cayman Islands	USD	1.0666	7.86	85,835	-541
67.	Stratus SCP Fleet Fundo de Investimento em Participações - Multiestratégia, São Paulo, Brazil	BRL	5.6386	39.69	81,277	32,082
68.	Maestro Locadora de Veículos S.A.,[7] Embu, Brazil	BRL	5.6386	17.86	58,181	7,453
69.	Russia Partners Technology Fund, L.P., George Town, Cayman Islands	USD	1.0666	21.59	245,642	3,118
70.	The Clean Energy Transition Fund, L.P., St. Peter Port, Guernsey (Channel Islands)	EUR	1.0000	15.38	4,866	-19,105
71.	Ambit Pragma Fund II, Mumbai, India	INR	88.1710	10.68	1,497,858	-43,678
72.	Equis Asia Fund, L.P., Singapore, Singapore	USD	1.0666	4.50	-46,983	-50,184
73.	Grassroots Business Investors Fund I, L.P., Washington D.C., USA	USD	1.0666	16.36	4,531	-2,023
74.	Adenia Capital (III) LLC Ltd., Saint Pierre, Mauritius	EUR	1.0000	10.44	45,982	16,946
75.	Lereko Metier Solafrica Fund I Trust, Johannesburg, South Africa	ZAR	18.0986	47.50	203,621	13,817
76.	ACWA Power Solafrica Bokpoort CSP Power Plant Proprietary Limited (RF), Sandton, South Africa			0.00	[6]	[6]
77.	UT Bank Ltd., Accra, Ghana			13.52	[6]	[6]
78.	Latin Renewables Infrastructure Fund, L.P., Dover, USA	USD	1.0666	14.06	72,905	8,864

DEG's investment holdings as of 31 December 2022 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]
79.	Victoria South American Partners II, L.P., Toronto, Canada	USD	1.0666	3.03	527,480	67,972
80.	Adobe Social Mezzanine Fund I, L.P., Mexico City, Mexico	USD	1.0666	32.89	5,198	-3,029
81.	CoreCo Central America Fund I, L.P., Wilmington, USA	USD	1.0666	22.00	12,832	-6,782
82.	Elbrus Capital Fund II, L.P., George Town, Cayman Islands	USD	1.0666	2.91	873,902	278,437
83.	Armstrong S.E. Asia Clean Energy Fund, L.P., Singapore, Singapore	USD	1.0666	7.54	63,728	8,213
84.	Archimedes Health Developments Ltd., Limassol, Cyprus			19.23	[6]	[6]
85.	AGF Latin America, L.P., London, UK	USD	1.0666	19.72	31,347	1,301
86.	ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya	USD	1.0666	5.88	294,841	18,144
87.	African Development Partners II, L.P., St. Peter Port, Guernsey (Channel Islands)	USD	1.0666	3.45	1,067,429	28,466
88.	BanyanTree Growth Capital II LLC, Grand Baie, Mauritius	USD	1.0666	12.44	179,486	-513
89.	Altra Private Equity Fund II, L.P., George Town, Cayman Islands	USD	1.0666	3.88	128,011	-46,543
90.	Jain Irrigation Systems Limited, Jalgaon, India	INR	88.1710	0.18	45,324,850	1,931,250
91.	Falcon House Partners Indonesia Fund I, L.P., George Town, Cayman Islands	USD	1.0666	8.76	259,568	-2,785
92.	Lombard Asia IV, L.P., George Town, Cayman Islands	USD	1.0666	5.57	216,469	30,009
93.	Schulze Global Ethiopia Growth and Transformation Fund I, L.P., George Town, Cayman Islands	USD	1.0666	0.98	37,129	-2,843
94.	Paraguay Agricultural Corporation S.A., Luxembourg, Luxembourg	EUR	1.0000	15.83	101,925	243
95.	ADP Enterprises W.L.L., Manama, Bahrain	EUR	1.0000	23.26	187,299	-37,195
96.	Biopharm S.A.,[7] Algiers, Algeria	DZD	146.3119	11.40	45,293,000	7,814,000
97.	CGFT Capital Pooling GmbH & Co. KG, Berlin, Germany	EUR	1.0000	40.00	5,641	-393
98.	MGM Sustainable Energy Fund L.P., Miami, USA	USD	1.0666	15.82	41,479	-16,897
99.	The Enterprise Expansion Fund, S.A. SICAV-SIF, Munsbach, Luxembourg	EUR	1.0000	10.31	27,613	717
100.	Takura II Feeder Fund Partnership, Cape Town, South Africa	USD	1.0666	25.00	45,968	-21
101.	Portland Caribbean Fund II, L.P., George Town, Cayman Islands	USD	1.0666	15.37	193,825	4,637
102.	CapMan Russia II Fund, L.P., Moscow, Russian Federation	EUR	1.0000	12.57	51,752	1,918
103.	Oragroup S.A., Lomé, Togo	XOF	655.9570	2.39	164,752,000	21,503,000
104.	ACON Latin America Opportunities Fund IV-A, L.P., Washington D.C., USA	USD	1.0666	39.90	61,643	-8,402

DEG's investment holdings as of 31 December 2022 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]
105.	Navegar I, L.P., George Town, Cayman Islands	USD	1.0666	13.23	59,592	5,901
106.	Mediterrania Capital II (SICAV) P.L.C., Ta' Xbiex, Malta	EUR	1.0000	10.44	113,693	-3,279
107.	Quadria Capital Fund, L.P., Singapore, Singapore	USD	1.0666	8.33	382,197	64,987
108.	Lovcen Banka AD, Podgorica, Montenegro	EUR	1.0000	12.52	22,973	512
109.	LeapFrog Financial Inclusion Fund II, L.P., Ebène CyberCity, Mauritius	USD	1.0666	5.00	327,906	35,492
110.	Berkeley Energy Netherlands Holding B.V., Amsterdam, Netherlands			15.00	[6]	[6]
111.	AEP China Hydro Ltd., Ebène CyberCity, Mauritius			30.18	[6]	[6]
112.	Shenzhen Zhaoheng Hydropower Co., Ltd.,[7] Shenzhen, China			2.11	[6]	[6]
113.	Grassland Finance Ltd., Hong Kong, Hong Kong	CNY	7.3582	24.95	439,896	2,714
114.	Frontier Bangladesh II, L.P., George Town, Cayman Islands	USD	1.0666	27.21	25,806	7,044
115.	Asia Environmental Partners II, L.P., New York, USA	USD	1.0666	8.28	195,209	-17,523
116.	Euromena III, L.P., London, UK	USD	1.0666	9.00	120,514	-1,269
117.	Lereko Metier REIPPP Fund Trust, Dunkeld, South Africa	ZAR	18.0986	32.28	476,290	61,556
118.	Kathu Solar Park (Pty) Ltd.,[7] Johannesburg, South Africa	ZAR	18.0986	4.24	964,819	319,340
119.	Ninety One Africa Private Equity Fund 2 St. Peter Port, Guernsey (Channel Islands)	USD	1.0666	8.48	110,334	-24,863
120.	The Kibo Fund II LLC, Ebène CyberCity, Mauritius	USD	1.0666	19.96	59,401	2,063
121.	AfricInvest Fund III LLC, Port Louis, Mauritius	EUR	1.0000	4.40	241,068	22,907
122.	Aavishkaar Frontier Fund, Mumbai, India	USD	1.0666	20.82	38,100	-2,102
123.	Abraaj North Africa Fund II, L.P., London, UK	USD	1.0666	4.92	116,778	-7,521
124.	Creed Healthcare Holdco Ltd., Birkirkara, Malta	USD	1.0666	7.50	309,670	36,658
125.	Gaja Capital Fund II Ltd., Port Louis, Mauritius	USD	1.0666	7.89	266,934	-36,091
126.	Emerald Sri Lanka Fund I Ltd., Ebène CyberCity, Mauritius	USD	1.0666	23.53	14,794	-255
127.	Metier Capital Growth Fund II Partnership, Dunkeld, South Africa	ZAR	18.0986	16.43	2,473,311	282,648
128.	Tournai Investments S.L., Barcelona, Spain	EUR	1.0000	11.88	54,197	402
129.	Kandeo Fund II (A), L.P., Bogotá, Colombia	USD	1.0666	53.11	30,764	-5,362
130.	AIIF2 Towers Mauritius Ltd., Port Louis, Mauritius	USD	1.0666	7.13	114,002	-100,672
131.	VI (Vietnam Investments) Fund III, L.P., George Town, Cayman Islands	USD	1.0666	6.25	202,533	21,441

DEG's investment holdings as of 31 December 2022 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]
132.	Neoma Africa Fund III, L.P., George Town, Cayman Islands	USD	1.0666	4.69	285,346	-6,842
133.	Equis Direct Investment Fund, L.P., Singapore, Singapore			3.78	[6]	[6]
134.	Agrofundo Brasil VI Fundo de Investimento em Participações Multiestratégia, São Paulo, Brazil	BRL	5.6386	29.90	53,971	-10,459
135.	Agro Fertilaqua Participações S.A.,[7] São Paulo, Brazil			0.00	[6]	[6]
136.	Joint Stock Innovation Commercial Bank, Ipak Yuli, Tashkent, Uzbekistan	UZS	11,999.2300	15.59	1,491,673,000	394,915,000
137.	Americas Energy Fund II Clean Energy, L.P., Toronto, Canada	USD	1.0666	17.14	14,886	-343
138.	Navegar II (Netherlands) B.V., Amsterdam, Netherlands			29.17	[6]	[6]
139.	Vantage Mezzanine III Pan African Sub-Fund Partnership, Johannesburg, South Africa	USD	1.0666	6.53	185,307	18,989
140.	Vantage Mezzanine III Southern African Sub-Fund Partnership, Johannesburg, South Africa	ZAR	18.0986	11.33	355,837	-112,453
141.	ACON Retail MXD, L.P., Toronto, Canada	USD	1.0666	100.00	16,724	-26
142.	Equis DFI Feeder, L.P., Singapore, Singapore			12.00	[6]	[6]
143.	Citadel Capital Company SAE, Cairo, Egypt	EGP	26.4111	0.85	2,374,282	-5,708,610
144.	Stratus SCP II Investors - B LP, São Paulo, Brazil	USD	1.0666	75.00	13,960	-3,904
145.	Ashmore Andean Fund II, L.P., Bogotá, Colombia	USD	1.0666	10.21	155,546	-8,620
146.	Taxim Capital Partners I, L.P., Istanbul, Turkey	EUR	1.0000	6.99	142,315	13,568
147.	Cambodia-Laos-Myanmar Development Fund II, L.P., Singapore, Singapore	USD	1.0666	15.54	49,256	-1,154
148.	Pembani Remgro Infrastructure Mauritius Fund I, L.P., Ebène CyberCity, Mauritius	USD	1.0666	10.35	215,997	47,161
149.	Mobisol GmbH, Berlin, Germany			9.94	[6]	[6]
150.	Triple P SEA Financial Inclusion Fund LP, Singapore, Singapore	USD	1.0666	25.20	52,637	-464
151.	Falcon House Partners Fund II, L.P., George Town, Cayman Islands	USD	1.0666	4.00	382,830	-6,712
152.	Arbaro Fund, SCSp, Luxembourg, Luxembourg	USD	1.0666	9.89	49,441	-3,342
153.	ECP Africa Fund IV LLC, Ebène CyberCity, Mauritius	USD	1.0666	34.55	327,378	-11,194
154.	Foursan Capital Partners II LP, Amman, Rabieh, Jordan	USD	1.0666	16.12	20,636	-1,384
155.	Principle Capital Fund IV, L.P., George Town, Cayman Islands	USD	1.0666	12.47	323,101	-3,562

DEG's investment holdings as of 31 December 2022 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)]
156.	MC II Pasta Ltd., Ta' Xbiex, Malta			32.17	[6)]	[6)]
157.	Société Meunière Tunisienne SA,[7)] Tunis, Tunisia	TND	3.3157	8.30	32,718	-5,709
158.	AFIG Fund II, L.P., Dakar, Senegal	USD	1.0666	7.40	104,642	-2,811
159.	Adenia Capital (IV), L.P., St Pierre, Mauritius	EUR	1.0000	8.65	123,152	-2,896
160.	Apis Growth 2 Ltd., Ebène CyberCity, Mauritius	USD	1.0666	25.63	38,777	-273
161.	Africa Bovine Ltd., Ebène CyberCity, Mauritius			11.39	[6)]	[6)]
162.	Whitlam Holding PTE. Ltd., Singapore, Singapore	USD	1.0666	38.74	65,636	9,312
163.	An Cuong Wood-Working JSC,[7)] Ho Chi Minh City, Vietnam	VND	25,194.9200	8.29	3,776,798,905	451,279,223
164.	Metier Retailability en Commandite Partnership, Dunkeld, South Africa	ZAR	18.0986	22.10	1,254,830	319,140
165.	Retailability (PTY) LTD,[7)] Dunkeld, South Africa	ZAR	18.0986	9.66	2,127,132	80,119
166.	Catalyst MENA Clean Energy Fund, L.P., Amman, Jordan	USD	1.0666	24.59	43,791	7,979
167.	Catalyst Fund II, L.P., 1 Ebène Cybercity, Mauritius	USD	1.0666	4.68	35,971	-8,564
168.	ADP II Holding 6 W.L.L., Manama, Bahrain	DZD	146.3119	16.67	62,783	-1,728
169.	New Forests Company Holdings I Ltd., Port Louis, Mauritius	USD	1.0666	0.07	31,929	35,309
170.	Sierra Madre Philippines I, L.P., George Town, Cayman Islands	USD	1.0666	20.00	69,569	10,578
171.	Phi Capital Trust, Chennai, India	INR	88.1710	16.15	3,856,061	1,060,221
172.	Greater Pacific Capital (Cayman) Private Inves- ting India LP, George Town, Grand Cayman, Cayman Islands	USD	1.0666	8.34	199,947	-14,414
173.	ADAMAS Ping An Opportunities Fund, L.P., Wanchai, Hong Kong, China	USD	1.0666	11.63	689	1,281
174.	North Haven Thai Private Equity, L.P., George Town, Cayman Islands	USD	1.0666	5.66	154,338	-9,670
175.	Knauf Gypsum Philippines Inc., Calaca, Philippines	PHP	59.3200	20.77	1,250,773	-155,365
176.	Maison Capital Fund L.P., Shenzhen, Futian District, China	USD	1.0666	9.69	408,985	111,197
177.	Dolce M8 Holdco Ltd., Ebène Cybercity, Mauritius	USD	1.0666	12.50	17,743	-7,421
178.	African Infrastructure Investment Fund 3, L.P., Cape Town, South Africa	USD	1.0666	10.02	382,499	8,962
179.	Operadora de Servicios Mega, S.A. de C.V., SOFOM E.R., Zapopan, Mexico	MXN	20.8560	21.94	2,449,642	-48,018
180.	Tesla Wind d.o.o., Belgrade, Serbia	RSD	117.2700	10.01	3,469,125	2,059,989
181.	Siguler Guff Global Emerging Markets Co-Invest- ment Opportunities (AIF), LP, London, UK	USD	1.0666	99.95	24,919	386

DEG's investment holdings as of 31 December 2022 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)]
182.	SSG Secured Lending Opportunities II, L.P., George Town, Cayman Islands	USD	1.0666	4.91	403,457	13,663
183.	Exacta Asia Investment II, L.P., George Town, Cayman Islands	USD	1.0666	9.30	162,586	-4,383
184.	Emerging Europe Growth Fund III, L.P., Wilmington, USA	USD	1.0666	5.00	313,306	-60
185.	Abraaj Global Credit Fund, L.P., George Town, Cayman Islands	USD	1.0666	9.17	33,466	177
186.	Mediterrania Capital III, L.P., Port Louis, Mauritius	EUR	1.0000	13.62	171,225	30,679
187.	AfricInvest III - SPV 1, Port Louis, Mauritius	EUR	1.0000	21.82	48,623	15,874
188.	AfricInvest Fund III, LLC,[7)] Port Louis, Mauritius			3.83	[6)]	[6)]
189.	IAPEF 2 SJL Ltd., Ebène CyberCity, Mauritius			13.30	[6)]	[6)]
190.	MGM Sustainable Energy Fund II L.P., Toronto, Canada	USD	1.0666	14.12	100,734	-7,269
191.	Global Credit Rating Company Limited, Ebène CyberCity, Mauritius	USD	1.0666	6.14	42,247	2,152
192.	Darby Latin American Private Debt Fund IIIA, L.P., Toronto, Canada	USD	1.0666	37.58	28,565	2,116
193.	Fortress Vietnam Investment Holdings Pte. Ltd., Singapore, Singapore	USD	1.0666	11.58	133,086	-246
194.	MC II Concrete Ltd, Ta' Xbiex, Malta	EUR	1.0000	19.76	55,372	17,992
195.	Maghreb Private Equity Fund IV LLC, Port Louis, Mauritius	EUR	1.0000	7.74	131,561	18,203
196.	LeapFrog Emerging Consumer Fund III, LP, Ebene, Mauritius	USD	1.0666	5.38	558,894	178,103
197.	Adobe Mezzanine Fund II, L.P., Colonia del Carmen, Mexico City, Mexico	USD	1.0666	18.32	8,720	1,373
198.	M-BIRR Ltd., Dublin, Ireland			19.79	[6)]	[6)]
199.	Clearwater China Investments Ltd., Grand Cayman, Cayman Islands	USD	1.0666	9.50	356,332	-3,088
200.	Leiden PE II, L.P., Toronto, Canada	USD	1.0666	5.41	112,548	-2,012
201.	PAG Growth I, L.P., George Town, Cayman Islands			7.88	[6)]	[6)]
202.	Digital East Fund II, SCSp, Luxembourg, Luxembourg	EUR	1.0000	12.50	69,742	-3,813
203.	GenBridge Capital Fund I, L.P., Beijing, China	USD	1.0666	3.09	763,010	-10,573
204.	BanyanTree India Growth Capital Fund, Mumbai, India	INR	88.1710	13.62	169,322	-54,654
205.	Lighthouse India Fund III, Limited, Port Louis, Mauritius	USD	1.0666	5.10	171,072	42,919
206.	Denham International Power SCSp, Luxembourg, Luxembourg	USD	1.0666	12.64	280,897	-5,016
207.	AC Capitales Infrastructure Fund II L.P., Toronto, Canada	USD	1.0666	32.43	-185	-1,582
208.	Apis Growth Fund II, L.P., London, UK	USD	1.0666	4.76	322,765	27,032

DEG's investment holdings as of 31 December 2022 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)]
209.	Ascent Private Equity Trust, Bangalore, India	INR	88.1710	6.17	8,831,426	-665,990
210.	Forebright New Opportunities Fund II, L.P., Hong Kong, Hong Kong	USD	1.0666	8.33	218,730	-13,931
211.	India Housing Fund, Mumbai, India	INR	88.1710	8.18	14,616,232	435,631
212.	Verod Capital Growth Fund III, L.P., Port Louis, Mauritius	USD	1.0666	10.00	61,791	-3,885
213.	QUADRIA Capital Fund II L.P., Singapore, Singapore	USD	1.0666	5.05	143,685	-5,964
214.	Ethos Mezzanine Partners 3 (A) Partnership, Johannesburg, South Africa	USD	1.0666	9.81	33,122	-2,695
215.	Latin America Healthinvest S.L.U., Madrid, Spain	EUR	1.0000	18.67	64,242	-50
216.	African Development Partners III, L.P., St Peter Port, Guernsey	USD	1.0666	8.38	150,792	-17,550
217.	Alta Growth Capital, Mexico Fund III, Toronto, Canada	USD	1.0666	13.20	81,965	-3,108
218.	Actera Partners III, L.P., St Helier, Jersey	USD	1.0666	5.71	60,520	-16,813
219.	C88 Financial Technologies Pte. Ltd., Singapore, Singapore			5.73	[6)]	[6)]
220.	JREP I Logistics Acquisition, L.P., Grand Cayman, Cayman Islands	USD	1.0666	15.25	247,741	-22,438
221.	ADP II Holding 10 L.P., St Peter Port, Guernsey (Channel Islands)	USD	1.0666	11.18	140,399	-106
222.	Creador IV L.P., Ebène, Mauritius	USD	1.0666	4.31	403,508	8,797
223.	BRAC Uganda Bank Ltd., Kampala, Uganda	UGX	3,969.0000	17.00	50,861,786	683,926
224.	Oriental InfraTrust, NEW DELHI, India	INR	88.1710	4.60	47,664,890	-516,410
225.	Metier Sustainable Capital International Fund II L.P., Calebasses, Mauritius	USD	1.0666	7.05	25,897	-3,601
226.	Turkey Growth Fund IV L.P., St. Peter Port, Guernsey	USD	1.0666	11.33	7,286	-3,812
227.	Vietnam Opportunity Fund II PTE. LTD., Singapore, Singapore	USD	1.0666	32.00	33,142	3,037
228.	Tam Tri Medical JSC,[7)] Ho Chi Minh City, Vietnam	VND	25,194.9200	3.10	647,713,137	-15,201,956
229.	ADP II Holding 11 S.A.R.L., Luxembourg, Luxembourg	USD	1.0666	22.15	53,878	50
230.	Uni Confort Maroc - Dolidol S.A.,[7)] Casablanca, Morocco	MAD	11.1536	4.80	751,616	126,831
231.	BIO-LUTIONS International AG, Hamburg, Germany			17.43	[6)]	[6)]
232.	Landsberg Investments S.L., Barcelona, Spain			49.76	[6)]	[6)]
233.	AVLA S.A. Y Filales,[7)] Las Condes, Chile	CLP	909.0350	14.38	44,202,398	3,780,411
234.	Thanh Thanh Cong Bien Hoa Joint Stock, Tay Ninh, Vietnam	VND	25,194.9200	3.55	9,668,879,046	873,458,754
235.	Novel Sky Global Limited, Road Town, Brit. Virgin Islands			25.00	[6)]	[6)]

DEG's investment holdings as of 31 December 2022 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]
236.	Novel Sky Global Limited,[7] Road Town, British Virgin Islands			0.76	[6]	[6]
237.	Suryoday Small Finance Bank Ltd., Mumbai, India	INR	88.1710	3.71	1,061,587	-930,320
238.	ACON Latin America Opportunities Fund V-A, L.P., Toronto, Canada	USD	1.0666	15.23	13,110	-2,460
239.	DataArt Enterprises, Inc., New York, USA	USD	1.0666	2.19	95,458	24,028
240.	Jungle Ventures III, L.P., George Town, Cayman Islands	USD	1.0666	5.48	131,126	-27,001
241.	Africinvest Fund IV LLC, Port Louis, Mauritius	USD	1.0666	9.73	32,554	-6,455
242.	GPC EIV Ltd., George Town, Cayman Islands			10.00	[6]	[6]
243.	LivFin India Private Ltd. New Delhi, India	INR	88.1710	19.00	601,378	-18,488
244.	Accion Quona Inclusion Fund L.P., Grand Cayman, Cayman Islands	USD	1.0666	4.92	151,691	-3,908
245.	Uhuru Growth Fund I – A, SCSp, Luxembourg, Luxembourg	USD	1.0666	5.53	20,453	-3,369
246.	Lombard Asia V, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.0666	16.87	7,418	-1,753
247.	MC III Scan 1 Ltd., Ta' Xbiex, Malta	USD	1.0666	11.55	115,265	1,407
248.	OAO Belgips, Minsk, Belarus			49.99	[6]	[6]
249.	Navegar II L.P., George Town, Cayman Islands	USD	1.0666	10.16	52,690	-5,789
250.	Hazelcast Inc., San Mateo, USA	USD	1.0666	7.40	-42,519	-6,179
251.	AfricaGrow GmbH & Co. geschlossene Invest-ment KG, Frankfurt am Main, Germany	EUR	1.0000	15.00	104,383	-1,794
252.	Amethis Fund II S.C.A., SICAR, Luxembourg, Luxembourg	EUR	1.0000	3.99	197,329	13,375
253.	Da Vinci Emerging Technologies Fund III L.P., St. Peter Port, Guernsey			20.00	[6]	[6]
254.	Olympus Bolt Holdings L.P., George Town, Cayman Islands	USD	1.0666	15.33	101,010	-9,993
255.	SPE AIF I, L.P., EBÈNE CYBERCITY, Mauritius	USD	1.0666	7.76	68,314	-4,104
256.	wpd Malleco S.p.A., Santiago Providencia, Chile	MUR	46.9050	24.50	88,781	13,356
257.	Hosen Private Equity III L.P., George Town, Grand Cayman, Cayman Islands	USD	1.0666	3.75	240,109	-24,624
258.	North Haven India Infrastructure Fund, Mumbai, India	INR	88.1710	10.66	6,779,776	-226,229
259.	Amethis Retail LLC, Port Louis, Mauritius	KES	131.6400	15.95	4,556,223	2,077,187
260.	Agri Trekta Ltd. Port Louis, Mauritius	USD	1.0666	10.00	-8,260	-17,112
261.	wpd Negrete S.p.A., Santiago de Chile, Chile	USD	1.0666	24.50	13,189	2,235
262.	wpd Duqueco S.p.A., Santiago de Chile, Chile	USD	1.0666	24.50	17,487	-83

DEG's investment holdings as of 31 December 2022 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)]
263.	AsiaCollect Holdings Pte. Ltd., Singapore, Singapore			11.23	6)	6)
264.	Provident Growth Fund II, LP, George Town, Grand Cayman, Cayman Islands	USD	1.0666	10.84	163,175	-3,519
265.	ADP III Holding 3 Guernsey L.P., St Peter Port, Guernsey			9.38	6)	6)
266.	Mekong Enterprise Fund IV L.P., George Town, Grand Cayman, Cayman Islands	USD	1.0666	8.13	59,651	-3,794
267.	DEG Impact GmbH, Cologne, Germany	EUR	1.0000	100.00	1,646	352
268.	CDH VGC Fund II, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.0666	5.76	281,209	-10,561
269.	BizBnk Holdings Ltd., Grand Cayman, Cayman Islands	BRL	5.6386	8.20	40,944	-22,641
270.	Crescera Investimentos Growth Capital, Fund I-B, L.P., Wilmington, USA	USD	1.0666	20.00	48,072	-4,524
271.	Vinci Impact and Return IV A, LP, Toronto, Canada	USD	1.0666	51.75	4,280	-937
272.	Grand Bremner Corp Pte. Ltd., Singapore, Singapore	USD	1.0666	24.67	44,990	-470
273.	IFS Facility Services Company Limited,[7)] Bangkok, Thailand			10.66	6)	6)
274.	PAG Growth II, L.P., George Town, Cayman Islands			10.17	6)	6)
275.	Ashwah Holdings Limited, Road Town, Tortola, British Virgin Islands	USD	1.0666	7.68	24,361	-8,453
276.	ECP Power and Water Holding SAS, Paris, France	EUR	1.0000	9.00	410,029	23,256
277.	TPL Insurance Ltd., Karachi, Pakistan	PKR	241.6622	19.90	-438,204	-53,787
278.	L CATTERTON LATIN AMERICA III, L.P, Toronto, Canada	USD	1.0666	4.09	260,586	-24,739
279.	Fortio Co. Ltd., George Town, Grand Cayman, Cayman Islands	USD	1.0666	46.15	9,000	0
280.	Fortio Co. Ltd.,[7)] George Town, Cayman Islands			0.00	6)	6)
281.	EDFI Management Company N.V., Brussels, Belgium	EUR	1.0000	10.00	440	-29
282.	Genbridge Capital Fund II, L.P., George Town, Grand Cayman, Cayman Islands	USD	1.0666	6.10	80,304	-5,251
283.	ACON Injectable Investors I, L.P., Toronto, Canada	USD	1.0666	19.65	98,796	-
284.	Integra Partners Fund II, LP, Singapore, Singapore	USD	1.0666	7.98	7,900	-828
285.	Turnkey Lender Pte. Ltd. Singapore, Singapore			4.66	6)	6)
286.	Asia Partners I, LP, George Town, Grand Cayman, Cayman Islands	USD	1.0666	5.73	249,040	-20,060
287.	Openspace Ventures III, L.P., George Town, Cayman Islands	USD	1.0666	11.00	42,330	-1,707
288.	Arpwood Partners Fund I LLP, Mumbai, India	INR	88.1710	8.63	8	-117,319
289.	Metier AMN Partnership LP, Port Louis, Mauritius	USD	1.0666	18.79	39,601	-154

DEG's investment holdings as of 31 December 2022 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]
290.	Annapurna Finance Private Limited, Bhubaneswar, India	INR	88.1710	0.00	7,939	171
291.	Livelihoods Carbon Fund SICAV-RAIF, Luxembourg, Luxembourg	EUR	1.0000	4.85	-542	-572
292.	Onstar Galaxy SPV Pte. Ltd., Singapore, Singapore			33.12	[6]	[6]
293.	Onstar Galaxy SPV Pte. Ltd.,[7] Singapore, Singapore			2.47	[6]	[6]
294.	LCP Fund II Coöperatief U.A., Amstelveen, Netherlands	USD	1.0666	7.10	89,204	9,049
295.	Elbrus Capital Fund III B, S.C.Sp., Luxembourg, Luxembourg			23.85	[6]	[6]
296.	VI (Vietnam Investments) Fund IV, L.P., George Town, Cayman Islands			21.43	[6]	[6]
297.	Eiffel Infrastructure Ltd., Saint Pierre, Mauritius	USD	1.0666	17.47	-5,802	-5,827
298.	Crescera Growth Capital Fund V-A, L.P., Toronto, Canada			24.16	[6]	[6]
299.	Jungle Ventures IV, L.P., George Town, Cayman Islands	USD	1.0666	12.30	42,755	-498
300.	Gia Lai Electricity Joint Stock Company, Pleiku City, Vietnam			16.63	[6]	[6]
301.	DEG Impulse GmbH, Cologne, Germany			100.00	[6]	[6]
302.	Copia Global Inc., Wilmington, USA	USD	1.0666	6.47	9,160	-22,076
303.	Vantage Mezzanine IV Feeder Partnership, Johannesburg, South Africa	USD	1.0666	6.00	5,102	-411
304.	EMX Capital 2021 Fideicomiso Irrevocable de Administracion 4540, Mexico City, Mexico	USD	1.0666	8.60	72,070	-13,880
305.	EVG Fund II, L.P., George Town, Cayman Islands	USD	1.0666	6.19	130,225	-4,175
306.	Revo Capital Fund II B.V., Amstelveen, Netherlands	EUR	1.0000	16.67	41,247	19,680
307.	Convergence Partners Digital Infrastructure Fund L.P., Cybercity Ebene, Mauritius	USD	1.0666	8.89	21,251	-5,597
308.	Forebright New Opportunities Fund III, L.P., George Town, Grand Cayman, Cayman Islands			7.73	[6]	[6]
309.	Quona Accion Inclusion Fund III L.P., Grand Cayman, Cayman Islands	USD	1.0666	3.91	49,248	-1,976
310.	Hike Capital III, L.P., George Town, Cayman Islands	USD	1.0666	6.45	104,624	-9,162
311.	KUA LLC, Wilmington, USA	MXN	20.8560	13.16	1,706,153	-7,904
312.	Massive Bio Inc, New York, USA			6.01	[6]	[6]
313.	FIG3 Investment Holding PTE. Ltd., Singapore, Singapore	USD	1.0666	10.24	20,185	528
314.	Fundo de Investimento em Participações Multiestratégia Genoma VIII, Rio de Janeiro, Brazil			10.03	[6]	[6]
315.	OrbiMed Asia Partners V, L.P., George Town, Cayman Islands			4.60	[6]	[6]

DEG's investment holdings as of 31 December 2022 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]
316.	ASIA Partners II, L.P., George Town, Cayman Islands			8.04	[6]	[6]
317.	Mambo Retail Ltd., Ebène, Mauritius			13.49	[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 (until 28.02.2022)
Chairman
Parliamentary State Secretary (ret.)
Federal Ministry for Economic Cooperation and Development,
Berlin

Niels Annen (since 24.05.2022)
Chairman
Parliamentary State Secretary
Federal Ministry for Economic Cooperation and Development,
Berlin

Christiane Laibach (since 13.06.2022)
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 (until 04.03.2022)
State Secretary
Federal Foreign Office,
Berlin

Dr Amichia Biley (until 21.03.2022)
Senior Investment Manager, Business Innovation and Syndication Department
DEG, Cologne

Marina Dietz (until 21.03.2022)
Senior Investment Manager,
Financial Institutions Debt Department,
Asia & EMECA
DEG, Cologne

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

Jürgen Gerke
Managing Director of Blue Shell Capital GmbH,
Munich

Prof. Dr Maja Göpel (since 24.05.2022)
Political Economist (sustainability policy and transformation research)
Self-employed
Berlin

Michael Junginger (until 21.03.2022)
CEO, C. Hilzinger-Thum GmbH & Co. KG,
Tuttlingen

Anja Hajduk (since 31.05.2022)
State Secretary
Federal Ministry for Economic Affairs and Climate Action
Berlin

Prof. Dr Luise Hölscher
(since 31.05.2022)
State Secretary
Federal Ministry of Finance
Berlin

Esther Kabey-Wuntke
(since 21.03.2022)
Senior Manager, Sustainability & Corporate Governance Department
DEG, Cologne

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

Bernd Loewen
First Deputy Chairman
(until 12.06.2022)
Member of the Executive Board of KfW,
Frankfurt am Main

Sarah Madew (until 21.03.2022)
Senior Counsel, Legal Department
DEG, Cologne

Ulrich Müller-Gaude
(since 21.03.2022)
Senior Manager, Special Operations Department
DEG, Cologne

Dr Günter Sautter (since 02.06.2022)
Head of Department
Federal Foreign Office,
Berlin

Isabel Thywissen (since 21.03.2022)
Senior Investment Manager,
Industries & Services Debt Latin America Department
DEG, Cologne

Carl Martin Welcker
(since 24.05.2022)
Managing Partner, Alfred H. Schütte KG
Cologne

Elisabeth Winkelmeier-Becker
(until 16.03.2022)
Member of the Bundestag
Berlin

55. Management Board

Roland Siller
CEO

Monika Beck
Member of the Management Board

Philipp Kreutz
Member of the Management Board

Cologne, 14 February 2023

DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH

Management Board

Siller Beck Kreutz

AUDITOR'S REPORT

Independent auditor's report

To DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne

Audit opinion
We have audited the annual financial statements of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne – consisting of the balance sheet as of 31 December 2022, the profit and loss account for the financial year from 1 January to 31 December 2022 and the Notes, which include the accounting/valuation criteria. We have also audited the management report of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, for the financial year from 1 January to 31 December 2022. 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 "Business model" section of the management report.

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 2022 and of its earnings situation for the financial year from 1 January to 31 December 2022, 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. Our audit opinion on the management report does not cover the content of the above-mentioned declaration on corporate governance in accordance with Article 289f Section 4 HGB.

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 report by the Supervisory Board, which is unlikely to be made available to us until after the date of this auditor's report,
- the declaration on corporate governance as per Article 289f Section 4 HGB (information on quota of female staff) contained in the "Business model" section of the management report,
- all other parts of the annual report,
- but not the annual financial statements, nor the information in the management report of which the content has been audited, nor our related auditor's report.

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

Our audit opinions on the annual financial statements and management report do not 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 above-mentioned other information and, in doing so, to consider whether this other information

- contains material inconsistencies with the annual financial statements, the information in the management report of which the content has been audited 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 due to fraudulent actions (i.e. manipulation of accounts and misappropriation of assets) or error.

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 due to fraudulent actions or error, 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 fraudulent actions 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 due to fraudulent actions or error, 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 that material misstatements resulting from fraudulent actions may not be detected is higher than the risk that material misstatements resulting from error may not be detected, as fraudulent actions may include 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 presentation, structure and content of the annual financial statements as a whole, 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 significant flaws in the internal control system that we identify during our audit.

Düsseldorf, 20 February 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

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Auditor	Auditor

Imprint

Published by:

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Entwicklungsgesellschaft mbH
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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 2023

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