EnBW International Finance B.V.

Annual report 2022

Contents

Annual Report

Report of the Board of Management

The Directors of EnBW International Finance B.V. herewith submit its annual report for the period from 1 January to 31 December 2022.

General

EnBW International Finance B.V. (hereinafter 'the Company') is a company domiciled in the Netherlands. The Company has a controlling related party relationship with its parent company. The Company is a wholly owned subsidiary of EnBW Energie Baden-Württemberg AG (ultimate parent company, hereinafter 'EnBW AG or the Shareholder') in Germany. EnBW AG is part of the EnBW Group.

The Company was founded by EnBW AG on 2 April 2001, under the Dutch law as a company with limited liability (besloten vennootschap met beperkte aansprakelijkheid). The Company has its registered office at Herikerbergweg 122, 1101 CM Amsterdam, The Netherlands.

Overview of objectives and activities

In accordance with Article 3 of its Articles of Association of the Company, the most important mission, objectives and activities of the Company are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issuance of bonds, convertible bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned.

The activities of the Company take place in the Netherlands.

Internal structure

The Board of Directors of the Company consists of two board members and is responsible for the strategic orientation, operational guidance, internal control and the management of risks within the Company. The Board of Directors holds at least five formal board meetings per year to monitor and exercise control to ensure that the Company is compliant with laws and regulations. Beside the formal board meetings, the board members interact frequently and have contact with the staff members to be updated about the day-to-day activities and management of the Company.

The Supervisory Board consists of three members, and the Audit Committee consists of three members including an independent chairman. The Supervisory Board and Audit Committee hold at least two meetings per year to supervise the management of the Company.

The Company employs three staff members.

Good Corporate Governance and Code of Conduct

The Company follows good corporate governance practice and applies Code of Conduct of EnBW AG to cover fraud prevention and detection, anti-corruption aspects and violations of laws and regulations.

Report and control management

EnBW AG is a stock-listed entity and has a corporate governance policy in place. It is sufficiently transparent and is bound to the strict regulations of the Frankfurt stock exchange and the regulated market of Stuttgart. The Company is a direct subsidiary and a financing vehicle of EnBW AG and therefore must adhere to its corporate governance policy. The Company itself must comply to the legislations and regulations set by The Dutch Central Bank (DCB) and Dutch Authority for the Financial Markets (AFM). In this regard, it should be noted that also the third party service providers engaged are under supervision of the DCB and the AFM.

The companies risk management approach is based on EnBW AG's framework of Integrated Risk Management (IRM). The IRM Process does identify, assess, review and report relevant risks and opportunities and their subsequent measures on a yearly basis, at least. A risk management meeting is held by the Company with the risk management team of EnBW AG to comply with the mentioned procedure.

To mitigate fraud risks, the Company has implemented measures to prevent frauds taking place. The Company can be represented jointly by the two managing directors to ensure the 4-eyes principles when binding the Company legally. The Supervisory Board is involved with the Board of Directors when important economic decisions have to be taken. The Company applies 4-eyes principles by its staff members to ensure that the day to day activities are compliant from legal and compliance perspectives. From accounting perspectives, the Company makes use of an accounting software system with its own ISAE audit, which prevents deletion of posted accounting entries. From segregation of duties perspectives, the Board of Directors assigns posting and review roles of accounting entries to two different persons within the Company as mitigating measures to accounting fraud. Furthermore, the Company uses third party service providers which have their own Standard ISAE 3402 reports describing among others the control environment and control objectives which the Board of Directors of the Company can rely on as one of the control measures.

Activities during the year

On 3 February 2022, the Board of Managing Directors resolved to issue additional bonds in a total amount of up to EUR 1.5 billion under the Company's existing EUR 7,000,000,000 Debt Issuance Programme in 2022. The Supervisory Board and the Shareholder of the Company have approved said board resolution on the same date by way of execution of written resolutions.

The maturity date of the OPOLE loan has been extended until 28 October 2023 at an interest rate of 1.08%.

On 25 February 2022, the Shareholder resolved to accept resignation of Mr. Ingo Peter Voigt as member of the Supervisory Board, with effective date of 31 March 2022. On the same date, the Shareholder appointed Mr. Marcel Peter Münch as member of the Supervisory Board with effective date of 31 March 2022.

On 25 February 2022, the Company entered into a Supervisory Board member agreement with Mr. Marcel Peter Münch with effective date of 31 March 2022.

On 12 April 2022, the Board of Managing Directors resolved to update the Company's Debt Issuance Programme for the issuance, offer and sale of notes issued by the Company up to an aggregate principal amount of EUR 10,000,000,000. The Supervisory Board and the Shareholder of the Company have approved said resolutions on the same date by way of execution of written resolutions.

EnBW International Finance B.V.

On 11 July 2022, the Board of Managing Directors resolved to issue additional bonds in a total amount of up to EUR 2.025 billion equivalent under the Company's Debt Issuance Programme of EUR 10,000,000,000. The Supervisory Board and the Shareholder of the Company have approved said resolutions on the same date by way of execution of written resolutions. Subsequently on 22 November 2022, the Company issued two senior bonds of EUR 500 million each.

During the year under review, the Company continued to make use of the Commercial Paper (CP) programme to fulfil short-term financial needs of EnBW AG. The accumulated volume of CP issued during the year was in a total amount of EUR 6.0 billion divided in 176 short-term EUR notes. As per balance sheet date, EUR notes in a total amount of EUR 712.5 million remain outstanding.

A provision for expected credit losses was updated during the year as disclosed in the "financial assets" paragraph in the financial statement. No other impairments on loans or interest receivables were considered to be necessary.

Result and financial performance indicators

	Period ended 31 December 2022 (EUR million)	Year ended 31 December 2021 (EUR million)
Net result	(19)	14
Net interest result	4	11
Shareholder's equity	278	312
Total issued loans	5,917	4,946
Total issued bonds	5,641	4,649
Free cash	2.7	0.6
Net working capital	299	312
Solvency (equity/ total assets)	4%	6%

Non-financial performance indicators

The Company is a financing vehicle of the EnBW Group and follows the ESG approach of EnBW AG. Non-financial performance indicators are an important element of EnBW Group's corporate strategy.

The EnBW Group's non-financial indicators are classified into the following goal dimensions:

1. Customers and society goal dimension measured with:
    a. Reputation index
    b. EnBW/ Yello Customer Satisfaction Index
    c. SAIDI (electricity) in min./ year
2. Environmental goal dimension measured with:
    a. Installed output of renewable energies (RE) in GW and the share of the generation capacity accounted for by RE in %
    b. CO_2 intensity in g/kWh
3. Employees goal dimemsion measured with:
    a. People Engagement Index (PEI)
    b. LTIF for companies controlled by the Group/ LTIF overall

COVID-19 pandemic

During the early start of 2020, the COVID-19 pandemic became visible in Europe. Since then the Board of Directors of the Company has taken measures to assure business continuation.
Protection of employees has had the highest priority whereas the Board of Directors further assured that compliance tasks were still taken care of as well as the daily management and operation of the Company continued. For the most meetings, especially Board Meetings, videoconferences were held. After the COVID-19 restrictions have been lifted by the Local Government in the begnning of 2022, most meetings and especially Board meetings were held physically again. The impact on the Company's operation due to COVID-19 is nil. In view of the fact that the larger part of receivables of the Company are loans to EnBW AG, the Board of Directors of the Company reviewed the measures taken by EnBW AG and its ongoing financial performance.

In December 2022, German government leaders declared the corona pandemic over. Europe might enter an endemic stage during the winter of 2022/23. According to virologists immunity will be advanced after the winter of 2022/23, so that the virus will barely make it through summer 2023.

Significant risks and uncertainties

The significant risks and uncertainties that the Company faces are outlined below.

The Company has exposure to the following risks:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables from customers and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of EnBW AG. The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on-lending to EnBW AG. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG. EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by the Company.

The total value of the loans to EnBW AG including accrued interest per 31 December 2022 amounted to EUR 6.7 billion.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts. The repayment schedules can be found on pages 35 and 43.

EnBW AG has taken over the irrevocable and unconditional guarantee for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by the Company.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company has one loan outstanding to EnBW AG ("OPOLE") which is not on-lending loan from debts. This loan was financed by equity and will mature in October 2023. The fair value of this loan per 31 December 2022 amounted to EUR 0.3 billion.

Concentration risk

Concentration risk is the risk that the concentration of loans is not diversified and concentrated in a certain geographic area. The loans are diverted in a variety of loans issued to EnBW AG in Germany. As all loans are in one geographic area (Germany), and as all loans are issued to the same borrower only, the Company has a significant exposure of concentration risk.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Company. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loan granted 2012 and extended until 28 October 2023. The loan bore an interest rate of 3.67% till 1 March 2022 and has been extended at a new interest rate of 1.08% based on the market conditions. Therefore, the Company is not significantly exposed to variability of cash flows due to market development in interest rates.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in foreign currency will fluctuate because of changes in exchange rates.

The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on-lending to EnBW AG (for equal currency). Therefore, the Company is not exposed to currency risk on investments and borrowings that are denominated in a currency other than the functional currency of the Company.

The currencies in which these transactions primarily are denominated are Euro (EUR), Swiss Francs (CHF) and Japanese Yen (JPY).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, and infrastructure and from external factors other than credit, market- and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards for corporate behaviour. Operational risks arise from all Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All administrative functions have been outsourced by the Company.

Political risk from the Russia-Ukraine Conflict

Throughout 2021, the Russian military build-up on the border of Ukraine has escalated tensions between Russia and Ukraine and strained bilateral relations. These events have continued in 2022 with Russia commencing a full-scale military invasion of Ukraine in February 2022. On 21 February 2022, Russia recognized the independence of two separatist regions within Ukraine and ordered Russian troops into these regions with a purported mission to maintain peace in the area. Following the invasion of Ukraine, countries like the United States, the EU, UK, Switzerland, Canada, Japan and Australia have made announcements regarding imposition of sanctions. The imposition of sanctions has led to reactions from Russia particularly resulting in a disruption of gas supplies to the EU. The reductions of gas supplies have led to higher gas prices in Germany and there is a risk that EnBW AG may not be able to pass on higher costs to its customers. Additionally, high volatility in commodity prices could lead to unforeseeable developments in EnBW AG's liquidity position, especially due to margin payments.

In addition, the Russia-Ukraine Conflict has also led to an increased inflation which led to an increase in interest rates. However, the Company is not significantly exposed to variability of cash flows due to market development in interest rates as indicated in the interest rate risk paragraph.

However, due to the implementation of the Energy Security Act (EnSiG) by the German government in July 2022, measures are in place to limit the potential impact on any utility.

Financially, EnBW AG expects an adjusted EBITDA of around EUR 3.3 billion for the 2022 financial year. In the downgraded guidance of November 2022, EnBW was still expecting adjusted EBITDA of up to EUR 2.9 billion. This development was mainly caused by negative effects of the reductions and cessation in gas supplies due to the Russia - Ukraine crisis, namely increased re-procurement expenses for natural gas in the Sustainable Generation Infrastructure segment. However, the impact in the fourth quarter of 2022 was lower than had been assumed in the updated guidance of November 2022, notably due to the warmer than average weather at the end of the year.

Sensitivity analysis

The concentration risk is significant, cannot be avoided and can only be mitigated by a solid operation and management of the parent company. The parent company reports publicly on a quarterly basis and key figures, update of the business and upcoming transactions are being discussed on a regular basis by the Board of Directors of the Company.

Capital management

The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings aiming to maintain investors'-, creditors'- and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company.

The loans payable are mirrored by loans receivables with identical characteristics. No impairments are to be expected except for the provision as recognized in line with IFRS 9.

There were no changes in the Company's approach to capital management during the period ended 31 December 2022.

The Company is not subject to externally imposed capital requirements.

Male and female split of board members

The Board of Directors of the Company consists of two male members and no female member. The Supervisory Board consists of three male members and no female member.

The Board of Directors and the Supervisory Board recognize the importance of a gender balanced composition and will take this into account when selecting potential nominees. The Board of Directors and the Supervisory Board aim to have at least one third of the Board of Directors and Supervisory Board consisting of females.

However, as gender is only part of diversity, the Board of Directors will not only reflect gender in their selection process but continue to select their members also based on their background, knowledge and experience.

Rights of the Shareholder

Under Article 26 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders which can allocate said profit either wholly or partly to the formation of – or in addition to – one or more general or special reserve funds.

The Company can only make profit distributions to the Shareholder and other parties entitled to the distributable profit insofar as the Shareholder's equity exceeds the issued and paid-up capital plus the legally required reserves. The decision lies with the Shareholders' Meeting and is subject to the cooperation of the Board of Directors.

The authority to appoint and dismiss the members of the Supervisory Board and the Board of Directors lies with the General Meeting of Shareholders.

Post-balance sheet events

On 11 January 2023, the Board of Managing Directors resolved to issue additional bonds in a total amount of up to EUR 2 billion under the Company's existing EUR 10,000,000,000 Debt Issuance Programme in 2022. The Supervisory Board and the Shareholder of the Company have approved said board resolution on 12 January 2023 by way of execution of written resolutions.

On 24 January 2023, the company issued two senior bonds for a total volume of EUR 1.25 billion. The two bonds have a principal amount of EUR 500 million and EUR 750 million and a term of 5.5 years and 12 years, respectively, combined with coupons of 3.5% and 4.0%.

Following the invasion of Russia into Ukraine (disclosed under the Political risk paragraph), commodity markets became more volatile. High volatility can lead to higher margin payments (i.e. collaterals) for the trading activities of EnBW AG. To retain a comfortable level of liquidity and at the same time have a maturity match, EnBW AG has requested the Company to issue Commercial Paper notes under the existing EUR 2,000,000,000 Multi Currency Commercial Paper Programme.

Until 3 March 2023, the Company has issued EUR 190 million of Commercial Paper notes, of which one Commercial Paper in the amount of EUR 130 million was repaid on 13 February 2023.

As the volatility in the commodities market is expected to remain, further issuance is assumed in the weeks to come. The Board of Directors has assessed the whole situation and has reason to believe that issuance of additional Commercial Paper notes does not have an impact on the financial position and going concern of the Company, nor triggers any impairments of the loans due from EnBW AG.

No other events which would be significant for assessing the net assets, financial position and result of the Company occurred after 31 December 2022.

Future outlook

It is expected that the financing activities will develop in line with the strategy of EnBW AG.

Activities in the field of research and development

The Company is not engaged in such activities.

Market environment

The Company issues bonds under the guarantee of EnBW AG and is therefore exposed to the market conditions which affect EnBW AG as well.

The long-term credit ratings of EnBW AG are Baa1 with stable outlook (2021: Baa1 stable) (Moody's) and A- with negative outlook (2021: A- stable) (Standard & Poor's).

EnBW AG has a comfortable level of liquidity.

EnBW International Finance B.V.

Board of Directors' accountability

Herewith the Board of Directors confirms that the financial statements provide a fair presentation of the financial position and that all relevant risks applicable to the Company have been identified and mitigated. Furthermore, the Board of Directors confirms that the Report of the Board of Directors provides a fair presentation of the situation as per 31 December 2022 and the described activities during the year.

Amsterdam, 13 March 2023

EnBW International Finance B.V.

The Board of Directors

sgd.	sgd.
P.A. Berlin	W.P. Ruoff

Financial statements

Statement of financial position as at 31 December 2022

(before appropriation of the profit)

	Note	31 December 2022		31 December 2021	
		EUR	EUR	EUR	EUR
Non-current assets					
Investments					
Loans EnBW AG	*1.1a*	**5,518,799,119**		**4,648,091,055**	
Deferred tax assets	*17*	**516,000**		**202,973**	
			5,519,315,119		**4,648,294,028**
Current assets					
Loans EnBW AG	*1.1b*	**1,107,899,446**		**537,917,363**	
Interest receivable loans EnBW AG	*2*	**70,038,286**		**72,547,239**	
Current account EnBW AG		**-**		**2,751,353**	
Corporation tax		**2,733,344**		**185,283**	
Turnover tax		**10,567**		**-**	
Deposit office lease		**4,749**		**4,749**	
			1,180,686,392		**613,405,987**
Cash and cash equivalents	*3*		**2,689,049**		**634,223**
			6,702,690,560		**5,262,334,238**
Shareholder's equity					
Issued and paid up share capital	*4*	**100,000**		**100,000**	
Share premium reserve	*5*	**297,183,974**		**297,183,974**	
Other reserves	*6*	**-**		**-**	
Undistributed result		**(18,844,449)**		**14,470,900**	
			278,439,525		**311,754,874**
Non-current liabilities					
Interest-bearing loans and borrowings	*7.1*	**5,539,468,970**		**4,648,809,165**	
			5,539,468,970		**4,648,809,165**
Current liabilities					
Interest-bearing loans and borrowings	*7.2*	**814,028,279**		**240,000,000**	
Turnover tax		**-**		**49,221**	
Current account EnBW AG	*8*	**4,784,336**		**-**	
Accrued expenses	*9*	**65,969,450**		**61,720,978**	
			884,782,065		**301,770,199**
			6,702,690,560		**5,262,334,238**

The notes on page 16 to 52 are integral part of the financial statements.

Statement of income for the period 1 January – 31 December 2022

Continuing operations		**2022**		**2021**	
	Note	**EUR**	**EUR**	**EUR**	**EUR**
Interest income and similar income	*10*	**123,089,371**		**120,147,039**	
Interest expense and similar expenses	*11*	**(118,684,292)**		**(109,233,282)**	
Net interest result			**4,405,079**		**10,913,757**
Fees received from EnBW AG	*17*		**3,116,938**		**2,553,644**
Expenses					
General expenses	*12*		**577,333**		**503,548**
Wages and salaries	*13*		**141,148**		**155,691**
(Decrease) / increase expected credit loss	*18*		**24,247,800**		**(6,112,536)**
Result before corporate income tax			**(17,444,264)**		**18,920,698**
Corporate income tax	*16*		**(1,400,185)**		**(4,449,798)**
Net result			**(18,844,449)**		**14,470,900**
Other comprehensive income					
Items that will never be reclassified to profit or loss			-		-
Items that are or may be reclassified to profit or loss			-		-
Other comprehensive income, net of tax			-		-
Total comprehensive income			**(18,844,449)**		**14,470,900**

The notes on page 16 to 52 are integral part of the financial statements.

Statement of cash flows for the period 1 January – 31 December 2022

(expressed in Euros)

	Note	1 January - 31 December 2022	1 January - 31 December 2021
Operating Activities			
Cash receipts from group companies		**163,384,138**	**13,075,000**
Cash paid to employees		**(122,708)**	**(100,229)**
Cash paid to suppliers		**(1,475,775)**	**(544,883)**
Cash generated from operations		**161,785,655**	**12,429,888**
Interest paid		**(111,728,584)**	**(104,690,769)**
Interest received		**111,723,527**	**104,690,769**
Taxes paid		**(3,453,115)**	**(3,180,720)**
Cash flows from/(used in) operating activities		**158,327,483**	**9,249,168**
Investment activities			
Repayment of investments	*1*	**5,510,000,000**	**315,068,572**
Proceeds from investments	*1*	**(6,973,876,394)**	**(1,546,555,814)**
Cash flows from/(used in) investment activities		**(1,463,876,394)**	**(1,231,487,242)**
Financing activities			
Proceeds from borrowings	*7*	**7,023,876,394**	**1,599,584,737**
Repayment of (non-) current borrowings	*7*	**(5,560,000,000)**	**(367,684,757)**
Repayment current account group company	*8*	**(156,275,884)**	**(9,375,000)**
Cash flows from/(used in) financing activities		**1,307,600,510**	**1,222,524,980**
Net increase (decrease) in cash and cash equivalents		**2,051,599**	**286,907**
Exchange results		**3,227**	**115,207**
Cash and cash equivalents as 1 January	*3*	**634,223**	**232,109**
Cash and cash equivalents at 31 December	*3*	**2,689,049**	**634,223**

The notes on page 16 to 52 are integral part of the financial statements.

Statement of changes in equity for the period 1 January – 31 December 2022

(expressed in Euros)

	Note	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2021	*4, 5, 6*	100,000	297,183,974	-	17,869,189	315,153,163
Appropriation of the result		-	-	17,869,189	(17,869,189)	-
Distribution to shareholder	*6*	-	-	(17,869,189)	-	(17,869,189)
Result for the year		-	-	-	14,470,900	14,470,900
Balance at 31 December 2021	*4, 5, 6*	100,000	297,183,974	-	14,470,900	311,754,874
Balance at 1 January 2022	*4, 5, 6*	100,000	297,183,974	-	14,470,900	311,754,874
Appropriation of the result		-	-	14,470,900	(14,470,900)	-
Distribution to shareholder	*6*	-	-	(14,470,900)	-	(14,470,900)
Result for the year		-	-	-	(18,844,449)	(18,844,449)
Balance at 31 December 2022	*4, 5, 6*	**100,000**	**297,183,974**	**-**	**(18,844,449)**	**278,439,525**

The notes on page 16 to 52 are integral part of the financial statements.

Notes

EnBW International Finance B.V. (hereinafter 'the Company') is a company domiciled and established in the Netherlands. The Company has a controlling related party relationship with its parent company. The Company is a wholly owned subsidiary of EnBW Energie Baden-Württemberg AG (ultimate parent company, hereinafter 'EnBW AG'). The annual accounts of the Company are being consolidated in the annual accounts of EnBW AG.

The Company is a private company with limited liability, whereas EnBW AG holds 100% of the issued shares.

The Company was incorporated and started its activities on April 2, 2001. The Company's registered address is Herikerbergweg 122, 1101 CM Amsterdam, The Netherlands. The registration number at the Chamber of Commerce is 32085302.

The most important objectives of the Company are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies (hereafter referred as investing activities);
- to borrow, to lend and to raise funds, including the issuance of bonds, convertible bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned.

These financial statements of the Company were authorized for issue by the shareholder EnBW AG on 13 March 2023.

Basis of preparation

(a) **Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

(b) **Basis of preparation**

The financial statements are prepared in Euros, the functional and presentation currency of the Company and on the historical cost basis unless indicated otherwise hereafter. All values are rounded to the nearest Euro, except when otherwise indicated.

The financial statements have been drawn up on a going concern basis. Assets and liabilities are only offset in the financial statements if and to the extent that an enforceable legal right exist to offset the assets and liabilities and settle them simultaneously and the positive intention is to settle the assets and liabilities on a net basis or simultaneously.

1. New standards, interpretations and amendments effective from 1 January 2022

The following amended standards and interpretations do not have a significant impact on the Company's financial statements.

- Annual Improvements to IFRS Standards 2018–2020
- Business combinations (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

2. New standards, interpretations and amendments not yet effective

Other standards
The following (amended) standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Effective from 1 January 2023

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Effective from 1 January 2024

- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendment to IAS 1)

The Board of Directors expects that the currently known new accounting standards that are applicable for financial years after 1 January 2022 will not have significant impact for the Company.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following judgements are applicable:

Classification of financial assets: assessment of the business model in which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The following assumptions and estimation uncertainties are applicable:
Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information and a deferred tax asset.

There are no other substantial judgements, estimates and assumptions in the financial statements 2022 and 2021.

Significant accounting policies

(a) **Financial assets**

Financial assets consist of investments, other receivables and cash and cash equivalents.

Initial Recognition and Classification

Financial instruments are recognized initially at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (e.g., the fair value of the consideration given or received). If a financial asset is not subsequently accounted for at fair value through profit and loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flow;

  and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The EIR amortization is included as interest income in the statement of income.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired;

or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all loans not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(b) **Financial liabilities**

Financial liabilities consist of interest-bearing loans and borrowings and other payables.

Initial Recognition and Classification
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss when the liabilities are derecognized or modified as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the statement of income.

The Company's financial liabilities consist of interest-bearing loans due to outstanding bonds and its interest accrued.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different qualitative or quantitative terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

(c) **Offsetting of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are set off and the net amount is reported if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(d) **Income**

Net financing income comprise interest receivable on lending's calculated using the effective interest rate method and interest receivable on funds invested, taking into account the effective yield on these assets as per inception date. Furthermore, the Company recharges expenses to the shareholder according to the advance pricing agreement.

(e) **Expenses**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest payable on funds received, taking into account the effective yield on these liabilities as per inception date. Other expenses are recognized in the year to which they are related.

(f) **Lease**

The Company applies an exemption for IFRS 16 as the office lease contract it has with its lessor, has a duration of 12 months. The lease contract is automatically renewed for a period of 12 months at the end of each term.

(g) **Income tax**

Current income tax
Income tax on the statement of income for the year comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The taxable profit of the Company is based on the Advance Pricing Agreement. As a result of this the taxable result can deviate from the commercial result.

In 2019 the Company had been granted an Advanced Pricing Agreement (APA) with the Dutch Tax Authority which will expire on 31 December 2023. The political sentiment towards tax rulings is changing. The Board of Directors believes that until the expiry date of this ruling, there will not be uncertainty about the treatment of income tax for the Company. The developments in this respect are monitored closely.

(h) **Foreign currency**

Transactions in foreign currency are translated to euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of income.

Exchange rates applicable as at 31 December 2022 are as follows:
1 CHF = EUR 1.0155 (31 December 2021: EUR 0.9680)
1 JPY = EUR 0.0071 (31 December 2021: EUR 0.0077)
1 USD = EUR 0.9376 (31 December 2021: EUR 0.8829)
1 GBP = EUR 1.1275 (31 December 2021: EUR 1.1901)

The average exchange rates for the period 1 January to 31 December 2022 are as follows:

1 CHF = EUR 0.9961 (31 December 2021: EUR 0.9252)
1 JPY = EUR 0.0073 (31 December 2021: EUR 0.0077)
1 USD = EUR 0.9515 (31 December 2021: EUR 0.8460)
1 GBP = EUR 1.1731 (31 December 2021: EUR 1.1636)

(i) **Cash-flow statement**

The Cash-flow statement has been prepared in accordance with the direct method.

Determination of fair values

The fair value of the long-term interest-bearing loans and borrowings is based on their listed market price. The fair value of the loans and borrowings to EnBW AG as at 31 December 2022 amounts to EUR 5,161 million (31 December 2021: EUR 5,453 million). Facing the fact that the net proceeds from each issue of these loans and borrowings by the Company only is applied towards the purposes of on-lending to EnBW AG and that the interest rates and other interest conditions on these loans and borrowings are equal to these on the long-term loans to EnBW AG, the fair value of these non-current assets is equal to the fair value of the long-term interest-bearing loans and borrowings. The difference between the book value of the long-term loans to EnBW AG EUR 5,519 million (31 December 2021: EUR 4,648 million) and the book value of the long-term interest-bearing loans and borrowings EUR 5,539 million (31 December 2021: EUR 4,649 million) relates to the Expected Credit Loss (ECL) as required under IFRS-9, as disclosed on page 23 and 24 of this report.

The fair value of the other assets and liabilities as at 31 December 2022 and 31 December 2021 is reflected by the carrying value in the balance sheet.

The fair value of the non-current loans to AG and the corresponding listed debts have decreased during the period under review. The Board of Directors has assessed the decrease of the unrecognized fair values and has reason to believe that the decrease does not impact the financial position and going concern of the Company, as it is expected that the non-current loans to AG and corresponding listed debts will be held until maturity date and repaid as per the carrying value.

The carrying and fair value of the assets and liabilities as at 31 December 2022 and 31 December 2021 is specified in the following overview.

Level		Carrying value 31 December 2022 (EUR million)	Fair value 31 December 2022 (EUR million)	Unrecognised gain/(loss) 2022 (EUR million)	Carrying value 31 December 2021 (EUR million)	Fair value 31 December 2021 (EUR million)	Unrecognised gain/(loss) 2021 (EUR million)
2	Loans EnBW AG (non-current) (corresponding debts are listed)	5,519	5,161	(358)	4,648	5,453	805
2	Loans EnBW AG (current) (corresponding debts is listed)	101.2	101.8	0.6	-	-	-
3	Commercial Paper onlending EnBW AG	709.9	712.5	2.6	240	239.5	(0.5)
3	Loan EnBW AG (OPOLE)	296.9	295.3	(1.6)	298	300	2
n.a.	Current Assets	73	73	-	75	75	-
n.a.	Cash and cash equivalents	2.7	2.7	-	0.6	0.6	-
1	Debts (non-current) (listed)	5,539	5,161	379	4,649	5,453	(804)
1	Debts (current) (listed)	101.5	101.8	(0.3)	-	-	-
3	Commercial Paper	712.5	712.5	-	240.0	239.5	0.5
n.a.	Current liabilities	71	71	-	62	62	-

IFRS 13 specifies a fair value hierarchy that identifies the following hierarchy levels:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair values measured using inputs for the assets or liability that are not based on observable market date (unobservable inputs).

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Interest receivable loans EnBW AG
- Loans EnBW AG (current)
- Loans EnBW AG (non-current)
- Bond interest payable
- Interest-bearing loans and borrowing (current)
- Interest-bearing loans and borrowings (non-current)

The financial instruments held by the Company can be classified as follows:

	Fair value through profit or loss		Amortised cost (Loans and receivable 2021)		Fair value through Other comprehensive income	
	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000
Cash and cash equivalents	-	-	2,689	634	-	-
Interest receivable loans EnBW AG	-	-	70,038	72,547	-	-
Loan EnBW AG (current)	-	-	1,107,899	537,917	-	-
Loan EnBW AG (non-current)	-	-	5,518,799	4,648,091	-	-
	-	-	6,699,425	5,259,190	-	-

Financial liabilities

	Fair value through profit or loss		Amortised cost	
	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000
Interest bond loans	-	-	65,859	61,622
Interest-bearing loans and borrowings (current)	-	-	814,028	240,000
Interest-bearing loans and borrowings (non-current)	-	-	5,539,469	4,648,809
	-	-	6,419,356	4,950,431

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of EnBW AG. The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on lending to EnBW AG.

The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG. EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by the Company.

The total carrying value of the loans to EnBW AG including accrued interest but excluding the provision for expected credit loss per 31 December 2022 amounted EUR 6.7 billion (31 December 2021: EUR 5.3 billion).

As loans receivables at amortized cost are considered to be low risk, the impairment allowance is determined at 12-month expected credit losses ('ECL') with a reference to internal credit ratings of the counterparties. The ECL is the sum of the value of all possible losses, each multiplied by the probability of that loss occurring and calculated as follows: ECL = EAD × LGD × PD. Exposure at Default (EAD) is the gross carrying value of loans receivable; Loss Given Default (LGD) is the portion of loans receivable that the Company shall lose if a borrower defaults; Probability of Default (PD) is the likelihood of a default of a counterparty over an observed period. The PD and LGD rates were defined based on historical loss rates of its parent company and adjusted for forward looking macroeconomic data.

The 1-year Probability of Default rate for EnBW AG on 30 December 2022 was 0.6188% (2021: 0.0256%) which is derived from data service provider Bloomberg. The PD rate is driven by the change of the default risk assessment of EnBW AG which increased to HY1 (2021: IG5) during the year. The changes are to a certain extent driven by the volatility of the share price of EnBW AG during 2022. In this context, the input parameter Price Volatility increased from 29% in 2021 to 43% in 2022. As a result of a free float of the shares of EnBW AG of less than 1%, this volatility is well known by the Board of Directors. In addition, Bloomberg accounted for a lower cash flow from operations which also explains the development of the PD rate. The Loss Given Default (LGD) remained 60% (2021: 60%) which is described on this page.

Below table shows the amounts and rates regarding above mentioned definitions, including the outcome of the ECL-provisions.

Financial year	EAD EUR 1 million	LGD	PD	ECL EUR 1 million
2022 in total	6,750	60%	0.6188%	25.06
2022 < 1 year	1,182	60%	0.6188%	4.39
2022 > 1 year	5,568	60%	0.6188%	20.67
2021 in total	5,286	60%	0.0256%	0.81
2021 < 1 year	611	60%	0.0256%	0.09
2021 > 1 year	4,675	60%	0.0256%	0.72

The Board of Directors is very much aware of all indicators and believes that credit risks are well assessed and that there are no reasons for concerns about the recent changes of these indicators at this moment or in the foreseeable future. There were no loans receivables for which the Company observed a significant increase in the credit risk which would require the application of the lifetime expected credit losses impairment model. The loss allowance in the period January to December 2022 increased by EUR 24.3 million (31 December 2021: 6.1 million decrease). The Company assesses a significant increase in credit risk using the delta in the lifetime default probability, internal ratings and arrears. The Company evaluates qualitative information on the borrower’s other cash flow obligations (including to other debt providers), its liquidity position and business performance and on the regulatory, economic, and technological environment of the borrower.

The Company also considers forward-looking information on developments in the relevant macroeconomic indicators such as GDP and/or other macroeconomic indicators. The Company uses the 30 days past due criteria as a backstop rather than a primary driver of moving exposures into stage 2. The Company assumes that the credit risk of such assets has increased significantly if they are more than 30 days past due. The Company considers a financial asset to be in default when the counterparty is unlikely to pay its obligations to the Company in full. In assessing whether a counterparty is in default, the Company considers both qualitative and quantitative indicators (e.g. overdue status) that are based on data developed internally and for certain financial assets also obtained from external sources. The following indicators are incorporated: internal credit rating, significant increases in credit risk on other financial instruments of the same borrower, actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations.

No significant changes to estimation techniques or assumptions were made during the reporting period. As all loans and notes are towards EnBW AG, the Company assumes the expected credit loss the same for all loans.

The long-term credit ratings of EnBW AG are Baa1 with stable outlook (2021: Baa1 stable) (Moody's) and A- with negative outlook (2021: A- stable) (Standard & Poor's).

At 31 December 2022 the Company has no financial assets which are past due but not impaired (2021: none) and one financial assets of which terms have been renegotiated (2021: none). The maturity date of the OPOLE loan has been extended from 28 February 2022 to 28 October 2023 at an interest rate of 1.08%. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 1 and 2. The gross carrying amount of a financial asset is written off and derecognized only when the Company has no reasonable expectation of recovering the financial asset in its entirety, after all reasonable efforts and enforcement procedures for recovery have been exhausted. The Company individually makes an assessment with respect to the timing and amount of write-off based on the individual facts and circumstances.

The loss allowance for loans recognized at amortized cost as at 31 December 2022 reconciles to the opening loss allowance on 1 January 2022 and to the closing loss allowance as at 31 December 2022 as follows:

	2022 EUR 1,000	2021 EUR 1,000
Opening loss allowance as at 1 Janauary	**812**	**6,924**
Increase (decrease) in loan loss allowance recognised in profit or loss during the period/year	17,927	(6,303)
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	6,358	191
Increase (decrease) in loan loss allowance due to repaid financial asset during the period/year	(37)	-
Closing loss allowance as at 31 December	**25,060**	**812**

For financial assets at amortized cost, the Company applies the general expected credit loss model. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Evidence that a financial asset is credit-impaired also includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Cash in bank

Cash is held with the following institutions:

	Rating (Moody's)	31-12-2022 EUR 1,000	31-12-2021 EUR 1,000
Deutsche Bank AG (current account)	**A1 (stable)**	**62**	**58**
Landesbank Baden-Württemberg (current accounts)	**Aa3 (stable)**	**2,627**	**576**
		2,689	**634**

The Board of Directors monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the ECL is considered as immaterial, the carrying amount represents the maximum exposure to credit loss.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts. The repayment schedules can be found on pages 35 and 43.

EnBW AG has taken over the irrevocable and unconditional guarantee for the benefit of all bondholders with respect to the prescribed and punctual payment of capital and interest of the bond notes issued by the Company.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company has one loan outstanding to EnBW AG ("OPOLE") which is not on-lending loan from debt (2021: one loan). This loan was financed by equity. The total fair value of this loan per 31 December 2022 amounted EUR 0.3 billion (31 December 2021: EUR 0.3 billion).

Concentration risk

Concentration risk is the risk that the concentration of loans is not diversified and concentrated in a certain geographic area. The loans are diverted in a variety of loans issued to EnBW AG in Germany. As all loans are in one geographic area (Germany), and as all loans are issued to the same borrower only, the Company has a significant exposure of concentration risk.

Currency risk

The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on-lending to EnBW AG (for equal currency). Therefore, the Company is not exposed to currency risk on investments and borrowings that are denominated in a currency other than the functional currency of the Company.

The currencies in which these transactions primarily are denominated are Euro (EUR), Swiss Franc (CHF) and Japanese Yen (JPY). The related income per currency is: EUR: EUR 115.3 million (31 December 2021: EUR 112.4 million), CHF: EUR 2.3 million (31 December 2021: EUR 2.2 million), JPY: EUR 5.4 million (31 December 2021: EUR 5.9 million) and GBP: EUR 0 million (31 December 2021: EUR 0.4).

Interest rate risk

The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loan granted 2012 and extended until 28 October 2023 at an interest rate of 1.08%. Therefore, the Company is not significantly exposed to variability of cash flows due to market development in interest rates.

Political risk from the Russia-Ukraine Conflict

Throughout 2021, the Russian military build-up on the border of Ukraine has escalated tensions between Russia and Ukraine and strained bilateral relations.

These events have continued in 2022 with Russia commencing a full-scale military invasion of Ukraine in February 2022. On 21 February 2022, Russia recognized the independence of two separatist regions within Ukraine and ordered Russian troops into these regions with a purported mission to maintain peace in the area. Following the invasion of Ukraine, countries like the United States, the EU, UK, Switzerland, Canada, Japan and Australia have made announcements regarding imposition of sanctions. The imposition of sanctions has led to reactions from Russia particularly resulting in a disruption of gas supplies to the EU. The reductions of gas supplies have led to higher gas prices in Germany and there is a risk that EnBW AG may not be able to pass on higher costs to its customers. Additionally, high volatility in commodity prices could lead to unforeseeable developments in EnBW AG's liquidity position, especially due to margin payments.

However, due to the implementation of the Energy Security Act (EnSiG) from the German government in July 2022, measures are in place to limit the potential impact on any utility.

Financially, EnBW AG expects an adjusted EBITDA of around EUR 3.3 billion for the 2022 financial year. In the downgraded guidance of November 2022, EnBW was still expecting adjusted EBITDA of up to EUR 2.9 billion. This development was mainly caused by negative effects of the reductions and cessation in gas supplies due to the Russia – Ukraine crisis, namely increased re-procurement expenses for natural gas in the Sustainable Generation Infrastructure segment. However, the impact in the fourth quarter of 2022 was lower than had been assumed in the updated guidance of November 2022, notably due to the warmer than average weather at the end of 2022.

Sensitivity analysis

The concentration risk is significant, cannot be avoided and can only be mitigated by a solid operation and management of the parent company. The parent company reports publicly on a quarterly basis and key figures, update of the business and upcoming transactions are being discussed on a regular basis by the Board of Directors of the Company.

Capital management

Capital includes ordinary share capital and other equity attributable to the equity holders of the parent. As at 31 December 2022 and 31 December 2021, the Company's equity amounted to EUR 278,439,525 and EUR 311,754,874 respectively. The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company. The loans payable are mirrored by loans receivables with identical characteristics.

There were no changes in the Company's approach to capital management as described in the previous paragraph during the year.

The Company is not subject to externally imposed capital requirements.

COVID-19 pandemic

During the early start of 2020, the COVID-19 pandemic became visible in Europe. The Board of Directors of the Company since then has taken measures to assure business continuation. Protection of employees has had the highest priority whereas the Board of Directors further assured that compliance tasks were still taken care of as well as the daily management and operation of the Company continued. For the most meetings, especially Board Meetings, videoconferences were held. After the COVID-19 restrictions have been lifted by the Local Government in the begnning of 2022, most meetings and especially Board meetings were held physically again. The impact on the Company's operation due to COVID-19 is nil. In view of the fact that the larger part of receivables of the Company are loans to EnBW AG, the Board of Directors of the Company reviewed the measures taken by EnBW AG and its ongoing financial performance.

In December 2022, German government leaders declared the corona pandemic over. Europe might enter an endemic stage during the winter of 2022/23. According to virologists immunity will be advanced after the winter of 2022/23, so that the virus will barely make it through summer 2023.

Notes to the balance sheet as 31 December 2022

1. Investments

1.1 Statement of changes in investments

	31-12-2022 EUR	31-12-2021 EUR
Balance at 1 January	5,186,008,418	3,943,384,814
Movement due to provision for expected credit loss	(23,997,938)	5,989,496
Repayment loans	(5,560,000,000)	(367,684,757)
Issued loans	7,024,131,797	1,599,247,477
Exchange rate differences	(6,456,970)	2,534,805
Other movements	7,013,258	2,536,583
	6,626,698,565	5,186,008,418
Receivables < 1 year (current assets)	(1,107,899,446)	(537,917,363)
Balance at 31 December	5,518,799,119	4,648,091,055

IFRS 9 Financial instruments

The Company has considered the probability of a default occurring over the contractual life of its receivables on initial recognition of those assets. Under this model the total impairment provision per 31 December 2022 amounts to EUR 25 million (31 December 2021: EUR 0.8 million).

	2022 EUR 1,000	2021 EUR 1,000
Opening loss allowance as at 1 Janauary	**812**	**6,924**
Increase (decrease) in loan loss allowance recognised in profit or loss during the period/year	17,927	(6,303)
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	6,358	191
Increase (decrease) in loan loss allowance due to repaid financial asset during the period/year	(37)	-
Closing loss allowance as at 31 December	**25,060**	**812**

1.1a Loans EnBW AG

	31-12-2022 EUR	31-12-2021 EUR
1. Loan granted in 2004	497,286,697	498,677,703
2. Loan granted in 2008	141,658,923	153,374,198
3. Loan granted in 2009	588,728,425	590,555,459
4. Loan granted in 2012	-	-
5. Loan granted in 2013	-	96,704,561
6. Loan granted in 2014	497,472,749	499,066,919
7. Loan granted in 2014	98,940,042	99,264,329
8. Loan granted in 2014	98,385,382	98,651,379
9. Loan granted in 2014	49,419,419	49,584,412
10. Loan granted in 2018	495,443,942	497,012,140
11. Loan granted in 2019	74,494,653	74,752,339
12. Loan granted in 2020	496,452,697	497,503,985
13. Loan granted in 2020	496,546,569	498,124,128
14. Loan granted in 2021	496,930,110	498,481,984
15. Loan granted in 2021	494,866,304	496,337,519
16. Loan granted in 2022	495,304,066	-
17. Loan granted in 2022	496,869,141	-
	5,518,799,119	4,648,091,055
Recognized as:		
Investments (non-current assets)	5,518,799,119	4,648,091,055

1.1b Loans EnBW AG (current)

Receivables (< 1 year) (current assets)	1,107,899,446	537,917,363

The current receivables in the amount of EUR 1,107,899,446 (31 December 2021: EUR 537,917,363) consist of the CHF loan in the amount of EUR 101,528,279 (31 December 2021: EUR 0), the OPOLE loan in the amount of EUR 298,000,000 (31 December 2021: EUR 298,000,000), Commercial Papers in the amount of EUR 712,500,000 (31 December 2021: EUR 240,000,000) and expected credit loss in the amount of EUR (4,128,833) (31 December 2021: EUR 82,637).

The interest receivable on the loans is presented under current assets. The fair values of these loans can be found on page 21 of this report.

The Probability of Default (PD) rate at 31 December 2022 was 0.6188% (31 December 2021: 0.0256%). The changes in the PD rate are to a certain extent driven by the development of the share price and the market cap of EnBW AG during 2022. As a result of a free float of the shares of EnBW AG of less than 1%, this volatility is well known by the Board of Directors. The Loss Given Default (LGD) remained 60% (2021: 60%) which is has been described on page 23 and 24.

The ECL for non-current assets increased and amounted to EUR 20,669,851 (31 December 2021: EUR 718,110). The ECL for current assets increased and amounted to EUR 4,389,840 (31 December 2021: EUR 93,782).

1. Loan granted in 2004

The Company had diverted the proceeds from the issue of the Eurobond 2004/2025 (nominal EUR 500,000,000) by way of a loan to EnBW AG on December 9, 2004.

The payment of the loan has taken place after deduction of “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 388,594 (2021: EUR 370,213) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (4.875% per annum) and has a fixed term of 20.1 years. Redemption of the EUR 500 million will take place on 16 January 2025.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

2. Loan granted in 2008

The Company had diverted the proceeds from the issue of the JPY-bond 2008/2038 (nominal JPY 20,000,000,000/EUR 142,186,834) by way of a loan to EnBW AG on December 16, 2008.

The loan bears interest at a fixed interest rate (3.880% per annum) and has a fixed term of 30 years. Redemption of the JPY 20 billion will take place on 16 December 2038.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards Morgan Stanley & Co. International Plc) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

3. Loan granted in 2009

The Company had diverted the proceeds from the issue of the Eurobond 2009/2039 (nominal EUR 600,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 308,486 (2021: EUR 290,274) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (6.125% per annum) and has a fixed term of 30 years. Redemption of the EUR 600 million will take place on 7 July 2039.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

4. Loan granted in 2012

The Company had diverted the proceeds from the sale of the shares of EnBW Investment II B.V. and EnBW Investment III B.V. by EnBW Investment I B.V. (EUR 298,000,000) by way of a loan to EnBW AG on 16 February 2012 (“OPOLE” transaction). The corresponding loan between EnBW Investment I B.V. and the Company was settled as a result of the legal merger between these companies.

The loan bears interest at a fixed interest rate (3.670% per annum) and has a fixed term of 10 years. The maturity date of the loan has been extended from 28 February 2022 until 28 October 2023 at a new interest rate of 1.08% based on the market conditions.

5. Loan granted in 2013

The Company had diverted the proceeds from the issue of a CHF-bond 2013/2023 (nominal CHF 100,000,000/EUR 101,528,279) by way of a loan to EnBW AG on July 12, 2013.

The payment of the loan has taken place after addition of "agio" (CHF 634,000) and deduction of management and underwriting fees (CHF 1,125,000).

These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 CHF 54,054 (2021: CHF 52,836) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million will take place on 12 July 2023. Since the repayment date of the loan is less than a year, the loan has been recognized as a current asset.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards Credit Suisse AG and the Royal bank of Scotland Plc) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by the Company.

6. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on June 4, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 185,430 (2021: EUR 180,834) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.500% per annum) and has a fixed term of 12 years. Redemption of the EUR 500 million will take place on 4 June 2026.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

7. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2039 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 16, 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 31,634 (2021: EUR 30,672) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (3.080% per annum) and has a fixed term of 25 years. Redemption of the EUR 100 million will take place on 16 June 2039.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by The Company.

8. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2034 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 13, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 1,933,000).

These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 89,924 (2021: EUR 87,300) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.875% per annum) and has a fixed term of 20 years. Redemption of the EUR 100 million will take place on 13 June 2034.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

9. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2044 (nominal EUR 50,000,000) by way of a loan to EnBW AG on August 1, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 493,200). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 12,967 (2021: EUR 12,596) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.900% per annum) and has a fixed term of 30 years. Redemption of the EUR 50 million will take place on 1 August 2044.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

10. Loan granted in 2018

The Company had diverted the proceeds from the issue of the Eurobond 2018/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 31 October 2018. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,580,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 211,402 (2021: EUR 207,402) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (1.875% per annum) and has a fixed term of 15 years. Redemption of the EUR 500 million will take place on 31 October 2033.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

11. Loan granted in 2019

The Company had diverted the proceeds from the issue of the Eurobond 2019/2041 (nominal EUR 75,000,000) by way of a loan to EnBW AG on 21 January 2019. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 261,750). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 9,254 (2021: EUR 8,878) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.080% per annum) and has a fixed term of 22 years. Redemption of the EUR 75 million will take place on 21 January 2041.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

12. Loan granted in 2020

The Company had diverted the proceeds from the issue of the Eurobond 2020/2025 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 17 April 2020. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,650,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 728,312 (2021: EUR 722,715) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (0.625% per annum) and has a fixed term of 5 years. Redemption of the EUR 500 million will take place on 17 April 2025.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

13. Loan granted in 2020

The Company had diverted the proceeds from the issue of the Eurobond 2020/2030 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 19 October 2020. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 2,040,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 202,041 (2021: EUR 201,454) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (0.250% per annum) and has a fixed term of 10 years. Redemption of the EUR 500 million will take place on 19 October 2030.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

14. Loan granted in 2021

The Company had diverted the proceeds from the issue of the Eurobond 2021/2028 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 1,600,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 227,726 (2021: EUR 158,784) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (0.125% per annum) and has a fixed term of 7 years. Redemption of the EUR 500 million will take place on 1 March 2028.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

15. Loan granted in 2021

The Company had diverted the proceeds from the issue of the Eurobond 2021/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,800,000). These amounts are amortized over the lifetime of the loan. For the period 1 January up to 31 December 2022 EUR 308,386 (2021: EUR 214,319) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (0.500% per annum) and has a fixed term of 12 years. Redemption of the EUR 500 million will take place on 1 March 2033.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

16. Loan granted in 2022

The Company had diverted the proceeds from the issue of the Eurobond 2022/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 22 November 2022. The payment of the loan has taken place after deduction of management and underwriting fees and "disagio" (in total EUR 2,875,000). These amounts are amortized over the lifetime of the loan. For the period 22 November up to 31 December 2022 EUR 35,466 is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (3.625% per annum) and has a fixed term of 4 years. Redemption of the EUR 500 million will take place on 22 November 2026.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

17. Loan granted in 2022

The Company had diverted the proceeds from the issue of the Eurobond 2022/2029 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 22 November 2022. The payment of the loan has taken place after deduction of management and underwriting fees (in total EUR 1,250,000). These amounts are amortized over the lifetime of the loan. For the period 22 November up to 31 December 2022 EUR 24,459 is therefore debited to the statement of income and presented as interest expense.

The loan bears interest at a fixed interest rate (4.049% per annum) and has a fixed term of 7 years. Redemption of the EUR 500 million will take place on 22 November 2029.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

18. Loans granted in 2022

The Company has diverted the net proceeds from 176 issuances of the Commercial Papers from the existing Commercial Paper Programme by way of loans to EnBW AG in the accumulated amount of EUR 6.3 billion. At balance sheet date EUR 712.5 million remains outstanding. The remaining balance as per 31 December 2021 of the commercial papers in the total amount of EUR 240 million has been repaid during the period under review.

The total overview of the issued Commercial Papers is presented as follows:

Book year	Number of issuances	Average days	Currency	Average issuance price	Accumulated principal amount	Repaid per balance sheet date	Outstanding per balance sheet date
2022	176	54	EUR	99.90675014%	6,272,500,000	(5,560,000,000)	712,500,000
2021	9	97	EUR/GBP	100.01362618%	604,647,476	(364,647,476)	240,000,000

EnBW AG had provided no securities but had taken over the irrevocable and unconditional guarantee towards the dealers with respect to the prescribed and punctual payment of capital and interest of the Commercial Paper notes issued by the Company.

Terms and investment repayment schedule

Below table shows the contractual terms for redemption and interest receipts of the outstanding loans.

	Total EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
1. Loan granted in 2004	**573,125**	**24,375**	**548,750**	**-**
2. Loan granted in 2008	**230,456**	**5,517**	**22,067**	**202,872**
3. Loan granted in 2009	**1,224,750**	**36,750**	**147,000**	**1,041,000**
4. Loan granted in 2012	**305,114**	**305,114**	**-**	**-**
5. Loan granted in 2013	**103,839**	**103,839**	**-**	**-**
6. Loan granted in 2014	**550,000**	**12,500**	**537,500**	**-**
7. Loan granted in 2014	**152,360**	**3,080**	**12,320**	**136,960**
8. Loan granted in 2014	**134,500**	**2,875**	**11,500**	**120,125**
9. Loan granted in 2014	**81,900**	**1,450**	**5,800**	**74,650**
10. Loan granted in 2018	**603,125**	**9,375**	**37,500**	**556,250**
11. Loan granted in 2019	**104,640**	**1,560**	**6,240**	**96,840**
12. Loan granted in 2020	**509,375**	**3,125**	**506,250**	**-**
13. Loan granted in 2020	**510,000**	**1,250**	**5,000**	**503,750**
14. Loan granted in 2021	**503,750**	**625**	**2,500**	**500,625**
15. Loan granted in 2021	**527,500**	**2,500**	**10,000**	**515,000**
16. Loan granted in 2022	**572,500**	**18,125**	**554,375**	**-**
17. Loan granted in 2022	**641,715**	**20,245**	**80,980**	**540,490**
18. Loan granted in 2022	**712,500**	**712,500**	**-**	**-**
31 December 2022	**8,041,149**	**1,264,805**	**2,487,782**	**4,288,562**
31 December 2021	**6,480,920**	**658,294**	**1,993,141**	**3,829,485**

2. Interest receivable loans EnBW AG

	2022 EUR	2021 EUR
Balance at 1 January	72,547,239	78,391,435
Movement due to provision for expected credit loss	(249,862)	123,040
Received interest from EnBW AG	(119,891,149)	(123,905,598)
Interest charged during the year	117,547,111	117,953,372
Exchange differences	84,947	(15,010)
Balance at 31 December	70,038,286	72,547,239

3. Cash and cash equivalents

	31-12-2022 EUR	31-12-2021 EUR
Deutsche Bank AG (current accounts)	62,255	58,437
BW Bank (current accounts)	2,626,794	575,786
	2,689,049	634,223

Cash and cash equivalents are free at disposal.

4. Issued and paid-up share capital

The authorised share capital is composed of 1,000 (2021: 1,000) ordinary shares with a nominal value of EUR 100 each, in total EUR 100,000. All shares have been issued and fully paid and belong to EnBW AG (Germany).
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

5. Share premium reserve

In December 2002 it was decided to increase the equity of the Company with EUR 1,950,000. In January 2010 the share premium was increased by EUR 828,132,499 as a result of the GESO transaction. During 2012 the share premium reserve was further increased due to the mergers with EnBW Investment I B.V. (EUR 301,072,715) and EnBW Benelux B.V. (EUR 458,760). On 1 June 2020, the Company distributed EUR 834,430,000 of the share premium reserve to its shareholder. The share premium per 31 December 2022 amounted EUR 297,183,974.

	2022 EUR	2021 EUR
Balance as at 1 January	297,183,974	297,183,974
Distribution	-	-
Balance as at 31 December	297,183,974	297,183,974

6. Other reserves

	2022 EUR	2021 EUR
Balance as at 1 January	-	-
Dividend to shareholder	(14,470,900)	(17,869,189)
Result appropriation	14,470,900	17,869,189
Balance as at 31 December	-	-

The dividend per share amounted EUR 14,471 per share (2021: EUR 17,869). This dividend was paid by way of settlement through the current account with EnBW AG.

7. Non-current liabilities

	2022 EUR	2021 EUR
Balance at 1 January	4,888,809,165	3,652,175,057
Repayments of commercial papers/bonds	(5,560,000,000)	(367,684,757)
Issuance of bonds and commercial papers	7,024,131,797	1,599,247,477
Exchange differences	(6,456,971)	2,534,805
Other movements	7,013,258	2,536,583
	6,353,497,249	4,888,809,165
Repayments due < 1 year	(814,028,279)	(240,000,000)
Balance at 31 December	5,539,468,970	4,648,809,165

7.1 Interest-bearing loans and borrowings (non-current)

	31-12-2022 EUR	31-12-2021 EUR
1. Eurobond 2004/2025	499,143,097	498,754,503
2. JPY-bond 2008/2038	142,186,834	153,397,760
3. Eurobond 2009/2039	590,956,105	590,647,619
4. CHF-bond 2013/2023	-	96,719,429
5. Eurobond 2014/2026	499,329,149	499,143,719
6. Eurobond 2014/2039	99,311,322	99,279,689
7. Eurobond 2014/2034	98,756,662	98,666,739
8. Eurobond 2014/2044	49,605,059	49,592,092
9. Eurobond 2018/2033 (green bond)	497,300,342	497,088,940
10. Eurobond 2019/2041	74,773,113	74,763,859
11. Eurobond 2020/2025	498,309,097	497,580,785
12. Eurobond 2020/2030	498,402,969	498,200,928
13. Eurobond 2021/2028	498,786,510	498,558,784
14. Eurobond 2021/2033	496,722,704	496,414,319
15. Eurobond 2022/2026 (green bond)	497,160,466	-
16. Eurobond 2022/2029 (green bond)	498,725,541	-
	5,539,468,970	4,648,809,165
Recognized as:		
Interest-bearing loans and borrowings (long-term debts)	5,539,468,970	4,648,809,165

The Company is a financing vehicle of EnBW AG of which green bonds' proceeds have been allocated to projects in the following categories by EnBW AG:

- Renewable energy (onshore/offshore wind power and solar/photovoltaics)
- Electricity Networks (electricity distribution infrastructure)
- Energy-efficiency (such as smart meters)
- Clean transportation (such as e-mobility infrastructure/charging stations).

All green bonds have met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative.

7.2 Interest-bearing loans and borrowings (current)

Interest-bearing loans and borrowings (current liabilities) (< 1 year)	814,028,279	240,000,000

The fair values of these loans can be found on page 21 of this report.

1. Eurobond 2004/2025

The Company has issued on 9 December 2004 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 388,594 (2021: EUR 370,213) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.875% per annum) and have a fixed term of 20.1 years. Redemption of the EUR 500 million will take place on 16 January 2025.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

2. JPY-bond 2008/2038

The Company has issued on 16 December 2008 200 JPY-bonds in the amount of JPY 100 million each.

The bonds bear interest at a fixed interest rate (3.880% per annum) and have a fixed term of 30 years. Redemption of the JPY 20 billion will take place on 16 December 2038.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards Morgan Stanley & Co. International Plc) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

3. Eurobond 2009/2039

The Company has issued on 7 July 2009 600,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 308,486 (2021: EUR 290,274) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.125% per annum) and have a fixed term of 30 years. Redemption of the EUR 600 million will take place on 7 July 2039.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

4. CHF-bond 2013/2023

The Company has issued on 12 July 2013 20,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 634,000) and reduced with management and underwriting fees (CHF 1,125,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 CHF 54,054 (2021: CHF 52,836) is therefore debited to the statement of income and presented as interest expenses.

The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million will take place on 12 July 2023. Since the repayment date of the loan is less than a year, the loan has been recognized as a current liability.

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee (towards Credit Suisse AG and the Royal bank of Scotland Plc) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by the Company.

5. Eurobond 2014/2026

The Company has issued on 4 June 2014 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 185,430 (2021: EUR 180,834) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.500% per annum) and have a fixed term of 12 years. Redemption of the EUR 500 million will take place on 4 June 2026.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

6. Eurobond 2014/2039

The Company has issued on 16 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with management and underwriting fees (EUR 930,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 31,634 (2021: EUR 30,672) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.080% per annum) and have a fixed term of 25 years. Redemption of the EUR 100 million will take place on 16 June 2039.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

7. Eurobond 2014/2034

The Company has issued on 13 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 1,933,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 89,924 (2021: EUR 87,300) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.875% per annum) and have a fixed term of 20 years. Redemption of the EUR 100 million will take place on 13 June 2034.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

8. Eurobond 2014/2044

The Company has issued on 1 August 2014 500 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 493,200).

These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 12,967 (2021: EUR 12,596) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.900% per annum) and have a fixed term of 30 years. Redemption of the EUR 50 million will take place on 1 August 2044.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

9. Eurobond 2018/2033 (green bond)

The Company has issued on 31 October 2018 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,330,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 211,402 (2021: EUR 207,402) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (1.875% per annum) and have a fixed term of 15 years. Redemption of the EUR 500 million will take place on 31 October 2033.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

Please refer to note 7.1 for the allocation of the green bond’s proceeds.

10. Eurobond 2019/2041

The Company has issued on 21 January 2019 750 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 261,750). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 9,254 (2021: EUR 8,878) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.080% per annum) and have a fixed term of 22 years. Redemption of the EUR 75 million will take place on 21 January 2041.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

11. Eurobond 2020/2025

The Company has issued on 17 April 2020 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,400,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 728,312 (2021: EUR 722,715) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (0.625% per annum) and have a fixed term of 5 years. Redemption of the EUR 500 million will take place on 17 April 2025.
EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

12. Eurobond 2020/2030

The Company has issued on 19 October 2020 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 790,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 202,041 (2021: EUR 201,454) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (0.250% per annum) and have a fixed term of 10 years. Redemption of the EUR 500 million will take place on 19 October 2030.
EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

13. Eurobond 2021/2028

The Company has issued on 1 March 2021 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 350,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 227,726 (2021: EUR 158,784) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (0.125% per annum) and have a fixed term of 7 years. Redemption of the EUR 500 million will take place on 1 March 2028.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

14. Eurobond 2021/2033

The Company has issued on 1 March 2021 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,550,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 1 January up to 31 December 2022 EUR 308,386 (2021: EUR 214,319) is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (0.500% per annum) and have a fixed term of 12 years. Redemption of the EUR 500 million will take place on 1 March 2033.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

15. Eurobond 2022/2026 (green bond)

The Company has issued on 22 November 2022 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 1,625,000) and management and underwriting fees (EUR 1,250,000). These amounts are amortized over the lifetime of the bond. For the period 22 November up to 31 December 2022 EUR 35,466 is therefore debited to the statement of income and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.625% per annum) and have a fixed term of 4 years. Redemption of the EUR 500 million will take place on 22 November 2026.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

Please refer to note 7.1 for the allocation of the green bond's proceeds.

16. Eurobond 2022/2033 (green bond)

The Company has issued on 22 November 2022 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with management and underwriting fees (EUR 1,250,000). This amount is amortized over the lifetime of the bond. For the period 22 November up to 31 December 2022 EUR 24,459 is therefore credited to the statement of income and presented as interest income.

The bonds bear interest at a fixed interest rate (4,049% per annum) and have a fixed term of 7 years. Redemption of the EUR 500 million will take place on 22 November 2029.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by the Company.

Please refer to note 7.1 for the allocation of the green bond's proceeds.

17. Commercial Paper Programme

The Company has issued several short-term Euro notes under the Commercial Paper Programme. During 2022, 176 new transactions took place in the accumulated amount of EUR 6.3 billion. As per balance sheet date, commercial paper notes in the total amount of EUR 712.5 million remain outstanding.

A simplified overview of the issued Commercial Paper and the respective prices that were related to each transaction can be found below.

Book year	Number of issuances	Average days	Currency	Average issuance price	Accumulated principal amount	Repaid per balance sheet date	Outstanding per balance sheet date
2022	176	54	EUR	99.90675014%	6,272,500,000	(5,560,000,000)	712,500,000
2021	9	97	EUR/GBP	100.01362618%	604,647,476	(364,647,476)	240,000,000

EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee towards the dealers with respect to the prescribed and punctual payment of capital and interest of the Commercial Paper notes issued by the Company.

Terms and debt repayment schedule

Below table shows the contractual terms for redemption and interest obligations of the outstanding bonds.	Total	Within 1 year	2-5 years	More than 5 years
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Secured bond issues:				
1. Eurobond 2025	**573,125**	**24,375**	**548,750**	**-**
2. JPY-bond 2038	**230,456**	**5,517**	**22,067**	**202,872**
3. Eurobond 2039	**1,224,750**	**36,750**	**147,000**	**1,041,000**
4. CHF bond 2023	**103,839**	**103,839**	**-**	**-**
5. Eurobond 2026	**550,000**	**12,500**	**537,500**	**-**
6. Eurobond 2039	**152,360**	**3,080**	**12,320**	**136,960**
7. Eurobond 2034	**134,500**	**2,875**	**11,500**	**120,125**
8. Eurobond 2044	**81,900**	**1,450**	**5,800**	**74,650**
9. Eurobond 2033 (green bond)	**603,125**	**9,375**	**37,500**	**556,250**
10. Eurobond 2041	**104,640**	**1,560**	**6,240**	**96,840**
11. Eurobond 2025	**509,375**	**3,125**	**506,250**	**-**
12. Eurobond 2030	**510,000**	**1,250**	**5,000**	**503,750**
13. Eurobond 2028	**503,750**	**625**	**2,500**	**500,625**
14. Eurobond 2033	**527,500**	**2,500**	**10,000**	**515,000**
15. Eurobond 2026 (green bond)	**572,500**	**18,125**	**554,375**	**-**
16. Eurobond 2029 (green bond)	**641,715**	**20,245**	**80,980**	**540,490**
17. Commercial papers 2022	**712,500**	**712,500**	**-**	**-**
31 December 2022	**7,736,035**	**959,691**	**2,487,782**	**4,288,562**
31 December 2021	**6,170,221**	**347,595**	**1,993,141**	**3,829,485**

8. Current account EnBW AG

	31-12-2022 EUR	31-12-2021 EUR
EnBW AG	4,784,336	-

During the period under review, the current account changed from a receivable in the amount of EUR 2,751,353 to a payable in the amount of EUR 4,784,336.

The interest on this current account is ESTER + 0.60% for liabilities and ESTER flat for receivables (2021: EONIA + 0.60% for liabilities and EONIA flat for receivables). If the ESTER rate is negative, the ESTER is set to 0%. No securities are provided.

9. Accrued expenses

	31-12-2022 EUR	31-12-2021 EUR
Interest bonds	65,858,845	61,621,784
Trade creditors	135	83
Auditors' and consultants' fees	109,350	97,000
Other accrued expenses	1,120	2,111
	65,969,450	61,720,978

Notes to the statement of income for the period 1 January – 31 December 2022

10. Interest income and similar income

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Loans EnBW AG	123,086,144	120,144,036
Exchange rate differences	3,227	3,003
	123,089,371	120,147,039

11. Interest expenses and similar expenses

	Year ended 31 December 2022 EUR	Year ended 31 December 2021 EUR
Interest bonds/CP	118,645,696	109,207,436
Current account EnBW AG	10,074	107
Bank charges	20,568	25,739
Other interest	7,954	-
	118,684,292	109,233,282

12. General expenses

	Year ended 31 December 2021 EUR	Year ended 31 December 2020 EUR
Auditors' fees	148,355	106,733
Consultants' fees	27,010	85,232
Management fees and administrative expenses	344,014	267,357
Office rent	24,299	24,317
Other general expenses	33,655	19,909
	577,333	503,548

The audit and other accounting fees of the accounting organisation providing the audit opinion of the annual accounts are specified as follows:

	Year ended 31 December 2022 EUR BDO Audit & Assurance B.V.	Period ended 31 December 2021 EUR BDO Audit & Assurance B.V.
Audit annual accounts	104,196	86,000
Other audit assignment	44,159	20,733
	148,355	106,733

13. Wages and salaries

	Year ended 31 December 2022 EUR	Period ended 31 December 2021 EUR
Salaries	135,881	152,347
Social security's premiums	5,267	3,344
Other personnel costs	-	-
	141,148	155,691

14. Remuneration

During 2022, the Company paid a remuneration in the amount of EUR 41,618 (2021: EUR 24,752) to its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2022 amounted to EUR 50,000 (2021: EUR 50,000) and is provided in the form of a fixed remuneration. No other remunerations were provided.

15. Average number of employees

The Company employs three staff members in the Netherlands (2021: two staff members).

16. Income tax

Company's profit or loss

The major components of income tax expense for years ended 2022 and 2021 are:

	Year ended 31 December 2022 EUR	**Period ended 31 December 2021 EUR**
Current income tax:		
Current income tax charge	1,713,891	3,178,525
Adjustments in respect to current income of tax previous years	(679)	762
Deferred tax		
Relating to origination and reversal of temporary differences	(313,027)	1,270,511
Income tax expense reported in the statement of comprehensive income	1,400,185	4,449,798

The current income tax charge comprises of corporate income tax (payable) EUR 1,713,891 (2021: EUR 3,178,525). The Company received final assessments for Corporate Income Tax up to 2019. Management expects no changes anymore for the tax position of the mentioned financial year.

Current tax expense

The Company constitutes a financing Company for EnBW AG and provides and co-ordinates beneficial services to EnBW AG. In return for this EnBW AG pays a loan management fee.

In December 2018 the tax advisor filed a (new) Advance Pricing Agreement (APA) request. In June 2019 the fiscal authorities had granted this request. This ruling covers all loans granted up to and including December 31, 2023.

On 9 June 2021 the tax advisor sent an informative letter to the fiscal authorities with respect to the issuances of the bonds in 2020 of which amounts exceeded the volume of the ruling as of 2020. Furthermore, with the issuances of the two bonds during 2021 and the two bonds during 2022, the volume of the ruling was further exceeded. The increase in volume did not materially affect the facts and circumstances upon which the ruling was based.

The taxable profit can be calculated as follows:

	Year ended 31 December 2022 EUR	Period ended 31 December 2021 EUR
Loan management fee	2,617,474	2,153,503
Interest income loans not included in APA	4,440,448	10,936,600
Deductible costs	(249,586)	(278,003)
Taxable profit	6,808,336	12,812,100
Corporate Income Tax (payable)	1,713,891	3,178,525
Creditable withholding tax costs	-	-
Total corporate income tax due	1,713,891	3,178,525
Effective rate	25.17%	24.81%

The applicable CIT rates for 2022 are: 15% (2021: 15%) for the first bracket of EUR 395,000 (2021: EUR 245,000) and 25.8% for the second bracket (2021: 25%). The change of the first bracket increases the tax charge with EUR 36,387 for 2022. The change of the CIT rate is a result of changes of legislation.

To date the tax returns, those have been filed up to and including 2020, are settled up to 2020. For the current book year, a preliminary tax assessment in the amount of EUR 4,400,261 has been paid.

The current APA agreement expires on 31 December 2023.

Deferred tax asset

	2022 EUR	2021 EUR
Balance at 1 January	202,973	1,473,484
Expected credit losses of financial assets	313,027	(1,270,511)
Balance at 31 December	516,000	202,973

The deferred tax asset is solely related to the expected credit losses of financial assets. The available losses to carry forward amount to EUR 0 (2021: 0). The applied tax rate is 25.8% (2021: 25%).

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

17. Transactions with related parties

Transactions with related parties include relationships between the Company, companies of the EnBW Group, the Company's Directors and the members of the Supervisory Board.

Transactions with key management personnel

During 2022 the Company paid a remuneration in the amount of EUR 41,618 (31 December 2021: EUR 24,752) to its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in the period of 2022 amounted to EUR 50,000 (31 December 2021: EUR 50,000) and is provided in the form of a fixed remuneration. No other remunerations were provided.

No transactions with key management have occurred other than the remuneration. The outstanding balances relating to key management amount to Nil (31 December 2021: Nil).

Transaction with EnBW Group

The Company obtains funds from the market by issuing corporate bonds/notes as well as by the use of short-term commercial paper contracts. The net proceeds of these notes and contracts are lent on in the form of intercompany loans. The Company issued the following loans toward EnBW AG during the year:

The Company had diverted the proceeds from the issue of the Eurobond 2022/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 22 November 2022. The payment of the loan has taken place after deduction of management and underwriting fees and "disagio" (in total EUR 2,875,000). These amounts are amortized over the lifetime of the loan.

Furthermore, the Company had diverted the proceeds from the issue of the Eurobond 2022/2029 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 22 November 2022. The payment of the loan has taken place after deduction of management and underwriting fees (in total EUR 1,250,000). These amounts are amortized over the lifetime of the loan.

The Company has issued several new short-term Euro notes under the Commercial Paper Programme. During 2022, 176 new transactions (2021: 9) took place for in total EUR 6 billion (2021: EUR 605 million). As per balance sheet date EUR notes in the total amount of EUR 712.5 million (2021: EUR 240 million) remain outstanding. The interest rate on all transactions was 0%. Commercial Paper notes had a maximum maturity of six months. EnBW AG has provided no securities but has taken over the irrevocable and unconditional guarantee towards the dealers with respect to the prescribed and punctual payment of capital and interest of the Commercial Paper notes issued by the Company.

The outstanding non-current loan receivable with EnBW AG as per 31 December 2022 is EUR 5,518,799,119 (31 December 2021: EUR 4,648,091,055). The outstanding current loan receivable with EnBW AG as per 31 December 2022 amounts EUR 1,107,899,446 (31 December 2021: EUR 537,917,363) and relates to the CHF loan, OPOLE loan and Commercial Papers. The OPOLE loan has been extended until 28 October 2023 at an interest rate of 1.08%. The outstanding current interest receivable with EnBW AG is EUR 70,038,286 (31 December 2021: EUR 72,547,239).

The current account with EnBW AG changed from being a receivable in the amount of EUR 2,174,366 as per 31 December 2021 to a payable in the amount of EUR 4,784,336 as per 31 December 2022.

The total amount of interest income charged to EnBW AG as per 31 December 2022 amounts to EUR 123,089,371 (31 December 2021: EUR 120,147,039). The total amount of interest expenses paid to EnBW AG amounts to EUR 0 (31 December 2021: EUR 0).

The Company received during 2022 in total EUR 3,116,938 (31 December 2021 EUR 2,553,644) for fees charged to EnBW AG. The fees comprised of remuneration for the Company's financing activities in the amount of EUR 2,617,474 (2021: EUR 2,153,503) as well as a recharge of expenses in the amount of EUR 499,464 (31 December 2021: EUR 400,141).

Due to the Company's general policy to match funding in terms of maturities and interest rate risks, the funds obtained are lent onward at similar conditions. As a consequence, the terms in respect of currencies, maturities and interest rate on the in – and outbound loans correspond.

18. Movements of financial instruments

	Year ended 31 December 2022 EUR	Period ended 31 December 2021 EUR
Increase (decrease) of provision	24,247,800	(6,112,536)

Please refer to the credit risk paragraph starting on page 23 for more details of the movement in the ECL.

19. Off balance commitments

The Company entered into a rental agreement for the rent of an office accommodation in Amsterdam for the period 1 September 2016 up to and including 31 August 2017. After extension of a year, the agreement now will continue for periods of one year at a time, unless terminated by either party. The rent obligation until the end of the current contract time is EUR 3,709.

The current APA agreement expires 31 December 2023.

20. Post balance sheet events

On 11 January 2023, the Board of Managing Directors resolved to issue additional bonds in a total amount of up to EUR 2 billion under the Company's existing EUR 10,000,000,000 Debt Issuance Programme in 2022. The Supervisory Board and the Shareholder of the Company have approved said board resolution on 12 January 2023 by way of execution of written resolutions.

On 24 January 2023, the company issued two senior bonds for a total volume of EUR 1.25 billion. The two bonds have a principal amount of EUR 500 million and EUR 750 million and a term of 5.5 years and 12 years, respectively, combined with coupons of 3.5% and 4.0%.

Following the invasion of Russia into Ukraine (disclosed under the Political risk paragraph on page 26 and 27), commodity markets became more volatile. High volatility can lead to higher margin payments (i.e. collaterals) for the trading activities of EnBW AG. To retain a comfortable level of liquidity and at the same time have a maturity match, EnBW AG has requested the Company to issue Commercial Paper notes under the existing EUR 2,000,000,000 Multi Currency Commercial Paper Programme.

Until 3 March 2023, the Company has issued EUR 190 million of Commercial Paper notes, of which one Commercial Paper in the amount of EUR 130 million was repaid on 13 February 2023.

As the volatility in the commodities market is expected to remain, further issuance is assumed in the weeks to come. The Board of Directors has assessed the whole situation and has reason to believe that issuance of additional Commercial Paper notes does not have impact on the financial position and going concern of the Company, nor triggers any impairments of the loans due from EnBW AG.

No other events which would be significant for assessing the net assets, financial position and result of the Company occurred after 31 December 2022.

21. Future outlook

It is expected that the financing activities will develop in line with the strategy of EnBW AG.

22. Appropriation of result

In March 2022 the General Meeting of Shareholders adopted the annual accounts 2021 and approved to distribute dividend in the amount of EUR 14,470,900 by way of settlement of the outstanding current account balance.

23. Going concern

The Board of Directors carried out a going concern assessment and is not aware of any material uncertainties that may cause reasonable doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements have been prepared on the basis of the going concern assumption.

Amsterdam, 13 March 2023

EnBW International Finance B.V.

The Board of Management

sgd.	sgd.
P.A. Berlin	W.P. Ruoff

Supervisory board

sgd.	sgd.	sgd.
M.P. Münch	F. van der Rhee	G.J. Gutekunst

Other information

Provisions in the articles of association concerning the appropriation of profits

Under Article 26 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholder's equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Auditors' report

The auditors' report is shown on the next page and further.

Independent auditor’s report

To: the shareholders and Supervisory Board of EnBW International Finance B.V.

A. Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of EnBW International Finance B.V. based in Amsterdam.

WE HAVE AUDITED	OUR OPINION
The financial statements comprise: 1. the statement of financial position as at 31 December 2022; 2. the following statements for 2022 the statement of income, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows; and 3. the notes comprising material accounting policy information.	In our opinion, the accompanying financial statements give a true and fair view of the financial position of EnBW International Finance B.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of EnBW International Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 67,000,000. The materiality is based on a benchmark of total assets (representing 1,0% of total assets) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 3,350,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach going concern

The financial statements are prepared on the basis of the going concern assumption, which assumes that the EnBW International Finance B.V. will continue to operate as a going concern for the foreseeable future. As explained in the section ‘Going concern’ on page 52 of the financial statements and in the section ‘Report and control management’ in the Report of the Board of Management, the Board of Directors has carried out a going concern assessment and has not identified any events or circumstances that may cause reasonable doubt on the entity's ability to continue as a going concern (hereinafter: ‘going concern risks’).
Our audit procedures to evaluate the board’s going concern assessment included:

- considered whether the board's going concern assessment contains all relevant information that we have knowledge of and inquired the board on key assumptions and estimates. In doing so, we have paid attention, among the other things to the recoverability of the loans.
- obtained information from the board about its knowledge of going concern risks beyond the period of the going concern assessment carried out by the board.

Our audit procedures indicated that the going concern assumption used by the board is appropriate and no going concern risks have been identified.

Audit approach fraud risks

We refer to section “Report and control management” on page 4 of the management report for management’s fraud risk assessment in which is described how the 4-eye principle is used to ensure that day to day activities are compliant for legal and compliance perspective. Additionally EnBW International Finance B.V. uses third party service providers which have their own Standard ISAE 3402 reports describing among others the control environment and control objectives on which is relied as one of the control measures.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its

environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.
We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the EnBW Group code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- As in all of our audits and based on our professional standards, we identified and addressed the risk of management override of internal control.
  We performed procedures to evaluate key accounting estimates in particular relating to important judgment areas and significant accounting estimates related to the valuation of the loans, issued to EnBW AG as disclosed in note 1 of the financial statements and the interest receivables from EnBW AG as disclosed in note 2 of the financial statements. We have also used data analysis to identify and address high-risk journal entries.
- We have rebutted the presumed fraud risk on revenue recognition, due to the simplicity of the process and the high predictability, as well as the absence of incentives by the Board of Directors.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of the Board of Directors and Supervisory Board.

The above mentioned approach did not lead to indications for potential risks of material misstatements due to fraud.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF LOANS ISSUED	OUR AUDIT APPROACH
We consider the valuation of the loans, issued to EnBW AG as disclosed in note 1 of the financial statements and the interest	We have performed detailed audit procedures addressing the valuation of the

receivable loans from EnBW AG as disclosed in note 2 of the financial statements, combined representing 99,91% of the balance sheet total, a key audit matter. We identified this as a key audit matter due to the size of the loans issued and due to the material impact a possible impairment may have on the income statement. Initially, loans issued to and the interest receivable loans from EnBW AG are recognized at its fair value and subsequently carried at amortized cost using the effective interest method. The Board of Directors recognized the expected credit loss provision with regard to the loans issued to and the interest receivable loans with EnBW AG in accordance with IFRS 9.	loans issued to and the interest receivable loans from EnBW AG. We have performed the following audit procedures: ▶ Inspected the loan agreements entered into between the company and EnBW AG. ▶ Inspected the agreement with guarantor EnBW AG. ▶ Inspected the 2022 interim financial statements of EnBW AG and financial statements as per 31 December 2021 of EnBW AG. ▶ Evaluated the information derived from credit rating agencies: Standard & Poor's and Moody's. ▶ Evaluated the probability of default rate derived from Bloomberg. ▶ Evaluated the loss given default rate. ▶ Assessed the accuracy of the assumptions used by the company in the expected credit loss calculation and assessed the accuracy of the calculated expected credit loss. ▶ Reviewed the market values of the outstanding notes. ▶ Reviewed news reports on Google and Reuters of the company and EnBW AG. ▶ Searched and evaluated the information for investors on the website of EnBW AG. ▶ Discussed the recent developments in the financial position and the cash flows with the Board of Directors and the supervisory board of the company. ▶ Assessed the adequacy of the disclosures in the financial statements relating to both the loans issued to and current account receivables from EnBW AG.

C. Report on other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

- The Report of the Board of Management;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2, of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

D. Report on other legal and regulatory requirements and European Single Electronic Format

Engagement
We were engaged by the supervisory board as auditor of EnBW International Finance B.V., as of the audit for financial year 2015 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)
EnBW International Finance B.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML-format, including the financial statements of EnBW International Finance B.V., has been prepared in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.
We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including examining whether the annual financial report in XHTML-format is in accordance with the RTS on ESEF.

E. Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors ;
- concluding on the appropriateness of the Board of Directors use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board , we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amstelveen, 13 March 2023

For and on behalf of BDO Audit & Assurance B.V.,

sgd.
W.J.P. Hoeve RA
