EnBW International Finance B.V.

Report on the interim financial statements for the period 1 January – 30 June 2019

EnBW International Finance B.V.

Contents

Financial Report

Report of the Board of Management

The Directors of EnBW International Finance B.V. herewith submit its financial report for the period from 1 January to 30 June 2019.

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') in Germany. EnBW AG is part of the EnBW Group.

The Company was founded by EnBW AG on 2 April 2001, according to 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.

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 Company employs three staff members. The Board of Directors consists of two members, the Supervisory Board consists of three members, and the Audit Committee consists of three members including an independent chairman. The Board of Directors is responsible for the internal control and the management of risks within the Company.

Activities during the period

During the period 1 January to 30 June 2019, the Company issued a new bond for EUR 75 million on 21 January 2019. The Company remained making use of a short-term financing instrument (Commercial Paper) of which per 30 June 2019 in total EUR 600 million was outstanding. All the proceeds under the Commercial Paper programme mature within one year.

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

EnBW International Finance B.V.

Result and other performance indicators

	Period ended 30 June 2019 (EUR million)	Year ended 31 December 2018 (EUR million)	Period ended 30 June 2018 (EUR million)
Net result	16	40	16
Net interest result	23	46	23
Shareholder's equity	1,148	1,169	1,145
Free cash	0.27	0.71	0.66
Net working capital	852	39	17
Solvency (equity/ total assets)	26%	29%	27%

Principle risks and uncertainties

The principal 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, 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 (towards different banks, dependable on the loan provided) 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 30 June 2019 amounted EUR 4.5 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, 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 33 and 40.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) 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 two loans outstanding to EnBW AG (GESO and OPOLE) which are not on-lending loans from debts. These loans were financed by equity. The total fair value of these loans per 30 June 2019 amounted EUR 1.2 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 loans granted in 2010 and 2012 which are funded by equity. These loans bear a fixed interest rate. 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), Japanese yen (JPY) and US Dollar (USD).

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 of the 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.

Sensitivity analysis

The Board of Directors considers the above-mentioned risks to be minimal and therefore has not performed a sensitivity analysis.

Capital management

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 reflected by loans receivables with identical characteristics. No impairments are to be expected.

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

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 members of which two are male (100%) and none are female (0%). The Supervisory Board consists of three members of which three are male (100%) and none are female (0%). 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. However, as gender is only part of diversity, the Board of Directors will continue to select their members on the basis of their background, knowledge and experience.

Future outlook and Post-balance sheet events

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

The Company continues the use of the Commercial Paper Programme in 2019.

No other events which would be significant for assessing the net assets, financial position and result of EnBW International Finance B.V. occurred after 30 June 2019.

Activities in the field of research and development

The Company is not engaged in such activities.

Market environment

EnBW International Finance B.V. issues under the guarantee of EnBW AG and therefore is exposed to the market conditions which affect EnBW AG as well.

The long-term credit ratings of EnBW AG are A3 with negative outlook (Moody's), A- with stable outlook (Standard & Poor's) and A- with stable outlook (Fitch).

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 annual report provides 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 at 30 June 2019 and the described activities during the period.

Amsterdam, 15 July 2019

EnBW International Finance B.V.

The Board of Directors

Sgd.	Sgd.
Mr. P.A. Berlin	Mr. W.P. Ruoff

EnBW International Finance B.V.

Statement of financial position as at 30 June 2019

(before appropriation of the profit)

	Note	30 June 2019		31 December 2018	
		EUR	EUR	EUR	EUR
Non-current assets					
Investments					
Loans EnBW AG	*1*	2,953,055,491		3,707,477,457	
Deferred tax assets	*16*	410,040		459,050	
			2,953,465,531		3,707,936,507
Current assets					
Receivables					
Loans EnBW AG	*1*	1,433,291,063		249,855,750	
Interest receivable loans EnBW AG	*2*	81,323,196		100,403,716	
Corporation tax		5,625,222		-	
Turnover tax		25,770		12,625	
Deposit office lease		4,749		4,749	
			1,520,270,000		350,276,840
Cash and cash equivalents	*3*		267,082		708,125
			4,474,002,613		4,058,921,472
Shareholder's equity					
Issued and paid up share capital	*4*	100,000		100,000	
Share premium reserve	*5*	1,131,613,974		1,131,613,974	
Other reserves	*6*	-		(2,625,958)	
Undistributed result		16,328,353		39,934,869	
			1,148,042,327		1,169,022,885
Non-current liabilities					
Interest-bearing loans and borrowings	*7*	2,657,418,097		2,577,198,453	
			2,657,418,097		2,577,198,453
Current liabilities					
Interest-bearing loans and borrowings	*7*	600,000,000		250,000,000	
Current account EnBW AG	*8*	9,806,653		7,251,607	
Corporation tax		-		161,679	
Accrued expenses and deferred income	*9*	58,735,536		55,286,848	
			668,542,189		312,700,134
			4,474,002,613		4,058,921,472

EnBW International Finance B.V.

Statement of income for the period 1 January – 30 June 2019

(expressed in Euros)

		Period ended 30 June 2019	Year ended 31 December 2018	Period ended 30 June 2018
Interest income and similar income	*10*	73,130,937	184,910,618	94,489,631
Interest expenses and similar expenses	*11*	50,238,113	139,417,179	71,590,022
NET INTEREST RESULT		**22,892,824**	**45,493,439**	**22,899,609**
FEES RECEIVED FROM ENBW AG	*16*	**697,300**	**1,256,905**	**625,739**
GENERAL AND ADMINISTRATIVE EXPENSES				
General expenses	*12*	232,210	424,319	158,380
Wages and salaries	*13*	72,354	114,175	76,198
Recharged expenses		(230,982)	(361,560)	(137,136)
(Decrease) / increase expected loss on loans	*18*	1,270,918	(987,201)	1,465,804
		1,344,500	**(810,267)**	**1,563,246**
RESULT BEFORE CORPORATE INCOME TAX		**22,245,624**	**47,560,611**	**21,962,102**
Other financial income		-	4,205,000	-
Corporate income tax current year	*16*	(5,917,271)	(11,830,742)	(5,651,224)
NET RESULT		**16,328,353**	**39,934,869**	**16,310,878**
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss		-	-	-
Items that may be reclassified to profit or loss		-	-	-
OTHER COMPREHENSIVE INCOME, NET OF TAX		-	-	-
TOTAL COMPREHENSIVE INCOME		**16,328,353**	**39,934,869**	**16,310,878**

EnBW International Finance B.V.

Statement of cash flows for the period 1 January - 30 June 2019

(prepared in accordance with the direct method, all amounts expressed in Euro)

	1 January - 30 Jun 2019	1 January - 30 Jun 2018
Operating activities		
Cash receipts from group companies	11,377,783	11,350,000
Cash paid to employees	(74,439)	(77,524)
Cash paid to suppliers	(262,330)	(173,109)
Cash generated from operations	11,041,014	11,099,367
Interest paid	(45,999,676)	(45,854,869)
Interest received	46,195,224	46,050,092
Taxes paid	(11,678,121)	(11,690,224)
Cash flows from operating activities	(441,559)	(395,634)
Investing activities		
Repayment of other investments	450,000,000	-
Proceeds from other investments	(874,738,250)	-
Cash flows from investing activities	(424,738,250)	-
Financing activities		
Proceeds from borrowings	874,738,250	-
Repayment of (non-) current borrowings	(450,000,000)	-
Group company current account	-	38,902
Cash flows from financing activities	424,738,250	38,902
Net increase (decrease) in cash and cash equivalents	(441,559)	(356,732)
Exchange results	516	11,989
Cash and cash equivalents as 1 January	708,125	1,006,545
Cash and cash equivalents at 30 June	267,082	661,802

Statement of changes in equity for the period 1 January - 30 June 2019

(expressed in Euros)

	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2018	100,000	1,131,613,974	-	32,451,552	1,164,165,526
Implementation of IFRS 9 'Financial Instruments'	-	-	(2,625,958)	-	(2,625,958)
Balance at 1 January 2018 revised	100,000	1,131,613,974	(2,625,958)	32,451,552	1,161,539,568
Appropriation of the result	-	-	32,451,552	(32,451,552)	-
Dividend to shareholder	-	-	(32,451,552)	-	(32,451,552)
Result for the period	-	-	-	16,310,878	16,310,878
Balance at 30 June 2018	100,000	1,131,613,974	(2,625,958)	16,310,878	1,145,398,894
Balance at 1 January 2019	100,000	1,131,613,974	(2,625,958)	39,934,869	1,169,022,885
Appropriation of the result	-	-	39,934,869	(39,934,869)	-
Dividend to shareholder	-	-	(37,308,911)	-	(37,308,911)
Result for the period	-	-	-	16,328,353	16,328,353
Balance at 30 June 2019	**100,000**	**1,131,613,974**	**-**	**16,328,353**	**1,148,042,327**

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, hereafter 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, where EnBW AG holds 100% of the shares.

The Company was incorporated and started its activities on April 2, 2001. The Articles of Association of the Company (including the Memorandum of Association) were notarially executed on April 2, 2001. In December 2014 the articles of association were revised to include a supervisory board and to be in line with the Flex-BV regulations. In December 2016 the Articles of Association were revised and the statutory seat of the Company is now Amsterdam (formerly: Rotterdam). The Company's address is Herikerbergweg 122, 1101 CM Amsterdam. The file 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;
- 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.

Basis of preparation

(a) Statement of compliance

The interim report has been prepared in accordance with IAS 34. For this interim report, the same principles are applied as for the annual report.

(b) Basis of preparation

The interim report is 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 interim report has been drawn up on a going concern basis. Assets and liabilities are only offset in the interim report 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.

EnBW International Finance B.V.

1. New standards, interpretations and amendments effective from 1 January 2019

IFRS 16 Leases
The Company does not have lease contracts with duration of more than 12 months and is not fully certain if the existing contracts will be extended. Therefore, IFRS 16 does not have impact for the Company.

Prepayment Features with Negative Compensation – Amendments to IFRS 9
The narrow-scope amendments made to IFRS 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortized cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The Company has not received such prepayable financial assets and therefore this amendment does not impact the interim report.

Other standards
The following amended standards and interpretations do not have a significant impact on the Company's interim report.

- Interpretation 23 Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

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 interim report.

- IFRS 17 Insurance Contracts
- Definition of a Business - Amendments to IFRS 3
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments regarding the definition of material information (Amendments to IAS 1 and IAS 8)

The Board of Directors believes that new accounting standards that will be implemented as from 1 January 2020 will not have significant impact for the Company.

(c) **Use of estimates and judgements**

The preparation of interim report 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 recognised 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 within 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.

There are no other substantial judgements, estimates and assumptions in the interim report 2019 and 2018.

Significant accounting policies

Policies applicable before 1 January 2018

(a) **Investments**

Investments are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, investments are stated at amortised cost (less impairment losses if any) with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings on an effective interest basis as per inception date. Investments with duration less than one year are stated at the current assets.

A loan is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment is a permanent decline in the value of an asset. No impairments on loans or interest receivables were considered to be necessary.

(b) **Other receivables**

Other receivables are recognised initially at fair value. Subsequent to initial recognition, other receivables are stated at amortised cost less impairment if any. A receivable is impaired when the carrying amount of the asset exceeds its recoverable amount.

(c) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value. Cash and cash equivalents are stated at face value.

(d) **Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings on an effective interest basis as per inception date.

(e) **Other payables**

Other payables are recognised initially at fair value. Subsequent to initial recognition, other payables are stated at amortised cost.

Policies applicable after 1 January 2018

(f) **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 flows;

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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

In order for a financial asset to be classified and measured at amortised 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 derecognised 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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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 recognises 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 recognised in two 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).

(g) Financial liabilities

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

Initial Recognition and Classification
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The subsequent measurement depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised 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 amortisation is included as interest expense in the statement of profit or loss.

The Company's financial liabilities consist of interest-bearing loans and borrowings and interest bond loans.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different 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 recognised in the statement of profit or loss.

(h) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset 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. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented on a gross basis.

(i) 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.

(j) 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 recognised in the period to which they are related.

(k) Income tax

Current income tax
Income tax on the profit or loss for the period comprises current 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.

Deferred tax

Deferred tax is recognised 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 recognised 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 recognised 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 recognise 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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.

(l) **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 recognised in the income statement.

Exchange rates applicable as at 30 June 2019 are as follows:
1 CHF = EUR 0.8923 (31 December 2018: EUR 0.8874)
1 JPY = EUR 0.0082 (31 December 2018: EUR 0.0079)
1 USD = EUR 0.8807 (31 December 2018: EUR 0.8734)

The average exchange rates for the period 1 January to 30 June 2019 are as follows:
1 CHF = EUR 0.8854 (2018: EUR 0.8658)
1 JPY = EUR 0.0080 (2018: EUR 0.0077)
1 USD = EUR 0.8852 (2018: EUR .08468)

(m) **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 June 30, 2019 amounts to EUR 3,638 million (December 31, 2018: EUR 3,267 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 2,655 million) and the book value of the long-term interest-bearing loans and borrowings (EUR 2,953 million) concerns the long-term loan to EnBW AG as a result of the sale of the OPOLE-shares in 2012 through EnBW Investment I B.V. (EUR 298 million). The difference between the book value of the loans to EnBW AG (EUR 1,433 million) which mature within a year and the book value of the short-term interest-bearing loans and borrowings (EUR 600 million) concerns a loan to EnBW AG as a result of the sale of the GESO shares in 2010 (EUR 834 million) through EnBW Investment I B.V.

The fair value of these two loans is based on internal calculations.

The fair value of the other assets and liabilities as at 30 June 2019 and 31 December 2018 is equal to the valuation in the balance sheet.

EnBW International Finance B.V.

The carrying and fair value of the assets and liabilities as at 30 June 2019 and 31 December 2018 is specified in the following overview.

Level		Carrying value 30 June 2019 (EUR million)	Fair value 30 June 2019 (EUR million)	Unrecognised gain/(loss) 2019 (EUR million)	Carrying value 31 Dec. 2018 (EUR million)	Fair value 31 Dec. 2018 (EUR million)	Unrecognised gain/(loss) 2018 (EUR million)
2	Loans EnBW AG (corresponding debts are listed)	2,655	3,638	983	2,576	3,267	691
3	Loan EnBW AG (GESO)	834	879	45	834	879	45
3	Loan EnBW AG (OPOLE)	298	335	37	298	331	33
3	Commercial Paper EnBW AG	600	600	-	250	250	-
n.a.	Current Assets	87	87	-	101	101	-
n.a.	Cash and cash equivalents	0.3	0.3	-	1	1	-
1	Debts (listed)	2,657	3,638	(981)	2,577	3,267	(690)
3	Commercial Paper	600	600	-	250	250	-
n.a.	Current liabilities	69	69	-	63	63	-

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)
- Loan EnBW AG (non-current)
- Interest bond loans
- Interest-bearing loans and borrowings (current)
- Interest-bearing loans and borrowings (non-current)

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

Financial instruments by category

Financial assets

	Fair value through profit or loss		Amortised cost (Loans and receivable 2018)		Fair value through Other comprehensive income	
	30-06-2019 EUR 1,000	31-12-2018 EUR 1,000	30-06-2019 EUR 1,000	31-12-2018 EUR 1,000	30-06-2019 EUR 1,000	31-12-2018 EUR 1,000
Cash and cash equivalents	-	-	267	708	-	-
Interest receivable loans EnBW AG	-	-	81,323	100,404	-	-
Loan EnBW AG (current)	-	-	1,433,291	249,856	-	-
Loan EnBW AG (non-current)	-	-	2,953,055	3,707,477	-	-
	-	-	4,467,936	4,058,445	-	-

Financial liabilities

	Fair value through profit or loss		Amortised cost	
	30-06-2019 EUR 1,000	31-12-2018 EUR 1,000	30-06-2019 EUR 1,000	31-12-2018 EUR 1,000
Interest bond loans	-	-	58,689	55,005
Interest-bearing loans and borrowings (current)	-	-	600,000	250,000
Interest-bearing loans and borrowings (non-current)	-	-	2,657,418	2,577,198
	-	-	3,316,107	2,882,203

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 (towards different banks, dependable on the loan provided) 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 30 June 2019 amounted EUR 4.5 billion.

As loans receivables at amortised 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 LDG rates were defined based on historical loss rates of its parent company, and adjusts for forward looking macroeconomic data. The expected credit loss rate for EnBW AG on 30 June 2019 was 0.0794% (2018: 0.0577%). 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 June 2019 increased by EUR 1,3 million. 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 Company does not expect any credit loss during the foreseeable future.

The long-term credit ratings of EnBW AG are A3 with a negative outlook (Moody's), A- with a stable outlook (Standard & Poor's) and A- with a stable outlook (Fitch).

At 30 June 2019 the Company has no financial assets which are past due but not impaired (2018: none) and no financial assets whose terms have been renegotiated (2018: none). 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 derecognised 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 amortised cost as at 30 June 2019 reconciles to the opening loss allowance on 1 January 2019 and to the closing loss allowance as at 30 June 2019 as follows:

	2019 **EUR 1,000**
Opening loss allowance as at 1 Janauary 2019	**2,295**
Increase (decrease) in loan loss allowance recognised in profit or loss during the year	869
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	402
Increase (decrease) in loan loss allowance due to repaid financial asset during the year	0
Closing loss allowance as at 30 June 2019	**3,566**

For financial assets at amortised 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 other 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)	**30-06-2019** **EUR 1,000**	**31-12-2018** **EUR 1,000**
Deutsche Bank AG (current account)	**A3 (Negative)**	**198**	**557**
Baden-Württembergische Bank (current accounts)	**Aa3 (stable)**	**69**	**151**
		267	**708**

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 impairment requirements have not been applied, 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 33 and 40.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) 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 two loans outstanding to EnBW AG (GESO and OPOLE) which are not on-lending loans from debts. These loans were financed by equity. The total fair value of these loans per 30 June 2019 amounted EUR 1.2 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), Japanese yen (JPY) and US dollar (USD). The related income per currency is: EUR: € 68.9 million, CHF: € 1.0 million, JPY: € 3.2 million and USD: € 0.

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 loans granted in 2010 and 2012 which are funded by equity. These loans bear a fixed interest rate. Therefore, the Company is not significantly exposed to variability of cash flows due to market development in interest rates.

Sensitivity analysis

The Board of Directors considers the above-mentioned risks to be minimal and therefore has not performed a sensitivity analysis.

Capital management

Capital includes ordinary share capital and other equity attributable to the equity holders of the parent. As at 30 June 2019 and 2018, the Company's equity amounted to EUR 1,148,042,327 and EUR 1,169,022,885 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 reflected 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 period.

The Company is not subject to externally imposed capital requirements.

Notes to the balance sheet as 30 June 2019

1. Investments

1a Statement of changes in investments

	2019 EUR	2018 EUR
Balance at 1 January	3,957,333,207	4,050,733,151
Movement due to IFRS 9 Financial Instruments	(1,206,296)	987,201
Repayment loans	450,000,000	(857,092,612)
Issued loans	874,738,250	746,420,000
Exchange differences	4,915,742	14,655,223
Other movements	565,651	1,630,244
	4,386,346,554	3,957,333,207
Receivables < 1 year (current assets)	(1,433,291,063)	(249,855,750)
Balance at 30 June / 31 December	2,953,055,491	3,707,477,457

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 30 June 2019 amounts to EUR 3,566,165 (2018: EUR 2,295,248). A detailed reconciliation can be found in the Notes on page 24.

1b Loans EnBW AG

	30-06-2019 EUR	31-12-2018 EUR
1. Loan granted in 2004	497,861,301	497,694,695
2. Loan granted in 2008	163,345,312	158,919,349
3. Loan granted in 2009	589,954,647	589,827,198
4. Loan granted in 2010	834,430,000	834,430,000
5. Loan granted in 2012	298,000,000	298,000,000
6. Loan granted in 2013	89,043,564	88,531,264
7. Loan granted in 2014	498,699,836	498,614,552
8. Loan granted in 2014	99,204,740	99,190,440
9. Loan granted in 2014	98,453,206	98,412,404
10. Loan granted in 2014	49,561,271	49,555,379
11. Loan granted in 2014	496,551,926	496,453,174
12. Loan granted in 2018	-	250,000,000
13. Loan granted in 2019	74,742,294	-
14. Loans granted in 2019	600,000,000	-
	4,389,848,097	3,959,628,455
Recognised as:		
Investments (non-current assets)	2,955,418,098	3,709,628,455
Receivables (< 1 year) (current assets)	1,434,430,000	250,000,000

The interest receivable on the loans is presented under current assets. The fair values of these loans can be found on page 20 of the financial report.

The provision for Expected Credit Loss (IFRS 9) for non-current assets amounts EUR 2,362,607 (2018: EUR 2,150,998) and EUR 1,203,559 (2018: EUR 144,250) for current assets.

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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 166,606 (2018: EUR 320,081) is therefore credited to the profit & loss account 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 takes 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 162,074,554) 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 takes 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 127,449 (2018: EUR 356,693) is therefore credited to the profit & loss account 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 takes 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 2010

The Company had diverted the proceeds from the sale of the GESO shares (EUR 834,430,000) by way of a loan to EnBW AG on 31 March 2010.

The loan bears interest at a fixed interest rate (4.130% per annum) and has a fixed term of 10 years. Redemption of the EUR 834,430,000 takes place on 31 March 2020. EnBW AG has provided no securities.

5. 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. Redemption of the EUR 298,000,000 takes place on 28 February 2022. EnBW AG has provided no securities.

6. 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 93,118,540) 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 will be calculated on the basis of the remaining term of the loan. For 2019 CHF 25,240 (2018: CHF 49,343) is therefore credited to the profit & loss account 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 takes place on 12 July 2023.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) 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.

7. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 85,284 (2018: EUR 167,719) is therefore credited to the profit & loss account 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 takes 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.

8. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 14,300 (2018: EUR 27,960) is therefore credited to the profit & loss account 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 takes 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.

9. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 40,802 (2018: EUR 79,880) is therefore credited to the profit & loss account 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 takes 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.

10. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 5,893 (2018: EUR 11,543) is therefore credited to the profit & loss account 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 takes 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.

11. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 98,752 (2018 EUR: 33,174) is therefore credited to the profit & loss account 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 takes 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.

12. Loans granted in 2018

The Company had diverted the net proceeds from the issue of the Commercial Paper Programme by way of loans to EnBW AG for in total EUR 250,000,000 in 5 transactions. The interest rate on all of the drawdowns was 0%.

All loans were repaid by 19 March 2019.

The redemption schedule was as follows:

1. Drawdown amount: EUR 50,000,000. Redemption date: 6 February 2019
2. Drawdown amount: EUR 50,000,000. Redemption date: 11 March 2019
3. Drawdown amount: EUR 50,000,000. Redemption date: 18 March 2019
4. Drawdown amount: EUR 50,000,000. Redemption date: 30 January 2019
5. Drawdown amount: EUR 50,000,000. Redemption date: 19 March 2019

13. 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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 4,044 is therefore credited to the profit & loss account 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 takes 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.

14. Loans granted in 2019

The Company had diverted the proceeds from the issue of the Commercial Paper Programme by way of loans to EnBW AG. Until 30 June 2019, 15 new transactions took place for in total EUR 800,000,000. On 30 June, an amount of in total EUR 600,000,000 was outstanding. The interest rate on all transactions was 0%. Commercial Paper notes have a maximum maturity of one year. The current outstanding amount of EUR 600,000,000 will mature in 2019.

The redemption schedule is as follows:

6. Drawdown amount: EUR 50,000,000. Redemption date: 29 April 2019
7. Drawdown amount: EUR 50,000,000. Redemption date: 28 March 2019
8. Drawdown amount: EUR 50,000,000. Redemption date: 30 April 2019
9. Drawdown amount: EUR 50,000,000. Redemption date: 6 May 2019
10. Drawdown amount: EUR 100,000,000. Redemption date: 12 September 2019
11. Drawdown amount: EUR 100,000,000. Redemption date: 17 October 2019
12. Drawdown amount: EUR 50,000,000. Redemption date: 23 October 20192019
13. Drawdown amount: EUR 50,000,000. Redemption date: 24 October 2019
14. Drawdown amount: EUR 50,000,000. Redemption date: 30 October 2019
15. Drawdown amount: EUR 50,000,000. Redemption date: 6 November 2019
16. Drawdown amount: EUR 50,000,000. Redemption date: 15 November 2019
17. Drawdown amount: EUR 50,000,000. Redemption date: 16 September 2019
18. Drawdown amount: EUR 50,000,000. Redemption date: 23 September 2019
19. Drawdown amount: EUR 20,000,000. Redemption date: 20 September 2019
20. Drawdown amount: EUR 30,000,000. Redemption date: 30 September 2019

EnBW International Finance B.V.

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 EnBW International B.V.

Terms and investment repayment schedule

	Total EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
Loan granted in 2004	646,250	24,375	97,500	524,375
Loan granted in 2008	291,264	6,363	25,453	259,448
Loan granted in 2009	1,371,750	36,750	147,000	1,188,000
Loan granted in 2010	877,507	877,507	-	-
Loan granted in 2012	341,746	10,936	321,635	-
Loan granted in 2013	99,268	2,008	97,260	-
Loan granted in 2014	587,500	12,500	50,000	525,000
Loan granted in 2014	161,600	3,080	12,320	146,200
Loan granted in 2014	143,125	2,875	11,500	128,750
Loan granted in 2014	87,700	1,450	5,800	80,450
Loan granted in 2018	640,625	9,375	37,500	593,750
Loan granted in 2019	109,320	1,560	6,240	101,520
Loans granted in 2019	600,000	600,000	-	-
	5,957,655	1,588,779	812,208	3,547,493

2. Interest receivable loans EnBW AG

	2019 EUR	2018 EUR
Balance at 1 January	100,403,716	105,078,229
Movement due to IFRS 9 Financial Instruments	(64,622)	-
Received interest from EnBW AG	(91,398,235)	(187,054,016)
Interest charged during the year	72,369,219	182,381,135
Exchange differences	13,118	(1,633)
Balance at 30 June / 31 December	81,323,196	100,403,716

In 2018 the Company implemented the first-time adoption of IFRS 9 Financial instruments. The IFRS 9 impact in the amount of in total EUR 57,700 on the 2018 balance was not recognised in the Annual Report of 2018. For 2019, the Company has recognised an impairment provision of EUR 64,622.

3. Cash and cash equivalents

	30-06-2019 EUR	31-12-2018 EUR
Deutsche Bank AG (current accounts)	197,776	557,420
BW Bank (current accounts)	69,306	150,705
	267,082	708,125

Cash and cash equivalents are free at disposal.

4. Issued and paid up share capital

The authorised share capital is composed of 1,000 (2018: 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) resulting in a share premium as per balance sheet date of EUR 1,131,613,974.

	2019 EUR	2018 EUR
Balance as at 1 January	**1,131,613,974**	**1,131,613,974**
Balance as at 30 June / 31 December	**1,131,613,974**	**1,131,613,974**

6. Other reserves

	2019 EUR	2018 EUR
Balance as at 1 January	(2,625,958)	–
Application of IFRS 9 Financial Instruments	–	(2,625,958)
Balance as at 1 January (revised)	(2,625,958)	(2,625,958)
Dividend to shareholder	(37,308,911)	(32,451,552)
Result appropriation	39,934,869	32,451,552
Balance as at 30 June / 31 December	–	(2,625,958)

7. Non-current liabilities

	2019 EUR	2018 EUR
Balance at 1 January	2,827,198,453	2,921,585,599
Repayments of commercial papers/bonds	450,000,000	(857,127,334)
Issuance of bonds and commercial papers	874,738,250	746,420,000
Exchange differences	4,915,741	14,689,944
Other movements	565,653	1,630,244
	3,257,418,097	2,827,198,453
Repayments due < 1 year	(600,000,000)	(250,000,000)
Balance at 30 June / December	2,657,418,097	2,577,198,453

Interest-bearing loans and borrowings

	30-06-2019 EUR	31-12-2018 EUR
1. Eurobond 2004/2025	497,861,301	497,694,695
2. JPY-bond 2008/2038	163,345,312	158,919,348
3. Eurobond 2009/2039	589,954,647	589,827,198
4. CHF-bond 2013/2023	89,043,564	88,531,264
5. Eurobond 2014/2026	498,699,836	498,614,552
6. Eurobond 2014/2039	99,204,740	99,190,440
7. Eurobond 2014/2034	98,453,206	98,412,404
8. Eurobond 2014/2044	49,561,271	49,555,378
9. Eurobond 2018/2033 (green bond)	496,551,926	496,453,174
10. Commercial Paper 2018 (short term)	-	250,000,000
11. Eurobond 2019/2041	74,742,294	-
12. Commercial Paper (short term)	600,000,000	-
	3,257,418,097	2,827,198,453

Recognised as:		
Interest-bearing loans and borrowings (long-term debts)	2,657,418,097	2,577,198,453
Interest-bearing loans and borrowings (current liabilities) (< 1 year)	600,000,000	250,000,000

The fair values of these loans can be found on page 20 of the financial report.

EnBW International Finance B.V.

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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 166,606 (2018: EUR 320,081) is therefore debited to the profit & loss account 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 takes 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 takes 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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 127,449 (2018: EUR 356,693) is therefore debited to the profit & loss account 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 takes 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 will be calculated on the basis of the remaining term of the bond. For 2019 CHF 25,240 (2018: CHF 49,343) is therefore debited to the profit & loss account 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 takes place on 12 July 2023.

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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 85,284 (2018: EUR 167,719) is therefore debited to the profit & loss account 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 takes 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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 14,300 (2018: EUR 27,960) is therefore debited to the profit & loss account 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 takes 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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 40,802 (2018: EUR 79,880) is therefore debited to the profit & loss account 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 takes 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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 5,893 (2018: EUR 11,543) is therefore debited to the profit & loss account 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 takes 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

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). This amount will be calculated on the basis of the remaining term of the bond. For 2019 EUR 98,752 (2018: EUR 33,174) is therefore debited to the profit & loss account 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 takes 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.

10. Commercial Paper Programme

The Company has issued several short-term Euro notes under the Commercial Paper Programme. The notes had a maturity period of 42 to 90 days. The notes bear 0% interest (fixed). All commercial papers that were issued in 2018 were repaid in the period 1 January to 30 June 2019.

The redemption schedule was as follows:

1. Drawdown amount: EUR 50,000,000. Redemption date: 6 February 2019
2. Drawdown amount: EUR 50,000,000. Redemption date: 11 March 2019
3. Drawdown amount: EUR 50,000,000. Redemption date: 18 March 2019
4. Drawdown amount: EUR 50,000,000. Redemption date: 30 January 2019
5. Drawdown amount: EUR 50,000,000. Redemption date: 19 March 2019

11. 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). This amount will be calculated on the basis of the remaining term of the bond. For the period 21 January to 30 June 2019 EUR 4,044 is therefore debited to the profit & loss account and presented as interest expenses.

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

12. Commercial Paper Programme

The Company has issued several short-term Euro notes under the Commercial Paper Programme. Until 30 June 2019, 15 new transactions took place for in total EUR 800,000,000. On 30 June, an amount of in total EUR 600,000,000 was outstanding.

The interest rate on all transactions was 0%. Commercial Paper notes have a maximum maturity of one year. The current outstanding amount of EUR 600,000,000 will mature in 2019.

The redemption schedule is as follows:

6. Drawdown amount: EUR 50,000,000. Redemption date: 29 April 2019
7. Drawdown amount: EUR 50,000,000. Redemption date: 28 March 2019
8. Drawdown amount: EUR 50,000,000. Redemption date: 30 April 2019
9. Drawdown amount: EUR 50,000,000. Redemption date: 6 May 2019
10. Drawdown amount: EUR 100,000,000. Redemption date: 12 September 2019
11. Drawdown amount: EUR 100,000,000. Redemption date: 17 October 2019
12. Drawdown amount: EUR 50,000,000. Redemption date: 23 October 20192019
13. Drawdown amount: EUR 50,000,000. Redemption date: 24 October 2019
14. Drawdown amount: EUR 50,000,000. Redemption date: 30 October 2019
15. Drawdown amount: EUR 50,000,000. Redemption date: 6 November 2019
16. Drawdown amount: EUR 50,000,000. Redemption date: 15 November 2019
17. Drawdown amount: EUR 50,000,000. Redemption date: 16 September 2019
18. Drawdown amount: EUR 50,000,000. Redemption date: 23 September 2019
19. Drawdown amount: EUR 20,000,000. Redemption date: 20 September 2019
20. Drawdown amount: EUR 30,000,000. Redemption date: 30 September 2019

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 EnBW International B.V.

Terms and debt repayment schedule

	Total EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
Secured bond issues:				
Eurobond 2025	**646,250**	**24,375**	**97,500**	**524,375**
JPY-bond 2038	**291,264**	**6,363**	**25,453**	**259,448**
Eurobond 2039	**1,371,750**	**36,750**	**147,000**	**1,188,000**
CHF bond 2023	**99,268**	**2,008**	**97,260**	**-**
Eurobond 2026	**587,500**	**12,500**	**50,000**	**525,000**
Eurobond 2039	**161,600**	**3,080**	**12,320**	**146,200**
Eurobond 2034	**143,125**	**2,875**	**11,500**	**128,750**
Eurobond 2044	**87,700**	**1,450**	**5,800**	**80,450**
Eurobond 2033 (green bond)	**640,625**	**9,375**	**37,500**	**593,750**
Eurobond 2041	**109,320**	**1,560**	**6,240**	**101,520**
Commercial Paper (short term)	**600,000**	**600,000**	**-**	**-**
	4,738,402	700,336	490,573	3,547,493

8. Current account EnBW AG

	30-06-2019 EUR	31-12-2018 EUR
EnBW AG	9,806,653	7,251,607

The interest on this current account is EONIA + 0.60% for liabilities and EONIA flat for receivables (2018: EONIA + 0.60% for liabilities and EONIA flat for receivables). If the EONIA rate is negative, the EONIA is set to 0%. No securities are provided.

9. Accrued expenses and deferred income

	30-06-2019 EUR	31-12-2018 EUR
Interest bonds	58,688,537	55,005,157
Interest loans EnBW AG	-	195,193
Auditors' and consultants' fees	46,999	73,500
Management fees	-	12,000

Other accrued expenses	-	998
	58,735,536	55,286,848

Notes to statement of income for the period 1 January – 30 June 2019

10. Interest income and similar income

	Period ended 30 June 2019 EUR	Year ended 31 December 2018 EUR	Period ended 30 June 2018 EUR
Loans EnBW AG	72,934,872	184,011,379	93,839,879
Loans EnBW Holding AS	-	704,016	442,518
Interest corporation tax	195,548	195,223	195,223
Exchange rate differences	517	-	12,011
	73,130,937	184,910,618	94,489,631

11. Interest expenses and similar expenses

	Period ended 30 June 2019 EUR	Year ended 31 December 2018 EUR	Period ended 30 June 2018 EUR
Interest bonds	50,235,592	138,612,820	71,140,599
Loans EnBW AG	-	705,768	439,303
Current account EnBW AG	-	66,237	-
Bank charges	2,521	15,569	10,120
Exchange rate differences	-	16,785	-
	50,238,113	139,417,179	71,590,022

12. General expenses

	Period ended 30 June 2019 EUR	Year ended 31 December 2018 EUR	Period ended 30 June 2018 EUR
Auditors' fees	64,237	67,894	34,144
Consultants' fees	3,840	143,190	15,402
Management fees and administrative expenses	134,162	166,748	85,362
Office rent	10,364	20,304	10,152
Other general expenses	19,607	26,183	13,320
	232,210	424,319	158,380

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

	Period ended 30 June 2019 EUR BDO Audit & Assurance B.V.	Year ended 31 December 2018 EUR BDO Audit & Assurance B.V.	Period ended 30 June 2018 EUR BDO Audit & Assurance B.V.
Audit annual accounts	45,765	48,500	25,000
Other audit assignment	18,472	19,394	9,144
	64,237	67,894	34,144

13. Wages and salaries

	Period ended 30 June 2019 EUR	Year ended 31 December 2018 EUR	Period ended 30 June 2018 EUR
Salaries	69,649	109,935	74,311
Social security's premiums	2,705	4,240	1,887
	72,354	114,175	76,198

14. Remuneration

Over the period of 1 January 2019 to 30 June 2019 the Company paid a fixed salary in the amount of EUR 10,982 (30 June 2018: EUR 9,710) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2019 will amount to EUR 50,000 (2018: 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 (30 June 2018: three staff members).

16. Income tax

Company's profit or loss

The major components of income tax expense for the periods ended 30 June 2019, 31 December 2018 and 30 June 2018:

	Period ended 30 June 2019 EUR	**Year ended 31 December 2018 EUR**	**Period ended 30 June 2018 EUR**
Current income tax:			
Current income tax charge	5,868,261	11,633,302	5,944,385
Deferred tax			
Relating to origination and reversal of temporary differences	49,010	197,440	(293,161)
Income tax expense reported in the statement of comprehensive income	5,917,271	11,830,742	5,651,224

The current income tax charge comprises of corporate income tax (payable) EUR 5,868,261 (30 June 2018: EUR 5,944,385).

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. The taxable profit can be calculated as follows:

	Period ended 30 June 2019 EUR	**Year ended 31 December 2018 EUR**	**Period ended 30 June 2018 EUR**
Loan management fee	697,300	1,256,905	625,739
Interest income loans not included in APA	22,892,824	45,493,439	22,899,609
Deductible costs	(69,082)	(172,534)	(293,161)
Taxable profit	23,521,042	46,577,910	23,232,187
Corporate Income Tax (payable)	5,868,261	11,634,478	5,872,572
Turkish withholding tax	-	70,402	97,883
Creditable withholding tax costs	-	(1,176)	(26,070)
Total corporate income tax due	5,868,261	11,703,704	5,944,385
Effective rate	24.95%	25.13%	25.59%

The applicable CIT rates are: 19% (2018: 20%) for the first bracket of EUR 200,000 and 25% for the second bracket.

To date the tax returns, those have been filed up to and including 2017, are settled up to and including 2016. A preliminary assessment for the CIT 2017 was received.

The current APA agreement expires on 31 December 2023.

Deferred tax asset

	2019 EUR	**2018 EUR**
Balance at 1 January	459,050	-
Opening balance adjustment expected credit losses of financial assets	-	656,490
Expected credit losses of financial assets	(49,010)	(197,440)
Balance at 30 June / 31 December	410,040	459,050

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 (2018: 0).

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

Over the period of 1 January 2019 to 30 June 2019 the Company paid a fixed salary in the amount of EUR 10,982 (2018: EUR 20,540) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2019 amounted to EUR 50,000 (2018: 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 (2018: 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 period:

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 will be calculated on the basis of the remaining term of the loan. For 2019 EUR 4,044 is therefore credited to the profit & loss account 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 takes 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.

EnBW AG repaid the per 31 December 2018 outstanding amount of EUR 250,000,000 regarding the Commercial Paper Programme. The Company has issued several new short-term Euro notes under the Commercial Paper Programme. Until 30 June 2019, 15 new transactions took place for in total EUR 800,000,000 of which EUR 200,000,000 was repaid by EnBW AG. On 30 June 2019, an amount of in total EUR 600,000,000 was outstanding. The interest rate on all transactions was 0%. Commercial Paper notes have a maximum maturity of one year. The current outstanding amount of EUR 600,000,000 will mature in 2019. 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 EnBW International B.V.

The outstanding non-current loan receivable with EnBW AG is EUR 2,953,055,491. (2018: EUR 3,707,477,457). The outstanding current loan receivable with EnBW AG is EUR 1,433,291,063

(2018: EUR 249,855,750). The outstanding current interest receivable with EnBW AG is EUR 81,323,196 (2018: EUR 100,403,716). The outstanding current liability towards EnBW AG amounts to 9,806,653 (2018: EUR 7,251,607).

The total amount of interest income charged to EnBW AG amounts to EUR 72,934,872 (30 June 2018: EUR 93,839,879), the total amount of interest income from EnBW Holding AS amounts to EUR 0 (2018: EUR 704,016). The total amount of interest expenses paid to EnBW AG amounts to EUR 0 (2018: 772,005).

The Company received remuneration for her financing activities from EnBW AG in the amount of EUR 697,300 (30 June 2018: EUR 625,739).

The Company sent quarterly invoices to EnBW AG for recharge of expenses in the amount of EUR 230,982 (30 June 2018: 137,136).

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

	Period ended 30 June 2019 EUR	Year ended 31 December 2018 EUR	Period ended 30 June 2018 EUR
Increase (decrease) of provision	1,270,918	(987,201)	1,465,804

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 current APA agreement expires 31 December 2023.

20. Post balance sheet events

No events which would be significant for assessing the net assets, financial position and result of the Company occurred after 30 June 2019.

21. Appropriation of result

In March 2019 the General Meeting of Shareholders adopted the annual accounts 2018 and approved to distribute a dividend of EUR 37,308,911.

Amsterdam, 15 July 2019

EnBW International Finance B.V.

The Board of Management

Sgd.
Mr. P.A. Berlin

Sgd.
Mr. W.P. Ruoff

Supervisory board

Sgd.
Mr. I.P. Voigt

Sgd.
Mr. F. van der Rhee

Sgd.
Mr. G.J. Gutekunst

Review report

To: the General Meeting and the Management of EnBW International Finance B.V.

Engagement

We have reviewed the accompanying interim financial information of EnBW International Finance B.V., Amsterdam, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the six-month period then ended and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six-month period ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 15 July 2019

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

w.g.

drs. M.F. Meijer RA
