

EnBW International Finance B.V.

EnBW International Finance B.V.

Report on the interim financial
statements for the period
1 January – 30 June 2021

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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 2021.

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, under the Dutch law as a company with limited liability (besloten vennootschap met beperkte aansprakelijkheid). The Company has its registered office at Herikerbergweg 122, 1101 CM Amsterdam, The Netherlands.

Overview of objectives and activities

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

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

The activities of the Company take place in the Netherlands.

Internal structure

The Company employs two 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

As from February 2021, the Company had restarted the Commercial Paper activity again and issued GBP 275 million in 6 short-term GBP notes. The notes had a maturity of 28 to 89 days and were all non-interest bearing. The proceeds that the Company received were all slightly below 100% of the nominal value. The amounts were all repaid in total during the period.

On 1 March 2021 the Company issued two senior bonds, both in the amount of EUR 500 million. The two bonds respectively have a maturity of 7 and 12 years and bear 0.125% fixed interest (7-year bond) and 0.5% fixed interest (12-year bond). The proceeds received amounted EUR 498,400,000 for the 7-year bond and EUR 496,200,000 for the 12-year bond.

A provision for expected credit losses was updated 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.

Result and other performance indicators

	Period ended 30 June 2021 (EUR million)	Year ended 31 December 2020 (EUR million)	Period ended 30 June 2020 (EUR million)
Net result	9	18	(8)
Net interest result	5	20	14
Shareholder's equity	307	315	290
Free cash	0.2	0.2	5.70
Net working capital	308	22	15
Solvency (equity/ total assets)	6%	8%	8%

COVID-19 pandemic

During the early start of 2020, the COVID-19 pandemic became visible in Europe. The Board of Directors of the Company since then has taken measures to assure business continuation. Protection of employees has had the highest priority whereas the Board of Directors further assured that compliance tasks were still taken care of as well as the daily management and operation of the Company continued. For all meetings, such as Board Meetings, videoconferences were held.

In view of the fact that the larger part of receivables of the Company are loans to EnBW AG, the Board of Directors of the Company reviewed the measures taken by EnBW AG and its ongoing financial performance.

EnBW AG responded to the outbreak of the COVID-19 pandemic at an early stage, establishing a task force at the beginning of February 2020 that since then has remained in close dialogue with ministries and health authorities and has identified and implemented suitable countermeasures jointly with its Executive Board. EnBW AG is aware of its particular responsibility for ensuring constantly reliable electricity, water and gas supplies and waste disposal for all citizens. At all times so far, EnBW AG has reliably delivered its services without any restriction. EnBW AG will keep focussing to maintain delivering these services to the highest standards.

EnBW Group announced recognition of impairment on its powerplant portfolio in the total amount of EUR 1.25 Billion that will be recognised in its H1-2021 results. The recognition of the impairment is mainly due to reduced expectations for future cash flows, primarily in the conventional generation business due to expected increased climate change mitigation requirements. The impairment will impact H1 2021 results on a non-operating level, however, the adjusted EBITDA outlook for the financial year 2021 remained unchanged.

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 which arises principally from the Company's receivables from customers and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of EnBW AG. The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on-lending to EnBW AG. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG. EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (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.

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The total value of the loans to EnBW AG including accrued interest per 30 June 2021 amounted EUR 5.0 billion.

Liquidity risk

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

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts. The repayment schedules can be found on pages 32 and 39.

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company has one loan outstanding to EnBW AG ("OPOLE") which is not on-lending loan from debts. This loan was financed by equity and will mature in March 2022. The fair value of this loan per 30 June 2021 amounted EUR 0.3 billion.

Concentration risk

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

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Company. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loan granted 2012 which is funded by equity. This loan bears 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), Pound Sterling (GBP) 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 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 concentration risk is significant, cannot be avoided and can only be mitigated by a solid operation and management of the parent company. The parent company reports publicly on a quarterly basis and key figures, update of the business and upcoming transactions is being discussed on a regular basis by the Board of Directors of the Company.

Capital management

The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings aiming to maintain investors', creditors' and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company. The loans payable are mirrored by loans receivables with identical characteristics. No impairments are to be expected except for the provision as recognised in line with IFRS 9.

There were no changes in the Company's approach to capital management during the period ended 30 June 2021.

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 recognise 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 based on 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.

No other events which would be significant for assessing the net assets, financial position and result of the Company occurred after 30 June 2021.

Activities in the field of research and development

The Company is not engaged in such activities.

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Market environment

The Company 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 Baa1 with stable outlook (Moody's) and A- with stable outlook (Standard & Poor's). EnBW AG decided to concentrate in future on the two large rating agencies Moody's and S&P; the Fitch rating was terminated on 22 March 2021.

EnBW AG has a comfortable level of liquidity.

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 2021 and the described activities during the year.

Amsterdam, 22 July 2021

EnBW International Finance B.V.

The Board of Directors

sgd.

P.A. Berlin

sgd.

W.P. Ruoff

EnBW International Finance B.V.

Interim financial Statements

Statement of financial position as at 30 June 2021

(before appropriation of the profit)

	<i>Note</i>	30 June 2021		31 December 2020	
		EUR	EUR	EUR	EUR
Non-current assets					
<i>Investments</i>					
Loans EnBW AG	1	4,639,166,605		3,943,384,814	
Deferred tax assets	16	292,148		1,473,484	
			4,639,458,753		3,944,858,298
Current assets					
Loans EnBW AG	1	297,930,804		-	
Interest receivable loans EnBW AG	2	66,729,275		78,391,435	
Current account EnBW AG	3	2,174,366		2,748,898	
Corporation tax		1,775,210		114,013	
Turnover tax		14,743		8,104	
Deposit office lease		4,749		4,749	
Pre invoiced amount		5,388		-	
			368,634,535		81,267,199
Cash and cash equivalents	4		182,668		232,109
			5,008,275,956		4,026,357,606
Shareholder's equity					
Issued and paid up share capital	5	100,000		100,000	
Share premium reserve	6	297,183,974		297,183,974	
Other reserves	7	-		-	
Undistributed result		9,433,596		17,869,189	
			306,717,570		315,153,163
Non-current liabilities					
Interest-bearing loans and borrowings	8	4,640,250,501		3,652,175,057	
			4,640,250,501		3,652,175,057
Current liabilities					
Accrued expenses	9	61,307,885		59,029,386	
			61,307,885		59,029,386
			5,008,275,956		4,026,357,606

The notes on page 13 to 47 are integral part of the interim financial statements.

Statement of income for the period 1 January – 30 June 2021

(expressed in Euros)

		Period ended 30 June 2021	Year ended 31 December 2020	Period ended 30 June 2020
Continuing operations				
Interest income and similar income	10	59,629,223	124,520,826	65,928,715
Interest expenses and similar expenses	11	54,162,553	104,979,942	51,847,548
Net interest result		5,466,670	19,540,884	14,081,167
Fees received from EnBW AG	17	1,242,891	1,885,460	969,355
Expenses				
General expenses	12	189,985	367,995	238,967
Wages and salaries	13	71,122	118,995	72,954
(Decrease) / increase expected loss on loans	18	(5,755,837)	(2,179,097)	23,721,027
		(5,494,730)	(1,692,107)	24,032,948
Result before corporate income tax		12,204,291	23,118,451	(8,982,426)
Corporate income tax previous year		(762)	-	-
Corporate income tax current period / year	16	(2,769,933)	(5,249,262)	1,303,030
Net result		9,433,596	17,869,189	(7,679,396)
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		9,433,596	17,869,189	(7,679,396)

The notes on page 13 to 47 are integral part of the interim financial statements.

Statement of cash flows for the period 1 January – 30 June 2021
(expressed in Euros)

	<i>Note</i>	1 January - 30 Jun 2021	1 January - 30 Jun 2020
Operating Activities			
Cash receipts from group companies		3,500,323	5,999,090
Cash paid to employees		(78,406)	(78,101)
Cash paid to suppliers		(251,330)	(280,381)
		<hr/>	<hr/>
Cash generated from operations		3,170,587	5,640,608
Interest paid		(50,240,949)	(47,965,790)
Interest received		50,240,949	47,965,790
Taxes paid		(3,221,046)	26,849
		<hr/>	<hr/>
Cash flows from/(used in) operating activities		(50,459)	5,667,457
		<hr/>	<hr/>
Investing activities			
Repayment of investments	1	265,068,572	945,000,000
Proceeds from investments	1	(1,256,555,814)	(1,713,970,519)
		<hr/>	<hr/>
Cash flows from/(used in) investing activities		(991,487,242)	(768,970,519)
		<hr/>	<hr/>
Financing activities			
Proceeds from borrowings	8	1,309,060,294	1,713,970,519
Repayment of (non-) current borrowings	8	(317,684,757)	(945,000,000)
		<hr/>	<hr/>
Cash flows from/(used in) financing activities		991,375,536	768,970,519
		<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents		(162,164)	5,667,457
Exchange results		112,723	30
Cash and cash equivalents as 1 January	4	232,109	60,511
		<hr/>	<hr/>
Cash and cash equivalents at 30 June	4	182,668	5,727,998
		<hr/>	<hr/>

The notes on page 13 to 47 are integral part of the interim financial statements.

Statement of changes in equity for the period 1 January – 30 June 2021

(expressed in Euros)

	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2020	100,000	1,131,613,974	-	29,520,430	1,161,234,404
Appropriation of the result	-	-	29,520,430	(29,520,430)	-
Distribution to shareholder	-	(834,430,000)	(29,520,430)	-	(863,950,430)
Result for the period	-	-	-	(7,679,396)	(7,679,396)
Balance at 30 June 2020	100,000	297,183,974	-	(7,679,396)	289,604,578
Balance at 1 January 2021	100,000	297,183,974	-	17,869,189	315,153,163
Appropriation of the result	-	-	17,869,189	(17,869,189)	-
Distribution to shareholder	-	-	(17,869,189)	-	(17,869,189)
Result for the period	-	-	-	9,433,596	9,433,596
Balance at 30 June 2021	100,000	297,183,974	-	9,433,596	306,717,570

The notes on page 13 to 47 are integral part of the interim financial statements.

Notes

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

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

The Company was incorporated and started its activities on April 2, 2001. The Company’s address is Herikerbergweg 122, 1101 CM Amsterdam, The Netherlands. 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 financial statements are prepared in Euros, the functional and presentation currency of the Company and on the historical cost basis unless indicated otherwise hereafter. All values are rounded to the nearest Euro, except when otherwise indicated.

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

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1. New standards, interpretations and amendments effective from 1 January 2021

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

- IFRS 9 IBOR reform Phase 2

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 financial statements.

- IFRS 16 amendment Covid-19-Related Rent Concessions
- IFRS 17 Insurance Contracts
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Business combinations (Amendments to IFRS 3)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Board of Directors expects that the currently known new accounting standards that are applicable for financial years after 1 January 2021 will not have significant impact for the Company.

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 and a deferred tax asset.

There are no other substantial judgements, estimates and assumptions in the (interim) financial statements 2021 and 2020.

Significant accounting policies

(a) Financial assets

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

Initial Recognition and Classification

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

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

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

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

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

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 and loss.

To qualify for amortised 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 financial statements.

(b) 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 effective interest method (EIR). 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 income.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different 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 income.

(c) 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 recognised 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.

(d) Income

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

(e) Expenses

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest payable on funds received, taking into account the effective yield on these liabilities as per inception date. Other expenses are recognised in the year to which they are related. The Company applies an exemption for IFRS 16 as the office lease contract it has with its lessor, has a duration of 12 months. The lease contract is automatically renewed for a period of 12 months at the end of each term. Therefore, IFRS 16 does not have impact for the Company.

(f) Income tax

Current income tax

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

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

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

In 2019 the Company had been granted an Advanced Pricing Agreement (APA) with the Dutch Tax Authority which will expire on 31 December 2023.

On 9 June 2021 the tax advisor send an informative letter to the fiscal authorities with respect to the two newly issued bonds on 1 March 2021 exceeding the total volume on which the ruling was received. The increase in volume did not materially affect the facts and circumstances upon which the ruling was based. Therefore the company will retain the same functional and (limited) risk profile and will continue earning an arm's length spread consistent with what was prior agreed on. The political sentiment towards tax rulings is changing. The Board of Directors believes that until the expiry date of this ruling, there will not be uncertainty about the treatment of income tax for the Company. The developments in this respect are monitored closely.

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.

(g) **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 statement of income.

Exchange rates applicable as at 30 June 2021 are as follows:

1 CHF = EUR 0.9153 (31 December 2020: EUR 0.9258)

1 JPY = EUR 0.0076 (31 December 2020: EUR 0.0079)

1 USD = EUR 0.8377 (31 December 2020: EUR 0.8149)

1 GBP = EUR 1.1625 (31 December 2020: EUR 1.1123)

The average exchange rates for the period 1 January to 30 June 2021 are as follows:

1 CHF = EUR 0.9137 (31 December 2020: EUR 0.9342)

1 JPY = EUR 0.0076 (31 December 2020: EUR 0.0082)

1 USD = EUR 0.8297 (31 December 2020: EUR 0.8768)

1 GBP = EUR 1.1523 (31 December 2020: EUR 1.1240)

(h) **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 30 June 2021 amounts to EUR 5,581 million (December 31, 2020: EUR 4,772 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 4,639 million (31 December 2020: EUR 3,943 million) and the book value of the long-term interest-bearing loans and borrowings EUR 4,640 million (31 December 2020: EUR 3,652 million) relates to the Expected Credit Loss (ECL) as required under IFRS-9, as disclosed on page 22 and 23 of this report.

The fair value of the other assets and liabilities as at 30 June 2021 and 31 December 2020 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at 30 June 2021 and 31 December 2020 is specified in the following overview.

Level		Carrying value 30 June 2021 (EUR million)	Fair value 30 June 2021 (EUR million)	Unrecognised gain/(loss) 2021 (EUR million)	Carrying value 31 Dec. 2020 (EUR million)	Fair value 31 Dec. 2020 (EUR million)	Unrecognised gain/(loss) 2020 (EUR million)
2	Loans EnBW AG (corresponding debts are listed)	4,639	5,581	942	3,646	4,772	1,126
3	Loan EnBW AG (OPOLE)	298	311	13	297	312	15
n.a.	Current Assets	71	71	-	81	81	-
n.a.	Cash and cash equivalents	0.2	0.2	-	0.2	0.2	-
1	Debts (listed)	4,640	5,581	(941)	3,652	4,772	(1,119)
3	Commercial Paper	-	-	-	-	-	-
n.a.	Current liabilities	61	61	-	59	59	-

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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 data (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 payable
- Interest-bearing loans and borrowings (non-current)

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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 2021)		Fair value through Other comprehensive income	
	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000
Cash and cash equivalents	-	-	183	232	-	-
Interest receivable loans EnBW AG	-	-	66,660	78,391	-	-
Loan EnBW AG (current)	-	-	297,931	-	-	-
Loan EnBW AG (non-current)	-	-	4,639,236	3,943,384	-	-
	-	-	5,004,009	4,022,007	-	-

Financial liabilities

	Fair value through profit or loss		Amortised cost	
	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000
Interest bond loans	-	-	61,267	58,964
Interest-bearing loans and borrowings (non-current)	-	-	4,640,251	3,652,175
	-	-	4,701,518	3,711,139

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 book value of the loans to EnBW AG including accrued interest, but excluding the provision for expected credit loss per 30 June 2021 amounted EUR 5.0 Billion (31 December 2020: EUR 4.0 billion).

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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: $ECL = EAD \times LGD \times PD$. Exposure at Default (EAD) is the gross carrying value of loans receivable; Loss Given Default (LGD) is the portion of loans receivable that the Company shall lose if a borrower defaults; Probability of Default (PD) is the likelihood of a default of a counterparty over an observed period. The PD and LGD rates were defined based on historical loss rates of its parent company, and adjusts for forward looking macroeconomic data.

The 1-year Probability of Default rate for EnBW AG on 30 June 2021 was 0.0387% (2020: 0.2848%) which is derived from/by data service provider Bloomberg. The changes in the PD rate are to a certain extent driven by the development of the share price and the market cap of EnBW AG during the first half of 2021. As a result of a free-float of the shares of EnBW AG of less than 1%, this volatility is well known by the Management Board. The Loss Given Default (LGD) remained 60% (2020: 60%) which has been described on page 22. Below table shows the amounts and rates regarding above mentioned definitions, including the outcome of the ECL-provisions as well as the impact the change of the LGD rate has.

Financial year	EAD	LGD	PD	ECL	Impact change LGD rate
	EUR 1 million			EUR 1 million	EUR 1 million
2021 in total	5,033	60%	0.0387%	1.17	(0.78)
2021 < 1 year	365	60%	0.0387%	0.09	(0.05)
2021 > 1 year	4,668	60%	0.0387%	1.08	(0.73)
2020 in total	4,052	60%	0.2848%	6.92	(4.62)
2020 < 1 year	79	60%	0.2848%	0.13	(0.09)
2020 > 1 year	3,974	60%	0.2848%	6.79	(4.53)

Management is very much aware of all these indicators and believes that credit risks are well assessed and that there are no reasons for concerns about the recent changes of these indicators at this moment or in the foreseeable future. There were no loans receivables for which the Company observed a significant increase in the credit risk which would require the application of the lifetime expected credit losses impairment model. The loss allowance in the period January to June 2021 decreased by EUR 5.8 million (31 December 2020: 2.2 Million). The Company assesses a significant decrease 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.

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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 losses during the foreseeable future.

The long-term credit ratings of EnBW AG are Baa1 with stable outlook (Moody's) and A- with stable outlook (Standard & Poor's). EnBW AG decided to concentrate in future on the two large rating agencies Moody's and S&P; the Fitch rating was terminated on 22 March 2021.

At 30 June 2021 the Company has no financial assets which are past due but not impaired (2020: none) and no financial assets whose terms have been renegotiated (2020: 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 2021 reconciles to the opening loss allowance on 1 January 2021 and to the closing loss allowance as at 30 June 2021 as follows:

	2021 EUR 1,000	2020 EUR 1,000
Opening loss allowance as at 1 January	6,924	9,103
Increase (decrease) in loan loss allowance recognised in profit or loss during the period/year	(5,988)	(1,948)
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	232	1,709
Increase (decrease) in loan loss allowance due to repaid financial asset during the period/year	-	(1,940)
Closing loss allowance as at 30 June (31 December 2020)	1,168	6,924

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.

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Cash in bank

Cash is held with the following institutions:

	Rating (Moody's)	30-06-2021 EUR 1,000	31-12-2020 EUR 1,000
Deutsche Bank AG (current account)	A3 (stable)	134	184
Landesbank Baden-Württemberg (current accounts)	Aa3 (stable)	49	48
		<u>183</u>	<u>232</u>

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 32 and 39.

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 one loan outstanding to EnBW AG ("OPOLE") which is not on-lending loan from debt (2020: one loan). This loan was financed by equity. The total fair value of this loan per 30 June 2021 amounted EUR 0.3 billion (31 December 2020: EUR 0.3 billion).

Concentration risk

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

Currency risk

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

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The currencies in which these transactions primarily are denominated are Euro (EUR), Swiss Franc (CHF), Japanese yen (JPY), Pound Sterling (GBP) and US Dollar (USD). The related income per currency is: EUR: € 55.4 million (31 December 2020: € 117.6 million), CHF: € 1.1 million (31 December 2020: € 2.2 million), JPY: € 2,9 million (31 December 2020: € 6.3 million), GBP: € 0.4 (31 December 2020: € 0) and USD: € 0 (31 December 2020: € 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 loan granted in 2012 which is 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 concentration risk is significant, cannot be avoided and can only be mitigated by a solid operation and management of the parent company. The parent company reports publicly on a quarterly basis and key figures, update of the business and upcoming transactions are being discussed on a regular basis by the Board of Directors of the Company.

Capital management

Capital includes ordinary share capital and other equity attributable to the equity holders of the parent. As at 30 June 2021 and 31 December 2020, the Company's equity amounted to EUR 306,717,570 and EUR 315,153,163 respectively. The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company. The loans payable are mirrored by loans receivables with identical characteristics.

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

The Company is not subject to externally imposed capital requirements.

COVID-19 pandemic

During the early start of 2020, the COVID-19 pandemic became visible in Europe. The Board of Directors of the Company since then has taken measures to assure business continuation. Protection of employees has had the highest priority whereas the Board of Directors further assured that compliance tasks were still taken care of as well as the daily management and operation of the Company continued. For all meetings, such as Board Meetings, videoconferences were held.

In view of the fact that the larger part of receivables of the Company are loans to EnBW AG, the Board of Directors of the Company reviewed the measures taken by EnBW AG and its ongoing financial performance.

EnBW AG responded to the outbreak of the COVID-19 pandemic at an early stage, establishing a task force at the beginning of February 2020 that since then has remained in close dialogue with ministries and health authorities and has identified and implemented suitable countermeasures jointly with its Executive Board. EnBW AG is aware of its particular responsibility for ensuring constantly reliable electricity, water and gas supplies and waste disposal for all citizens. At all times so far, EnBW AG has reliably delivered its services without any restriction. EnBW AG will keep focussing to maintain delivering these services to the highest standards.

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EnBW Group announced recognition of impairment on its powerplant portfolio in the total amount of EUR 1.25 Billion that will be recognised in its H1-2021 results. The recognition of the impairment is mainly due to reduced expectations for future cash flows, primarily in the conventional generation business due to expected increased climate change mitigation requirements. The impairment will impact H1 2021 results on a non-operating level, however, the adjusted EBITDA outlook for the financial year 2021 remained unchanged.

Notes to the balance sheet as 30 June 2021

1. Investments

1a Statement of changes in investments

	30 June 2021 EUR	31 December 2020 EUR
Balance at 1 January	3,943,384,814	3,785,123,161
Movement due to provision for expected credit loss	5,637,150	2,076,322
Repayment loans	(317,684,757)	(2,052,430,000)
Issued loans	1,309,247,470	2,212,310,000
Exchange rate differences	(4,706,955)	(5,457,121)
Other movements	1,219,687	1,762,452
	<hr/>	<hr/>
Receivables < 1 year (current assets)	4,937,097,409 (297,930,804)	3,943,384,814 -
	<hr/>	<hr/>
Balance at 30 June 2021 (31 December)	<u>4,639,166,605</u>	<u>3,943,384,814</u>

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 2021 amounts to EUR 1,2 million (31 December 2020: EUR 6.9 million).

	2021 EUR 1,000	2020 EUR 1,000
Opening loss allowance as at 1 January	6,924	9,103
Increase (decrease) in loan loss allowance recognised in profit or loss during the period/year	(5,988)	(1,948)
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	232	1,709
Increase (decrease) in loan loss allowance due to repaid financial asset during the period/year	-	(1,940)
Closing loss allowance as at 30 June (31 December 2020)	<u>1,168</u>	<u>6,924</u>

1b Loans EnBW AG

	30-06-2021	31-12-2020
	EUR	EUR
1. Loan granted in 2004	498,451,775	497,529,890
2. Loan granted in 2008	151,376,758	157,845,079
3. Loan granted in 2009	590,361,970	589,332,065
4. Loan granted in 2012	-	297,490,778
5. Loan granted in 2013	91,415,290	92,295,063
6. Loan granted in 2014	498,936,459	498,108,485
7. Loan granted in 2014	99,241,006	99,078,136
8. Loan granted in 2014	98,599,510	98,408,558
9. Loan granted in 2014	49,574,133	49,494,057
10. Loan granted in 2018	496,868,286	496,027,137
11. Loan granted in 2019	74,741,969	74,626,821
12. Loan granted in 2020	497,100,357	496,003,670
13. Loan granted in 2020	497,983,274	497,145,075
14. Loan granted in 2021	498,346,893	-
15. Loan granted in 2021	496,168,925	-
	<hr/>	<hr/>
	4,639,166,605	3,943,384,814
	<hr/>	<hr/>
Recognised as:		
Investments (non-current assets)	4,639,166,605	3,943,384,814
Receivables (< 1 year) (current assets)	297,930,804	-

The interest receivable on the loans is presented under current assets. The fair values of these loans can be found on page 19 of this report.

The Probability of Default (PD) rate at 30 June 2021 was 0.0387% (31 December 2020: 0.2848%). The changes in the PD rate are to a certain extent driven by the development of the share price and the market cap of EnBW AG during the first half of 2021. As a result of a free-float of the shares of EnBW AG of less than 1%, this volatility is well known by the Management Board. The Loss Given Default (LGD) remained 60% (2020: 60%) which has been described on page 22. The ECL for non-current assets amounts EUR 1,083,897 (31 December 2020: EUR 6,790,243). The change of ECL for current assets decreased and amounts EUR 84,694 (31 December 2020: EUR 134,185).

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 the period 1 January up to 30 June 2021 EUR 183,585 (2020: EUR 353,621) is therefore credited to the statement of income and presented as interest income.

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

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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 will take place on 16 December 2038.

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

3. Loan granted in 2009

The Company had diverted the proceeds from the issue of the Eurobond 2009/2039 (nominal EUR 600,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 143,944 (2020: EUR 273,137) is therefore credited to the statement of income and presented as interest income.

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

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

4. Loan granted in 2012

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

The loan bears interest at a fixed interest rate (3.670% per annum) and has a fixed term of 10 years. Redemption of the EUR 298,000,000 will take place on 28 February 2022. EnBW AG has provided no securities. Since the repayment date of the loan is less than a year, the loan has been recognised as a current asset and has therefore been reclassified to current asset.

5. Loan granted in 2013

The Company had diverted the proceeds from the issue of a CHF-bond 2013/2023 (nominal CHF 100,000,000/EUR 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 the period 1 January up to 30 June 2021 CHF 26,418 (2020: CHF 51,647) is therefore credited to the statement of income and presented as interest income.

The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million will take place on 12 July 2023.

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

6. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on June 4, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 89,674 (2020: EUR 176,352) is therefore credited to the statement of income and presented as interest income.

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

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

7. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2039 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 16, 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 15,210 (2020: EUR 29,740) is therefore credited to the statement of income and presented as interest income.

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

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

8. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2034 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 13, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 1,933,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 43,291 (2020: EUR 84,753) is therefore credited to the statement of income and presented as interest income.

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

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

9. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2044 (nominal EUR 50,000,000) by way of a loan to EnBW AG on August 1, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 493,200). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 6,246 (2020: EUR 12,235) is therefore credited to the statement of income and presented as interest income.

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

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

10. Loan granted in 2018

The Company had diverted the proceeds from the issue of the Eurobond 2018/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 31 October 2018. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,580,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 102,849 (2020: EUR 229,223) is therefore credited to the statement of income and presented as interest income.

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

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

11. Loan granted in 2019

The Company had diverted the proceeds from the issue of the Eurobond 2019/2041 (nominal EUR 75,000,000) by way of a loan to EnBW AG on 21 January 2019. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 261,750). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 4,402 (2020: EUR 8,695) is therefore credited to the statement of income and presented as interest income.

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

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

12. Loan granted in 2020

The Company had diverted the proceeds from the issue of the Eurobond 2020/2025 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 17 April 2020. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,650,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 358,388 (2020: EUR 508,070) is therefore credited to the statement of income and presented as interest income.

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

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

13. Loan granted in 2020

The Company had diverted the proceeds from the issue of the Eurobond 2020/2030 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 19 October 2020. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 2,040,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 99,899 (2020: EUR 39,475) is therefore credited to the statement of income and presented as interest income.

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

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

14. Loan granted in 2021

The Company had diverted the proceeds from the issue of the Eurobond 2021/2028 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 1,600,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 62,993 is therefore credited to the statement of income and presented as interest income.

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

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

15. Loan granted in 2021

The Company had diverted the proceeds from the issue of the Eurobond 2021/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,800,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period 1 January up to 30 June 2021 EUR 85,025 is therefore credited to the statement of income and presented as interest income.

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

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

16. Loans granted in 2021

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 GBP 230,000,000 in 5 transactions. During the period all loans were repaid.

The redemption schedule is expressed on the next page of this report.

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The redemption schedule of the Commercial Paper proceeds is presented below:

#	Value date	Maturity date	Currency	Principal amount	Price	Actual Proceeds
1	04/02/2021	04/05/2021	GBP	50,000,000	99.92690279%	49,963,451
2	04/02/2021	04/05/2021	GBP	50,000,000	99.92690279%	49,963,451
3	05/02/2021	05/05/2021	GBP	25,000,000	99.92690279%	24,981,726
4	08/02/2021	07/05/2021	GBP	60,000,000	99.92772351%	59,956,634
5	09/02/2021	09/03/2021	GBP	45,000,000	99.98082560%	44,991,372

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

Terms and investment repayment schedule

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

	Total EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
Loan granted in 2004	597,500	24,375	573,125	-
Loan granted in 2008	254,221	2,937	23,499	227,784
Loan granted in 2009	1,298,250	36,750	147,000	1,114,500
Loan granted in 2012	310,699	310,699	-	-
Loan granted in 2013	97,711	2,059	95,652	-
Loan granted in 2014	562,500	12,500	550,000	-
Loan granted in 2014	155,440	3,080	12,320	140,040
Loan granted in 2014	137,375	2,875	11,500	123,000
Loan granted in 2014	84,800	1,450	5,800	77,550
Loan granted in 2018	621,875	9,375	37,500	575,000
Loan granted in 2019	106,200	1,560	6,240	98,400
Loan granted in 2020	512,500	3,125	509,375	-
Loan granted in 2020	512,500	1,250	5,000	506,250
Loan granted in 2021	504,375	625	2,500	501,250
Loan granted in 2021	530,000	2,500	10,000	517,500
	6,285,946	415,160	1,989,511	3,881,274

2. Interest receivable loans EnBW AG

	2021 EUR	2020 EUR
Balance at 1 January	78,391,435	101,681,080
Movement due to provision for expected credit loss	118,687	102,775
Received interest from EnBW AG	(69,980,222)	(145,724,327)
Interest charged during the year	58,221,439	122,377,576
Exchange differences	(22,064)	(45,669)
Balance at 30 June (31 December)	66,729,275	78,391,435

3. Current account EnBW AG

	30-06-2021 EUR	31-12-2020 EUR
EnBW AG	2,174,366	2,748,898

The interest on this current account is EONIA + 0.60% for liabilities and EONIA flat for receivables (2020: 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.

4. Cash and cash equivalents

	30-06-2021 EUR	31-12-2020 EUR
Deutsche Bank AG (current accounts)	133,375	183,983
BW Bank (current accounts)	49,293	48,126
	182,668	232,109

Cash and cash equivalents are free at disposal.

5. Issued and paid up share capital

The authorised share capital is composed of 1,000 (2020: 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.

6. Share premium reserve

In December 2002 it was decided to increase the equity of the Company with EUR 1,950,000. In January 2010 the share premium was increased by EUR 828,132,499 as a result of the GESO transaction. During 2012 the share premium reserve was further increased due to the mergers with EnBW Investment I B.V. (EUR 301,072,715) and EnBW Benelux B.V. (EUR 458,760). On 1 June 2020, the Company distributed EUR 834,430,000 of the share premium reserve to its shareholder. The share premium per 30 June 2021 amounted EUR 297,183,974.

	2021 EUR	2020 EUR
Balance as at 1 January	297,183,974	1,131,613,974
Distribution	-	(834,430,000)
	<hr/>	<hr/>
Balance as at 30 June / 31 December	297,183,974	297,183,974
	<hr/>	<hr/>

7. Other reserves

	2021 EUR	2020 EUR
Balance as at 1 January	-	-
Dividend to shareholder	(17,869,189)	(29,520,430)
Result appropriation	17,869,189	29,520,430
	<hr/>	<hr/>
Balance as at 30 June / 31 December	-	-
	<hr/>	<hr/>

8. Non-current liabilities

	2021 EUR	2020 EUR
Balance at 1 January	3,652,175,057	2,661,559,727
Repayments of commercial papers/bonds	(317,684,757)	(1,218,000,000)
Issuance of bonds and commercial papers	1,309,247,477	2,212,310,000
Exchange differences	(4,706,962)	(5,457,121)
Other movements	1,219,686	1,762,451
	<hr/>	<hr/>
	4,640,250,501	3,652,175,057
Repayments due < 1 year	-	-
	<hr/>	<hr/>
Balance at 30 June / 31 December	4,640,250,501	3,652,175,057
	<hr/>	<hr/>

Interest-bearing loans and borrowings

	30-06-2021	31-12-2020
	EUR	EUR
1. Eurobond 2004/2025	498,567,875	498,384,290
2. JPY-bond 2008/2038	151,411,916	158,115,266
3. Eurobond 2009/2039	590,501,289	590,357,345
4. CHF-bond 2013/2023	91,436,544	92,453,256
5. Eurobond 2014/2026	499,052,559	498,962,885
6. Eurobond 2014/2039	99,264,226	99,249,016
7. Eurobond 2014/2034	98,622,730	98,579,438
8. Eurobond 2014/2044	49,585,743	49,579,497
9. Eurobond 2018/2033 (green bond)	496,984,386	496,881,538
10. Eurobond 2019/2041	74,759,384	74,754,981
11. Eurobond 2020/2025	497,216,457	496,858,070
12. Eurobond 2020/2030	498,099,374	497,999,475
13. Eurobond 2021/2028	498,462,993	-
14. Eurobond 2021/2033	496,285,025	-
	<hr/>	<hr/>
	4,640,250,501	3,652,175,057
	<hr/>	<hr/>
Recognised as:		
Interest-bearing loans and borrowings (long-term debts)	4,640,250,501	3,652,175,057
Interest-bearing loans and borrowings (current liabilities) (< 1 year)	-	-

The fair values of these loans can be found on page 19 of this report.

1. Eurobond 2004/2025

The Company has issued on 9 December 2004 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 183,585 (2020: EUR 353,621) is therefore debited to the statement of income and presented as interest expenses.

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

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

2. JPY-bond 2008/2038

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

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

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

3. Eurobond 2009/2039

The Company has issued on 7 July 2009 600,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 143,944(2020: EUR 273,137) is therefore debited to the statement of income and presented as interest expenses.

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

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

4. CHF-bond 2013/2023

The Company has issued on 12 July 2013 20,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 634,000) and reduced with management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 CHF 26,418 (2020: CHF 51,645) is therefore debited to the statement of income and presented as interest expenses.

The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million will take place on 12 July 2023.

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 the period 1 January up to 30 June 2021 EUR 89,672 (2020: EUR 176,352) is therefore debited to the statement of income and presented as interest expenses.

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

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

6. Eurobond 2014/2039

The Company has issued on 16 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with management and underwriting fees (EUR 930,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 15,210 (2020: EUR 29,740) is therefore debited to the statement of income and presented as interest expenses.

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

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

7. Eurobond 2014/2034

The Company has issued on 13 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 1,933,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 43,291 (2020: EUR 84,753) is therefore debited to the statement of income and presented as interest expenses.

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

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

8. Eurobond 2014/2044

The Company has issued on 1 August 2014 500 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 493,200). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 6,246 (2020: EUR 12,235) is therefore debited to the statement of income and presented as interest expenses.

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

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

9. Eurobond 2018/2033

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 the period 1 January up to 30 June 2021 EUR 102,849 (2020: EUR 229,223) is therefore debited to the statement of income and presented as interest expenses.

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

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

10. Eurobond 2019/2041

The Company has issued on 21 January 2019 750 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 261,750). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 4,402 (2020: EUR 8,695) is therefore debited to the statement of income and presented as interest expenses.

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

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

11. Eurobond 2020/2025

The Company has issued on 17 April 2020 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,400,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 358,388 (2020: EUR 508,070) is therefore debited to the statement of income and presented as interest expenses.

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

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

12. Eurobond 2020/2030

The Company has issued on 19 October 2020 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 790,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For the period 1 January up to 30 June 2021 EUR 99,899 (2020: EUR 39,475) is therefore debited to the statement of income and presented as interest expenses.

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

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

13. Eurobond 2021/2028

The Company has issued on 1 March 2021 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 350,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2021 EUR 62,993 is therefore debited to the statement of income and presented as interest expenses.

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

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

14. Eurobond 2021/2033

The Company has issued on 1 March 2021 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,550,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2021 EUR 85,025 is therefore debited to the statement of income and presented as interest expenses.

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

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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.

Commercial Paper Programme

The Company has issued several short-term Euro notes under the Commercial Paper Programme. During 2021, 6 new transactions took place for in total GBP 275,000,000. All commercial paper notes were repaid during the period.

A list of the 6 transactions of issued Commercial Paper and the respective prices that were related to each transaction can be found below.

#	Value date	Maturity date	Currency	Principal amount	Price	Actual Proceeds
1	04/02/2021	04/05/2021	GBP	50,000,000	99.92690279%	49,963,451
2	04/02/2021	04/05/2021	GBP	50,000,000	99.92690279%	49,963,451
3	05/02/2021	05/05/2021	GBP	25,000,000	99.92690279%	24,981,726
4	08/02/2021	07/05/2021	GBP	60,000,000	99.92772351%	59,956,634
5	09/02/2021	09/03/2021	GBP	45,000,000	99.98082560%	44,991,372
6	09/03/2021	07/05/2021	GBP	45,000,000	99.95476020%	44,979,642

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

Terms and debt repayment schedule

Below table shows the contractual terms for redemption and interest obligations of the outstanding bonds.

	Total 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	597,500	24,375	573,125	-
JPY-bond 2038	254,220	2,937	23,499	227,784
Eurobond 2039	1,298,250	36,750	147,000	1,114,500
CHF bond 2023	97,711	2,059	95,652	-
Eurobond 2026	562,500	12,500	550,000	-
Eurobond 2039	155,440	3,080	12,320	140,040
Eurobond 2034	137,375	2,875	11,500	123,000
Eurobond 2044	84,800	1,450	5,800	77,550
Eurobond 2033 (green bond)	621,875	9,375	37,500	575,000
Eurobond 2041	106,200	1,560	6,240	98,400
Eurobond 2025	512,500	3,125	509,375	-
Eurobond 2030	512,500	1,250	5,000	506,250
Eurobond 2028	504,375	625	2,500	501,250
Eurobond 2033	530,000	2,500	10,000	517,500
	5,975,246	104,461	1,989,511	3,881,274

9. Accrued expenses

	30-06-2021 EUR	31-12-2020 EUR
Interest bonds	61,267,320	58,964,272
Trade creditors	25,475	16,794
Auditors' and consultants' fees	15,000	47,200
Management fees	-	-
Other accrued expenses	90	1,120
	<hr/>	<hr/>
	61,307,885	59,029,386
	<hr/>	<hr/>

Notes to the statement of income for the period 1 January – 30 June 2021

10. Interest income and similar income

	Period ended 30 June 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Loans EnBW AG	59,628,310	124,520,826	65,928,685
Exchange rate differences	913	-	30
	<u>59,629,223</u>	<u>124,520,826</u>	<u>65,928,715</u>

11. Interest expenses and similar expenses

	Period ended 30 June 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Interest bonds	54,160,010	104,968,737	51,844,895
Current account EnBW AG	-	-	-
Bank charges	2,543	7,633	2,653
Exchange rate differences	-	3,572	-
	<u>54,162,533</u>	<u>104,979,942</u>	<u>51,847,548</u>

12. General expenses

	Period ended 30 June 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Auditors' fees	27,500	92,705	49,130
Consultants' fees	26,710	57,044	38,057
Management fees and administrative expenses	113,344	183,556	120,838
Office rent	11,363	16,731	11,026
Other general expenses	11,068	17,959	12,416
	<u>189,985</u>	<u>367,995</u>	<u>231,467</u>

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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 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
	BDO Audit & Assurance B.V.	BDO Audit & Assurance B.V.	BDO Audit & Assurance B.V.
Audit annual accounts	27,500	67,200	40,000
Other audit assignment	9,733	25,505	16,630
	<u>37,233</u>	<u>92,705</u>	<u>56,630</u>

13. Wages and salaries

	Period ended 30 June 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Salaries	68,778	113,138	70,221
Social security's premiums	2,344	5,168	2,733
Other personnel costs	-	689	-
	<u>71,122</u>	<u>118,995</u>	<u>72,954</u>

14. Remuneration

Over the period of 1 January 2021 to 30 June 2021 the Company paid a fixed salary in the amount of EUR 11,566 (2020: EUR 22,891) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2021 amounted to EUR 38,000 (2020: 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 two staff members in the Netherlands (2020: three staff members).

16. Income tax

Company's profit or loss

The major components of income tax expense for years ended 30 June 2021 and 2020 are:

	Period ended 30 June 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
<i>Current income tax:</i>			
Current income tax charge	1,588,598	5,219,691	3,671,794
Adjustments in respect to current income of tax previous years	762	-	-
<i>Deferred tax</i>			
Relating to origination and reversal of temporary differences	1,181,335	29,571	(4,974,824)
Income tax expense reported in the statement of comprehensive income	2,770,695	5,249,262	(1,303,030)

The current income tax charge comprises of corporate income tax (payable) EUR 1,588,598 (2020: EUR 5,219,691). The Company received final assessments for Corporate Income Tax up to 2018. Management expects no changes anymore for the tax position of the mentioned financial year.

Current tax expense

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

In December 2018 the tax advisor filed a (new) Advance Pricing Agreement (APA) request. In June 2019 the fiscal authorities had granted this request. On 9 June 2021 the tax advisor send an informative letter to the fiscal authorities with respect to the issuances of the bonds in 2020 exceeding the volume of the ruling as of 2020. Furthermore, with the issuances of the two bonds during the first half of 2021, the volume of the ruling was further exceeded. The increase in volume did not materially affect the facts and circumstances upon which the ruling was based. 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 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Loan management fee	1,032,877	1,570,468	759,942
Interest income loans not included in APA	5,468,300	19,552,090	14,081,167
Deductible costs	(52,722)	(184,134)	(85,930)
Taxable profit	6,448,455	20,947,424	14,755,178
Corporate Income Tax (payable)	1,588,598	5,219,856	3,671,794
Turkish withholding tax	-	-	-
Creditable withholding tax costs	-	-	-
Total corporate income tax due	1,588,598	5,219,856	3,671,794
Effective rate	24.62%	24.93%	24.88%

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The calculation of the 2021 CIT is conditional and is subject to change based upon the results of the second half of 2021. The applicable CIT rates are: 15% (2020: 16.5%) for the first bracket of EUR 245,000 (2020: EUR 200,000) and 25% for the second bracket (2020: 25%). The change of the CIT rate is a result of changes of legislation. The change of the first bracket decreases the tax charge by EUR 7,500 for 2021.

To date the tax returns, those have been filed up to and including 2020, are settled up to 2020. For the current book year, a preliminary tax assessment is settled.

The current APA agreement expires on 31 December 2023.

Deferred tax asset

	2021 EUR	2020 EUR
Balance at 1 January	1,473,484	1,503,055
Expected credit losses of financial assets	(1,181,336)	(29,571)
	<hr/>	<hr/>
Balance at 30 June / 31 December	292,148	1,473,484
	<hr/>	<hr/>

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 (2020: 0). The applied tax rate is 25% (2020: 21.7%).

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 ended 30 June 2021 the Company paid a fixed salary in the amount of EUR 11,566 (31 December 2020: EUR 22,891) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in the period as from 1 January up to 30 June 2021 amounted to EUR 38,000 (31 December 2020: EUR 50,000) and is provided in the form of a fixed remuneration. No other remunerations were provided.

No transactions with key management have occurred other than the remuneration. The outstanding balances relating to key management amount to Nil (31 December 2020: Nil).

Transaction with EnBW Group

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

The Company had diverted the proceeds from the issue of the Eurobond 2021/2028 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and "disagio" (in total EUR 1,600,000). These amounts will be calculated on the basis of the remaining term of the loan.

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For the period as from 1 January up to 30 June 2021 EUR 62,993 is therefore credited to the statement of income and presented as interest income.

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

The Company had diverted the proceeds from the issue of the Eurobond 2021/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 1 March 2021. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,800,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period as from 1 January up to 30 June 2021 EUR 85,025 is therefore credited to the statement of income and presented as interest income.

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

The Company has issued several new short-term Euro notes under the Commercial Paper Programme. During the first half of 2021, 6 new transactions took place for in total GBP 275,000,000. This amount was repaid in total during the first half of 2021. The interest rate on all transactions was 0%. Commercial Paper notes had a maximum maturity of three months. EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee towards the dealers with respect to the prescribed and punctual payment of capital and interest of the Commercial Paper notes issued by the Company.

The outstanding non-current loan receivable with EnBW AG as per 30 June 2021 is EUR 4,639,166,605 (31 December 2020: EUR 3,943,384,814). The outstanding current loan receivable with EnBW AG as per 30 June 2021 amounts EUR 297,930,804 (31 December 2020: EUR Nil) and relates to the OPOLE loan. The outstanding current interest receivable with EnBW AG is EUR 66,729,275 (31 December 2020: EUR 78,391,435). The outstanding current account receivable with EnBW AG as per 30 June 2021 is EUR 2,174,366 (31 December 2020: EUR 2,748,898)

The total amount of interest income charged to EnBW AG as per 30 June 2021 amounts to EUR 59,629,223 (31 December 2020: EUR 124,520,826). The total amount of interest expenses paid to EnBW AG amounts to EUR 0 (31 December 2020: EUR 0).

The Company received during the first half of 2021 in total EUR 1,242,891 (31 December 2020 EUR 1,885,460) for fees charged to EnBW AG. The fees comprised of remuneration for the Company's financing activities in the amount of EUR 1,032,877 (2020: EUR 1,570,468) as well as a recharge of expenses in the amount of EUR 210,014 (31 December 2020: 314,992).

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 2021 EUR	Year ended 31 December 2020 EUR	Period ended 30 June 2020 EUR
Increase (decrease) of provision	(5,755,837)	(2,179,097)	23,721,027

Pease refer to the credit risk paragraph starting on page 21 for more details of the movement in the ECL.

19. Off balance commitments

The Company entered into a rental agreement for the rent of an office accommodation in Amsterdam for the period 1 September 2016 up to and including 31 August 2017. After extension of a year, the agreement now will continue for periods of one year at a time, unless terminated by either party. The rent obligation until the end of the current contract time is EUR 7,184

The current APA agreement expires 31 December 2023.

20. Post balance sheet events

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

No other events which would be significant for assessing the net assets, financial position and result of the Company occurred after 30 June 2021.

21. Appropriation of result

In March 2021 the General Meeting of Shareholders adopted the annual accounts 2020 and approved to distribute dividend in the amount of EUR 17,869,189 by way of settlement of the outstanding current account balance.

Amsterdam, 22 July 2021

EnBW International Finance B.V.

The Board of Management

sgd.

P.A. Berlin

Supervisory board

sgd.

W.P. Ruoff

sgd.

I.P. Voigt

sgd.

F. van der Rhee

sgd.

G.J. Gutekunst

Other information

Provisions in the articles of association concerning the appropriation of profits

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

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

Auditors' report

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

Independent auditor's review report

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

Our conclusion

We have reviewed the accompanying interim financial information for the period from 1 January 2021 to 30 June 2021 of EnBW International Finance B.V. based in Amsterdam.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the period from 1 January 2021 to 30 June 2021 of EnBW International Finance B.V. is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The interim financial statements comprise:

- ▶ the statement of income for the period from 1 January 2021 to 30 June 2021;
- ▶ the statement of financial position as at 30 June 2021;
- ▶ the statement of cash flows for the period from 1 January 2021 to 30 June 2021;
- ▶ the statement of changes in equity for the period from 1 January 2021 to 30 June 2021;
- ▶ the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of EnBW International Finance B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Responsibilities of management for the interim financial information

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. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the review of the interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 24100.

Our review included among others:

- ▶ Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.
- ▶ Obtaining an understanding of internal control, as it relates to the preparation of the interim financial information.
- ▶ Making inquiries of management and others within the entity.
- ▶ Applying analytical procedures with respect to information included in the interim financial information.
- ▶ Obtaining assurance evidence that the interim financial information agrees with or reconciles to the entity's underlying accounting records.
- ▶ Evaluating the assurance evidence obtained.
- ▶ Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.
- ▶ Considering whether management has identified all events that may require adjustment to or disclosure in the interim financial information.
- ▶ Considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 22 July 2021

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

sgd.
W.J.P. Hoeve RA
