EnBW International Finance B.V.

Report on the interim financial statements for the period 1 January – 30 June 2020

Contents

Financial Report

Report of the Board of Management

The Directors of EnBW International Finance B.V. herewith submit its financial report for the period from 1 January to 30 June 2020.

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

Activities during the period

The Company issued one new bond for EUR 500 million on 17 April 2020. The Company remained making use of a short-term financing instrument (Commercial Paper) for in total EUR 1,218 million in fourty separate instalments. All the proceeds under the Commercial Paper programme mature within the current financial year. The GESO loan in the amount of EUR 834.4 million matured originally on 31 March 2020 and was extended to 1 June 2020. On 1 June 2020 the loan was repaid, whereas on the same day the Company distributed EUR 834.4 million to its Shareholder.

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 2020 (EUR million)	Year ended 31 December 2019 (EUR million)	Period ended 30 June 2019 (EUR million)
Net result	(8)	30	16
Net interest result	14	46	23
Shareholder's equity	290	1,161	1,148
Free cash	5.7	0.06	0.27
Net working capital	15	870	852
Solvency (equity/ total assets)	8%	30%	26%

COVID-19 pandemic

During the early start of the period ended 30 June 2020, the Coronavirus became visible in Europe and emerged to a pandemic early March 2020. 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 Corona pandemic at an early stage, establishing a task force at the beginning of February 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.

Financially, EnBW AG reported a controlled growth of earnings in 2020 and will maintain its existing earnings guidance for the current year.

Principle risks and uncertainties

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

The Company has exposure to the following risks:

Credit risk

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

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

The total value of the loans to EnBW AG including accrued interest per 30 June 2020 amounted EUR 3.8 billion.

Liquidity risk

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

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts. The repayment schedules can be found on pages 32 and 38.

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 an on-lending loan from debts. This loan was financed by equity. The fair value of this loan per 30 June 2020 amounted EUR 0.3 billion. The loan will mature in March 2022.

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. These loans bear a fixed interest rate. Therefore, the Company is not significantly exposed to variability of cash flows due to market development in interest rates.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in foreign currency will fluctuate because of changes in exchange rates. The net proceeds from each issue of interest-bearing loans and borrowings by the Company only will be applied towards the purposes of on-lending to EnBW AG (for equal currency). Therefore, the Company is not exposed to currency risk on investments and borrowings that are denominated in a currency other than the functional currency of the Company.

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

Operational risk

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

Sensitivity analysis

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

Capital management

The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company. The loans payable are reflected by loans receivables with identical characteristics. No impairments are to be expected.

There were no changes in the Company's approach to capital management during the period ended 30 June 2020.

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 on the basis of their background, knowledge and experience.

Future outlook and Post-balance sheet events

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

The Company restarted the use of the Commercial Paper Programme in 2020. Up to June 2020 EUR 1,218 million in 40 short-term Euro notes were issued. The notes have a maturity of 15 to 185 days. The proceeds that the Company received were between 99.77% and 100.04%.

For the foreseeable future, the Board of Directors believes that the measures taken regarding the Coronavirus pandemic still are adequate. Further, the Board of Directors is monitoring the situation continuously and will take actions accordingly in such manner, that it will be able to manage the Company in a prudent manner and to keep the Company in good standing.

No other events which would be significant for assessing the net assets, financial position and result of the Company occurred after 30 June 2020.

Activities in the field of research and development

The Company is not engaged in such activities.

EnBW International Finance B.V.

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 A3 with negative outlook (Moody's), A- with stable outlook (Standard & Poor's) and BBB+ with stable outlook (Fitch).

EnBW AG has a comfortable level of liquidity.

Board of Directors' accountability

Herewith the Board of Directors confirms that the Interim 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 2020 and the described activities during the period 1 January to 30 June 2020.

Amsterdam, 17 July 2020

EnBW International Finance B.V.

The Board of Directors

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

Financial Statements

Statement of financial position as at 30 June 2020

(before appropriation of the profit)

	Note	30 June 2020		31 December 2019	
		EUR	EUR	EUR	EUR
Non-current assets					
Investments					
Loans EnBW AG	*1*	**3,430,114,080**		**2,952,633,211**	
Deferred tax assets	*17*	**6,477,880**		**1,503,055**	
			3,436,591,960		**2,954,136,266**
Current assets					
Receivables					
Loans EnBW AG	*1*	**270,659,844**		**832,489,950**	
Interest receivable loans EnBW AG	*2*	**73,145,096**		**101,681,080**	
Current account EnBW AG	*3*	**1,842,104**		**-**	
Corporation tax		**-**		**16,858**	
Turnover tax		**23,599**		**5,406**	
Deposit office lease		**4,749**		**4,749**	
			345,675,392		**934,198,043**
Cash and cash equivalents	*4*		**5,727,998**		**60,511**
			3,787,995,350		**3,888,394,820**
Shareholder's equity					
Issued and paid up share capital	*5*	**100,000**		**100,000**	
Share premium reserve	*6*	**297,183,974**		**1,131,613,974**	
Other reserves	*7*	**-**		**-**	
Undistributed result		**(7,679,396)**		**29,520,430**	
			289,604,578		**1,161,234,404**
Non-current liabilities					
Interest-bearing loans and borrowings	*8*	**3,161,966,055**		**2,661,559,727**	
			3,161,966,055		**2,661,559,727**
Current liabilities					
Interest-bearing loans and borrowings	*8*	**273,000,000**		**-**	
Current account EnBW AG	*9*	**-**		**9,006,290**	
Corporation tax		**3,654,936**		**-**	
Accrued expenses and deferred income	*10*	**59,769,781**		**56,594,399**	
			336,424,717		**65,600,689**
			3,787,995,350		**3,888,394,820**

The notes on page 13 to 46 are integral part of the financial statements.

Statement of income for the period 1 January – 30 June 2020

(expressed in Euros)

Continuing operations		Period ended 30 June 2020	Year ended 31 December 2019	Period ended 30 June 2019
Interest income and similar income	*11*	65,928,715	147,034,561	73,130,937
Interest expenses and similar expenses	*12*	51,847,548	101,504,234	50,238,113
Net interest result		**14,081,167**	**45,530,327**	**22,892,824**
Fees received from EnBW AG	*18*	**759,942**	**1,399,550**	**697,300**
Expenses				
General expenses	*13*	238,967	420,846	232,050
Wages and salaries	*14*	72,954	117,334	72,354
Recharged expenses		(209,413)	(369,632)	(230,982)
(Decrease) / increase expected loss on loans	*19*	23,721,027	6,808,278	1,270,918
		23,823,535	**6,976,826**	**1,344,340**
Result before corporate income tax		**(8,982,426)**	**39,953,051**	**22,245,784**
Corporate income tax previous year		-	202,832	-
Corporate income tax current period / year	*17*	1,303,030	(10,635,453)	(5,917,271)
Net result		**(7,679,396)**	**29,520,430**	**16,328,513**

The notes on page 13 to 46 are integral part of the financial statements.

Statement of cash flows for the period 1 January - 30 June 2020

(expressed in Euros)

	Note	1 January - 30 Jun 2020	1 January - 30 Jun 2019
Operating activities			
Cash receipts from group companies		**5,999,090**	**11,377,783**
Cash paid to employees		**(78,101)**	**(74,439)**
Cash paid to suppliers		**(280,381)**	**(262,330)**
Cash generated from operations		**5,640,608**	**11,041,014**
Interest paid		**(47,965,790)**	**(45,999,676)**
Interest received		**47,965,790**	**46,195,224**
Taxes Received (paid)		**26,849**	**(11,678,121)**
Cash flows used in operating activities		**5,667,457**	**(441,559)**
Investing activities			
Repayment of investments	*1*	**945,000,000**	**450,000,000**
Proceeds from investments	*1*	**(1,713,970,519)**	**(874,738,250)**
Cash flows from investing activities		**(768,970,519)**	**(424,738,250)**
Financing activities			
Proceeds from borrowings	*8*	**1,713,970,519**	**874,738,250**
Repayment of (non-) current borrowings	*8*	**(945,000,000)**	**(450,000,000)**
Group company current account		**-**	**-**
Cash flows used in financing activities		**768,970,519**	**424,738,250**
Net increase (decrease) in cash and cash equivalents		**5,667,457**	**(441,559)**
Exchange results		**30**	**516**
Cash and cash equivalents as 1 January	*4*	**60,511**	**708,125**
Cash and cash equivalents at 30 June	*4*	**5,727,998**	**267,082**

The notes on page 13 to 46 are integral part of the financial statements.

Statement of changes in equity for the period 1 January - 30 June 2020

(expressed in Euros)

	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2019	100,000	1,131,613,974	(2,625,958)	39,934,869	1,169,022,885
Appropriation of the result	-	-	39,934,869	(39,934,869)	-
Dividend to shareholder	-	-	(37,308,911)	-	(37,308,911)
Result for the period	-	-	-	16,328,353	16,328,353
Balance at 30 June 2019	100,000	1,131,613,974	-	16,328,353	1,148,042,327
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**

The notes on page 13 to 46 are integral part of the financial statements.

Notes

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

The Company is a private company with limited liability, 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 financial statements are prepared in euros, the functional and presentation currency of the Company and on the historical cost basis unless indicated otherwise hereafter. All values are rounded to the nearest euro, except when otherwise indicated.

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

1. New standards, interpretations and amendments effective from 1 January 2020

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

- IFRS 16 amendment Covid-19-Related Rent Concessions
- IFRS 9 IBOR reform Phase 1
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments regarding the definition of material information (Amendments to IAS 1 and IAS 8)
- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of a Business - Amendments to IFRS 3

2. New standards, interpretations and amendments not yet effective

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

- 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)

The Board of Directors expects that new accounting standards that will be implemented as from 1 January 2021 will not have significant impact for the Company.

(c) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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. In the estimation of the deferred tax asset, a lower than current income tax rate is used. The lower tax rate is based on the latest communications from the Dutch Tax Authority and is subject to change.

There are no other substantial judgements, estimates and assumptions in the financial statements 2020 and 2019.

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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

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

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

Prepayment Features with Negative Compensation
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 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 and borrowings and interest bond loans.

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.

(f) **Income tax**

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

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

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

Deferred tax

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments
In 2019 the Company had been granted an Advanced Pricing Agreement (APA) with the Dutch Tax Authority which will expire on 31 December 2023. The political sentiment towards tax rulings is changing. The Board of Directors believes that until the expiry date of this ruling, there will not be uncertainty about the treatment of income tax for the Company. The developments in this respect are monitored closely.

(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 2020 are as follows:
1 CHF = EUR 0.9373 (31 December 2019: EUR 0.9213)
1 JPY = EUR 0.0083 (31 December 2019: EUR 0.0082)
1 USD = EUR 0.8903 (31 December 2019: EUR 0.8902)

The average exchange rates for the period 1 January to 30 June 2020 are as follows:
1 CHF = EUR 0.9398 (2019: EUR 0.8992)
1 JPY = EUR 0.0084 (2019: EUR 0.0082)
1 USD = EUR 0.9076 (2019: EUR 0.8934)

(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 2020 amounts to EUR 4,117 million (December 31, 2019: EUR 3,641 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 3,135 million) and the book value of the long-term interest-bearing loans and borrowings (EUR 3,162 million) concerns the long-term loan to EnBW AG as a result of the sale of the OPOLE-shares in 2012 through EnBW Investment I B.V. (EUR 298 million) as well as a provision for Expected Credit Loss (ECL) as required under IFRS-9, as disclosed on page 21, 22 and 23 of this report. Another long-term loan to EnBW AG, related to the sale of the GESO shares in 2010 (EUR 832 million after ECL) through EnBW Investment I B.V. was reclassified to short-term and matured in June 2020. The fair value of the OPOLE loan is based on internal calculations.

The fair value of the other assets and liabilities as at 30 June 2020 and 31 December 2019 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at 30 June 2020 and 31 December 2019 is specified in the following overview.

Level		Carrying value 30 June 2020 (EUR million)	Fair value 30 June 2020 (EUR million)	Unrecognised gain/(loss) 2020 (EUR million)	Carrying value 31 Dec. 2019 (EUR million)	Fair value 31 Dec. 2019 (EUR million)	Unrecognised gain/(loss) 2019 (EUR million)
2	Loans EnBW AG (corresponding debts are listed)	3,135	4,117	983	2,655	3,641	986
3	Loan EnBW AG (GESO)	-	-	-	832	843	11
3	Loan EnBW AG (OPOLE)	296	323	27	297	323	26
3	Commercial Paper EnBW AG	271	273	-	-	-	-
n.a.	Current Assets	76	76	-	103	103	-
n.a.	Cash and cash equivalents	5.7	5.7	-	0.1	0.1	-
1	Debts (listed)	3,162	4,117	(955)	2,662	3,641	(980)
3	Commercial Paper	273	273	-	-	-	-
n.a.	Current liabilities	63	63	-	66	66	-

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

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

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

Principal financial instruments

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

- Cash and cash equivalents
- Interest receivable loans EnBW AG
- Loans EnBW AG (current)
- Loan EnBW AG (non-current)
- Interest bond loans
- Interest-bearing loans and borrowings (current)
- Interest-bearing loans and borrowings (non-current)

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

Financial instruments by category
Financial assets

	Fair value through profit or loss		Amortised cost (Loans and receivable 2019)		Fair value through Other comprehensive income	
	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000
Cash and cash equivalents	-	-	5,728	61	-	-
Interest receivable loans EnBW AG	-	-	73,778	101,681	-	-
Loan EnBW AG (current)	-	-	270,027	832,490	-	-
Loan EnBW AG (non-current)	-	-	3,430,114	2,952,633	-	-
	-	-	3,779,647	3,886,865	-	-

Financial liabilities

	Fair value through profit or loss		Amortised cost	
	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000
Interest bond loans	-	-	59,693,728	56,520
Interest-bearing loans and borrowings (current)	-	-	273,000	-
Interest-bearing loans and borrowings (non-current)	-	-	3,161,184	2,661,560
	-	-	63,127,912	2,718,080

Credit risk

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

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

The total value of the loans to EnBW AG including accrued interest per 20 June 2020 amounted EUR 3.8 billion.

As loans receivables at amortised cost are considered to be low risk, the impairment allowance is determined at 12-month expected credit losses (‘ECL’) with a reference to internal credit ratings of the counterparties. The ECL is the sum of the value of all possible losses, each multiplied by the probability of that loss occurring and calculated as follows: ECL = EAD × LGD × PD. Exposure at Default (EAD) is the gross carrying value of loans receivable; Loss Given Default (LGD) is the portion of loans receivable that the Company shall lose if a borrower defaults; Probability of Default (PD) is the likelihood of a default of a counterparty over an observed period. The PD and LDG rates were defined based on historical loss rates of its parent company, and adjusts for forward looking macroeconomic data. The 1-year Probability of Default rate for EnBW AG on 30 June 2020 was 0.8572% (2019: 0.2325%). The PD rate is mainly driven by the change of the Investment Grade (IG) of EnBW AG. The IG changed during 2020 from IG9 to HY1, however credit ratings of all rating agencies of EnBW AG still remain stable on IG. Also, the market Cap is an indicator as well as the volatility of the share price of EnBW AG. 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 2020 increased by EUR 23.7 million. The Company assesses a significant increase in credit risk using the delta in the lifetime default probability, internal ratings and arrears. The Company evaluates qualitative information on the borrower’s other cash flow obligations (including to other debt providers), its liquidity position and business performance and on the regulatory, economic, and technological environment of the borrower. The Company also considers forward-looking information on developments in the relevant macroeconomic indicators such as GDP and/or other macroeconomic indicators. The Company uses the 30 days past due criteria as a backstop rather than a primary driver of moving exposures into stage 2. The Company assumes that the credit risk of such assets has increased significantly if they are more than 30 days past due. The Company considers a financial asset to be in default when the counterparty is unlikely to pay its obligations to the Company in full. In assessing whether a counterparty is in default, the Company considers both qualitative and quantitative indicators (e.g. overdue status) that are based on data developed internally and for certain financial assets also obtained from external sources. The following indicators are incorporated: internal credit rating, significant increases in credit risk on other financial instruments of the same borrower, actual or expected significant adverse changes in business, financial and economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations.

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

The Company does not expect any credit loss during the foreseeable future.

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

At 30 June 2020 the Company has no financial assets which are past due but not impaired (2019: none) and no financial assets whose terms have been renegotiated (2019: 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 2020 reconciles to the opening loss allowance on 1 January 2020 and to the closing loss allowance as at 30 June 2020 as follows:

	2020 EUR 1,000
Opening loss allowance as at 1 Janauary 2020	**9,103**
Increase (decrease) in loan loss allowance recognised in profit or loss during the year	19,035
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	6,626
Increase (decrease) in loan loss allowance due to repaid financial asset during the year	(1,940)
Closing loss allowance as at 30 June 2020	**32,824**

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

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

Cash in bank

Cash is held with the following institutions:

	Rating (Moody's)	30-06-2020 EUR 1,000	31-12-2019 EUR 1,000
Deutsche Bank AG (current account)	**A3 (negative)**	**5,676**	**8**
Baden-Württembergische Bank (current accounts)	**Aa3 (stable)**	**52**	**53**
		5,728	**61**

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 38.

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 loans from debts. This loan was financed by equity. The total fair value of this loan per 30 June 2020 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.

Currency risk

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

The currencies in which these transactions primarily are denominated are Euro (EUR), Swiss Franc (CHF), Japanese yen (JPY) and US dollar (USD). The related income per currency is: EUR: € 61.6 million, CHF: € 1.1 million, JPY: € 3.2 million and USD: € 0.

Interest rate risk

The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loan granted in 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.

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 2020 and 31 December 2019, the Company’s equity amounted to EUR 289,604,578 and EUR 1,161,234,404 respectively. The policy of EnBW AG is to maintain a strong capital base and solid investment grade ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the Company. The margin of the interest on the loans covers the expenses of the Company. The loans payable are reflected by loans receivables with identical characteristics. The negative result that the Company reports for the period ended 30 June 2020 was caused by provisions for credit losses.

There were no changes in the Company’s approach to capital management as described in the previous paragraph during the period ended 30 June 2020.

The Company is not subject to externally imposed capital requirements.

COVID-19 pandemic

During the early start of the period ended 30 June 2020, the Coronavirus became visible in Europe and emerged to a pandemic early March 2020. 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 Corona pandemic at an early stage, establishing a task force at the beginning of February 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.

Financially, EnBW AG reported a controlled growth of earnings in 2020 and will maintain its existing earnings guidance for the current year.

Notes to the balance sheet as 30 June 2020

1. Investments

1a Statement of changes in investments

	2020 EUR	2019 EUR
Balance at 1 January	3,785,123,161	3,957,333,207
Movement due to provision for expected credit loss	(23,325,564)	(6,571,319)
Repayment loans	(1,779,430,000)	(1,050,000,000)
Issued loans	1,714,350,000	874,738,250
Exchange differences	3,348,293	8,480,713
Other movements	708,034	1,142,310
	3,700,773,924	3,785,123,161
Receivables < 1 year (current assets)	(270,659,844)	(832,489,950)
Balance at 30 June / 31 December	3,430,114,080	2,952,633,211

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, during the period ended June 2020 the total impairment provision increased by EUR 23.7 million (2019: EUR 6.9).
EUR 23.3 million of the increase was related to investments whereas EUR 0.4 million of the increase was related to accrued interest. Per 30 June 2020, the provision amounts EUR 32.8 million (2019: EUR 9.1 million). The movements are outlined in below table:

	2020 EUR 1,000	2019 EUR 1,000
Opening loss allowance as at 1 Janauary	**9,103**	**2,295**
Increase (decrease) in loan loss allowance recognised in profit or loss during the period/year	19,035	6,571
Increase (decrease) in loan loss allowance due to new financial assets originated or purchased	6,626	381
Increase (decrease) in loan loss allowance due to repaid financial asset during the period/year	(1,940)	(144)
Closing loss allowance as at 30 June / 31 December	**32,824**	**9,103**

The non-current loss allowance per 30 June 2020 amounted EUR 29.9 million (2019: EUR 6.9 million), the current loss allowance amounted EUR 2.9 million (2019: EUR 2.2 million).

During 2020, no loans had to be impaired or were written off.

1b Loans EnBW AG

	30-06-2020 EUR	31-12-2019 EUR
1. Loan granted in 2004	493,920,513	496,868,169
2. Loan granted in 2008	164,347,783	163,633,754
3. Loan granted in 2009	585,077,203	588,689,209
4. Loan granted in 2010	-	832,489,950
5. Loan granted in 2012	295,445,544	297,307,150
6. Loan granted in 2013	92,778,128	91,748,537
7. Loan granted in 2014	494,588,467	497,624,033
8. Loan granted in 2014	98,376,905	98,986,777
9. Loan granted in 2014	97,679,746	98,262,185
10. Loan granted in 2014	49,144,763	49,451,012
11. Loan granted in 2018	492,480,300	495,489,815
12. Loan granted in 2019	74,107,722	74,572,570
13. Loan granted in 2020	492,167,006	-
14. Commercial paper	270,659,844	-
	3,700,773,924	3,785,123,161

Recognised as:		
Investments (non-current assets)	3,430,114,080	2,952,633,211
Receivables (< 1 year) (current assets)	270,659,844	832,489,950

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 Probabilty of Default (PD) rate at 30 June 2020 was 0.8572% (2019: 0.2325%), which caused a considerable increase of the provision for Expected Credit Loss (ECL) as applied in IFRS 9. The increase mainly was caused by the high volatility of the share price of EnBW AG during 2020. As a result of a free-float of the shares of EnBW AG of less than 1%, this volatility is well known by the Board of Directors.

The ECL for non-current assets amounts EUR 29.9 million (2019: EUR 6.9 million). Despite of the repayment of the GESO-loan, the change of ECL for current assets still increased due to a higher PD rate and issuance of short-term notes and amounts EUR 2.9 million (2019: EUR 2.2 million).

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 2020 EUR 175,844 (2019: EUR 335,974) is therefore credited to the statement of income and presented as interest income.

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

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

2. Loan granted in 2008

The Company had diverted the proceeds from the issue of the JPY-bond 2008/2038 (nominal JPY 20,000,000,000/EUR 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 2020 EUR 136,194 (2019: EUR 257,011) 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 2010

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

The loan bears interest at a fixed interest rate (4.130% per annum) and has a fixed term of 10 years. EnBW AG has provided no securities. Originally, the loan would have been repaid on 31 March 2020. The loan was extended until 1 June 2020 and was repaid in full.

5. Loan granted in 2012

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

The loan bears interest at a fixed interest rate (3.670% per annum) and has a fixed term of 10 years. Redemption of the EUR 298,000,000 will take place on 28 February 2022. EnBW AG has provided no securities.

6. Loan granted in 2013

The Company had diverted the proceeds from the issue of a CHF-bond 2013/2023 (nominal CHF 100,000,000/EUR 93,118,540) by way of a loan to EnBW AG on July 12, 2013. The payment of the loan has taken place after addition of “agio” (CHF 634,000) and deduction of management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 CHF 25,822 (2019: CHF 50,480) 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.

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.

7. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on June 4, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 EUR 87,934 (2019: EUR 171,981) 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.

8. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2039 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 16, 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 EUR 14,829 (2019: EUR 28,836) 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.

9. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2034 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 13, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 1,933,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 EUR 42,261 (2019: EUR 82,281) 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.

10. Loan granted in 2014

The Company had diverted the proceeds from the issue of the Eurobond 2014/2044 (nominal EUR 50,000,000) by way of a loan to EnBW AG on August 1, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 493,200). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 EUR 6,101 (2019: EUR 11,884) 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.

11. Loan granted in 2018

The Company had diverted the proceeds from the issue of the Eurobond 2018/2033 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 31 October 2018. The payment of the loan has taken place after deduction of management and underwriting fees and “disagio” (in total EUR 3,580,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2020 EUR 113,985 (2019: EUR 199,141) 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.

12. 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 2020 EUR 4,336 (2019: 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.

13. 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 2020 EUR 103,006 is therefore credited to the statement of income and presented as interest income.

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

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

14. Loans granted in 2020

The Company had diverted the net proceeds from the issue of the Commercial Paper Programme by way of loans to EnBW AG for in total EUR 1,218,000,000 in 40 transactions. During the period ended 30 June 2020, EUR 945,000,000 was repaid.

All loans will mature in 2020.

The redemption schedule is as follows:

#	Value date	Maturity date	Currency	Principal amount	Price	Actual Proceeds
1	22/01/2020	22/04/2020	EUR	50,000,000	100.02528417%	50,012,642.08
2	27/01/2020	27/03/2020	EUR	50,000,000	100.01666944%	50,008,334.72
3	29/01/2020	27/03/2020	EUR	50,000,000	100.01933710%	50,009,668.54
4	29/01/2020	30/03/2020	EUR	50,000,000	100.02033747%	50,010,168.73
5	05/02/2020	05/05/2020	EUR	50,000,000	100.03751407%	50,018,757.03
6	05/02/2020	31/03/2020	EUR	50,000,000	100.01833670%	50,009,168.35
7	10/02/2020	11/05/2020	EUR	100,000,000	100.04046081%	100,040,460.81
8	12/02/2020	14/04/2020	EUR	50,000,000	100.03445631%	50,017,228.16
9	19/03/2020	20/04/2020	EUR	10,000,000	100.00000000%	10,000,000.00
10	23/03/2020	23/04/2020	EUR	5,000,000	99.98966773%	4,999,483.39
11	26/03/2020	27/04/2020	EUR	20,000,000	99.98933447%	19,997,866.89
12	27/03/2020	30/04/2020	EUR	10,000,000	99.98966773%	9,998,966.77
13	27/03/2020	30/04/2020	EUR	20,000,000	99.98866795%	19,997,733.59
14	30/03/2020	30/04/2020	EUR	25,000,000	99.98966773%	24,997,416.93
15	30/03/2020	30/04/2020	EUR	30,000,000	99.98966773%	29,996,900.32
16	30/03/2020	30/04/2020	EUR	10,000,000	99.98622410%	9,998,622.41
17	31/03/2020	15/04/2020	EUR	50,000,000	99.99500030%	49,997,500.13
18	31/03/2020	30/04/2020	EUR	12,000,000	99.98666840%	11,998,400.21
19	31/03/2020	30/04/2020	EUR	34,000,000	99.99000100%	33,996,600.34
20	01/04/2020	01/07/2020	EUR	40,000,000	99.93684547%	39,974,738.19
21	02/04/2020	02/07/2020	EUR	20,000,000	99.93432094%	19,986,864.19
22	03/04/2020	03/06/2020	EUR	24,000,000	99.96612259%	23,991,869.42
23	03/04/2020	04/05/2020	EUR	10,000,000	99.98622412%	9,998,622.41
24	03/04/2020	04/05/2020	EUR	15,000,000	99.98536300%	14,997,804.49
25	14/04/2020	15/06/2020	EUR	30,000,000	99.96556742%	29,989,670.23
26	14/04/2020	15/06/2020	EUR	20,000,000	99.96556742%	19,993,113.48
27	15/04/2020	15/05/2020	EUR	10,000,000	99.99166740%	9,999,166.74
28	16/04/2020	18/05/2020	EUR	20,000,000	99.98933400%	19,997,866.89
29	17/04/2020	17/06/2020	EUR	50,000,000	99.96612259%	49,983,061.30
30	17/04/2020	19/10/2020	EUR	80,000,000	99.76928353%	79,815,426.82
31	27/04/2020	27/05/2020	EUR	10,000,000	99.99916667%	9,999,916.67
32	27/04/2020	29/06/2020	EUR	60,000,000	99.97375689%	59,984,254.13
33	27/04/2020	27/07/2020	EUR	20,000,000	99.93684547%	19,987,369.09
34	28/04/2020	28/07/2020	EUR	10,000,000	99.94946999%	9,994,947.00
35	28/04/2020	28/10/2020	EUR	35,000,000	99.77177207%	34,920,120.22
36	30/04/2020	30/06/2020	EUR	20,000,000	99.98305843%	19,996,611.69
37	30/04/2020	30/10/2020	EUR	30,000,000	99.77177207%	29,931,531.62
38	04/05/2020	01/07/2020	EUR	18,000,000	99.98389148%	17,997,100.47
39	08/05/2020	07/08/2020	EUR	10,000,000	99.94946999%	9,994,947.00
40	20/05/2020	20/11/2020	EUR	10,000,000	99.79597268%	9,979,597.27

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	**621,875**	**24,375**	**597,500**	**-**
Loan granted in 2008	**284,757**	**6,432**	**25,727**	**252,597**
Loan granted in 2009	**1,335,000**	**36,750**	**147,000**	**1,151,250**
Loan granted in 2012	**321,635**	**10,937**	**310,699**	**-**
Loan granted in 2013	**102,165**	**2,109**	**100,056**	**-**
Loan granted in 2014	**575,000**	**12,500**	**50,000**	**512,500**
Loan granted in 2014	**158,520**	**3,080**	**12,320**	**143,120**
Loan granted in 2014	**140,250**	**2,875**	**11,500**	**125,875**
Loan granted in 2014	**86,250**	**1,450**	**5,800**	**79,000**
Loan granted in 2018	**631,250**	**9,375**	**37,500**	**584,375**
Loan granted in 2019	**109,320**	**1,560**	**6,240**	**101,520**
Loan granted in 2020	**518,750**	**3,125**	**515,625**	**-**
Loans (short-term) granted in 2020	**273,000**	**273,000**	**-**	**-**
	5,157,772	**387,568**	**1,819,967**	**2,950,237**

2. Interest receivable loans EnBW AG

	2020 EUR	2019 EUR
Balance at 1 January	101,681,080	100,166,758
Movement due to provision for expected credit loss	(395,461)	(236,958)
Received interest from EnBW AG	(92,984,868)	(144,192,768)
Interest charged during the year	64,839,851	145,695,428
Exchange differences	4,494	11,662
Balance as at 30 June / 31 December	73,145,096	101,681,080

3. Current account EnBW AG

	30-06-2020 EUR	31-12-2019 EUR
EnBW AG	1,842,104	-

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

4. Cash and cash equivalents

	30-06-2020 EUR	31-12-2019 EUR
Deutsche Bank AG (current accounts)	5,676,168	7,658
BW Bank (current accounts)	51,830	52,853
	5,727,998	60,511

Cash and cash equivalents are free at disposal.

5. Issued and paid up share capital

The authorised share capital is composed of 1,000 (2019: 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 the Company distributed EUR 834,430,000 to its shareholder. The share premium per 30 June 2020 amounted EUR 297,183,974.

	2020 EUR	2019 EUR
Balance as at 1 January	1,131,613,974	1,131,613,974
Distribution	(834,430,000)	-
Balance as at 30 June / 31 December	297,183,974	1,131,613,974

7. Other reserves

	2020	2018
	EUR	EUR
Balance as at 1 January	-	(2,625,958)
Dividend to shareholder	(29,520,430)	(37,308,911)
Result appropriation	29,520,430	39,934,869
Balance as at 30 June / 31 December	-	-

8. Non-current liabilities

	2020	2019
	EUR	EUR
Balance at 1 January	2,661,559,727	2,827,198,453
Repayments of commercial papers/bonds	(945,000,000)	(1,050,000,000)
Issuance of bonds and commercial papers	1,714,350,000	874,738,250
Exchange differences	3,348,293	8,480,712
Other movements	708,034	1,142,312
	3,434,966,054	2,661,559,727
Repayments due < 1 year	(273,000,000)	-
Balance at 30 June / 31 December	3,161,966,054	2,661,559,727

Interest-bearing loans and borrowings

	30-06-2020 EUR	31-12-2019 EUR
1. Eurobond 2004/2025	498,206,513	498,030,669
2. JPY-bond 2008/2038	165,768,753	164,015,089
3. Eurobond 2009/2039	590,220,403	590,084,209
4. CHF-bond 2013/2023	93,581,577	91,962,744
5. Eurobond 2014/2026	498,874,467	498,786,533
6. Eurobond 2014/2039	99,234,105	99,219,276
7. Eurobond 2014/2034	98,536,946	98,494,685
8. Eurobond 2014/2044	49,573,362	49,567,262
9. Eurobond 2018/2033 (green bond)	496,766,300	496,652,315
11. Eurobond 2019/2041	74,750,622	74,746,945
12. Eurobond 2020/2025	496,453,006	-
13. Commercial Paper 2020 (short term)	273,000,000	-
	3,434,966,054	2,661,559,727
Recognised as:		
Interest-bearing loans and borrowings (long-term debts)	3,161,966,054	2,661,559,727
Interest-bearing loans and borrowings (current liabilities) (< 1 year)	(273,000,000)	-

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 2020 EUR 175,844 (2019: EUR 335,973) 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 2020 EUR 136,194 (2019: EUR 257,011) 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 2020 CHF 25,822 (2019: CHF 50,481) 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 2020 EUR 87,934 (2019: EUR 171,981) 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 2019 EUR 14,829 (2019: EUR 28,836) 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 2020 EUR 42,261 (2019: EUR 82,281) 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 2020 EUR 6,101 (2019: EUR 11,884) 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 2019 EUR 113,985 (2019: EUR 199,141) 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 2020 EUR 4,336 (2019: 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 2020 EUR 103,006 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. Commercial Paper Programme

The Company has issued several short-term Euro notes under the Commercial Paper Programme. During 2020, 40 new transactions took place for in total EUR 1,218,000,000. During the period ended 30 June 2020, EUR 945,000,000 was repaid. All commercial paper notes mature in 2020.

A list of the 40 transactions of issued Commercial Paper and the respective prices that were related to each transaction can be found on page 31.

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	**621,875**	**24,375**	**597,500**	**-**
JPY-bond 2038	**284,757**	**6,432**	**25,727**	**252,597**
Eurobond 2039	**1,335,000**	**36,750**	**147,000**	**1,151,250**
CHF bond 2023	**102,165**	**2,109**	**100,056**	**-**
Eurobond 2026	**575,000**	**12,500**	**50,000**	**512,500**
Eurobond 2039	**158,520**	**3,080**	**12,320**	**143,120**
Eurobond 2034	**140,250**	**2,875**	**11,500**	**125,875**
Eurobond 2044	**86,250**	**1,450**	**5,800**	**79,000**
Eurobond 2033 (green bond)	**631,250**	**9,375**	**37,500**	**584,375**
Eurobond 2041	**109,320**	**1,560**	**6,240**	**101,520**
Eurobond 2025	**518,750**	**3,125**	**515,625**	
Commercial Papers	**273,000**	**273,000**	**-**	**-**
	4,836,137	**376,631**	**1,509,268**	**2,950,237**

9. Current account EnBW AG

	30-06-2020 EUR	31-12-2019 EUR
EnBW AG	-	9,006,290

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

10. Accrued expenses and deferred income

	30-06-2020 EUR	31-12-2019 EUR
Interest bonds	59,693,728	56,519,480
Trade creditors	48,378	-
Auditors’ and consultants’ fees	27,500	61,700
Management fees	-	12,000
Other accrued expenses and deferred income	175	1,219
	59,769,781	56,594,399

Notes to the statement of income for the period 1 January – 30 June 2020

11. Interest income and similar income

	Period ended 30 June 2020 EUR	Year ended 31 December 2019 EUR	Period ended 30 June 2019 EUR
Loans EnBW AG	65,928,685	146,837,740	72,934,872
Interest corporation tax	-	195,548	195,548
Exchange rate differences	30	1,273	517
	65,928,715	147,034,561	73,130,937

12. Interest expenses and similar expenses

	Period ended 30 June 2020 EUR	Year ended 31 December 2019 EUR	Period ended 30 June 2019 EUR
Interest bonds	51,844,895	101,439,181	50,235,592
Current account EnBW AG	-	57,596	-
Bank charges	2,653	7,457	2,521
	51,847,548	101,504,234	50,238,113

13. General expenses

	Period ended 30 June 2020 EUR	Year ended 31 December 2019 EUR	Period ended 30 June 2018 EUR
Auditors' fees	49,130	109,300	64,237
Consultants' fees	38,057	41,783	3,840
Management fees and administrative expenses	120,838	204,507	134,162
Office rent	11,026	20,728	10,364
Other general expenses	12,416	44,528	19,607
	231,467	420,846	232,210

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 2020 EUR BDO Audit & Assurance B.V.	**Year ended 31 December 2019 EUR** BDO Audit & Assurance B.V.	**Period ended 30 June 2019 EUR** BDO Audit & Assurance B.V.
Audit annual accounts	40,000	74,465	45,765
Other audit assignment	16,630	34,835	18,472
	56,630	109,300	64,237

14. Wages and salaries

	Period ended 30 June 2020 EUR	**Year ended 31 December 2019 EUR**	**Period ended 30 June 2019 EUR**
Salaries	70,221	112,191	69,649
Social security's premiums	2,733	5,143	2,705
	72,954	117,334	72,354

15. Remuneration

Over the period of 1 January 2020 to 30 June 2020 the Company paid a fixed salary in the amount of EUR 11,445 (2019: EUR 22,116) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2020 amounted to EUR 50,000 (2019: EUR 50,000) and is provided in the form of a fixed remuneration. No other remunerations were provided.

16. Average number of employees

The Company employs three staff members in the Netherlands (2019: three staff members).

17. Income tax

Company's profit or loss

The major components of income tax expense for the period ended 30 June 2020 and 2019 are:

	Period ended 30 June 2020 EUR	Year ended 31 December 2019 EUR	Period ended 30 June 2019 EUR
Current income tax:			
Current income tax charge	3,671,794	11,679,457	5,868,261
Adjustments in respect to current income of tax previous years	-	(202,832)	-
Deferred tax			
Relating to origination and reversal of temporary differences	(4,974,824)	(1,044,004)	49,010
Income tax expense reported in the statement of comprehensive income	(1,303,030)	10,432,621	5,917,271

The current income tax charge comprises of corporate income tax (payable) EUR 3,671,794 (2019: EUR 11,679,457).

Current tax expense

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

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

	Period ended 30 June 2020 EUR	Year ended 31 December 2019 EUR	Period ended 30 June 2019 EUR
Loan management fee	759,942	1,399,550	697,300
Interest income loans not included in APA	14,081,167	45,530,327	22,892,824
Deductible costs	(85,930)	(168,548)	(69,082)
Taxable profit	14,755,178	46,761,329	23,521,042
Corporate Income Tax (payable)	3,671,794	11,679,457	5,868,261
Turkish withholding tax	-	-	-
Creditable withholding tax costs	-	-	-
Total corporate income tax due	3,671,794	11,679,457	5,868,261
Effective rate	24.88%	24.97%	24.95%

The applicable CIT rates are: 16.5% (2019: 19%) for the first bracket of EUR 200,000 and 25% (2019: 25%) for the second bracket.

To date the tax returns, those have been filed up to and including 2018, are settled up to and including 2017. A preliminary assessment for the CIT 2017 was received.

The current APA agreement expires on 31 December 2023.

Deferred tax asset

	2020 EUR	2019 EUR
Balance at 1 January	1,503,055	459,050
Expected credit losses of financial assets	4,974,825	1,044,005
Balance at 30 June / 31 December	6,477,880	1,503,055

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 (2019: 0).

18. 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 2020 the Company paid a fixed salary in the amount of EUR 11,445 (2019: EUR 22,116) remuneration for its Board of Directors. No other remunerations were provided.

The remuneration for services provided by the Supervisory Board and Audit Committee in 2020 amounts to EUR 50,000 (2019: 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 (2019: Nil).

Transaction with EnBW Group

The Company obtains funds from the market by issuing corporate bonds/notes as well as by the use of short-term commercial paper contracts. The net proceeds of these notes and contracts are lent on in the form of intercompany loans. The Company issued the following loans toward EnBW AG during the period ended 30 June 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 2020 EUR 103,006 is therefore credited to the statement of income and presented as interest income.

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

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

The Company has issued several new short-term Euro notes under the Commercial Paper Programme. During period ended 30 June 2020, 40 new transactions took place for in total EUR 1,218,000,000. To date an amount of EUR 945,000,000 was repaid. The total interest charged amounted EUR 379,481. Commercial Paper notes have a maximum maturity of one year. 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.

On 1 June 2020, the Company received repayment on the GESO-loan in the amount of EUR 834,430,000 from EnBW AG. On the same day, the Company distributed EUR 834,430,000 from its share premium reserve to EnBW AG.

The outstanding non-current loan receivable with EnBW AG is EUR 3,430,114,080 (2019: EUR 2,952,633,211). The outstanding current loan receivable with EnBW AG is EUR 270,659,844 (2019: EUR 832,489,950). The outstanding current interest receivable with EnBW AG is EUR 73,145,096 (2019: EUR 101,681,080) and a current account receivable with EnBW AG amounts to EUR 1,842,104 (2019: 0). The outstanding current liability towards EnBW AG amounts to EUR 0 (2019: EUR 9,006,290).

The Company received for the period ended 30 June 2020 remuneration for her financing activities from EnBW AG in the amount of EUR 759,942 (2019: EUR 1,399,550).

The Company sent quarterly invoices to EnBW AG for recharge of expenses in the amount of EUR 209,413 (2019: 369,632).

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.

19. Movements of financial instruments

	Period ended 30 June 2020 EUR	**Year ended 31 December 2019 EUR**	**Period ended 30 June 2019 EUR**
Increase (decrease) of provision	23,721,027	6,808,278	1,270,918

20. Off balance commitments

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

The current APA agreement expires 31 December 2023.

21. Post balance sheet events

For the foreseeable future, the Board of Directors believes that the measures taken regarding the Coronavirus pandemic still are adequate. Further, the Board of Directors is monitoring the situation continuously and will take actions accordingly in such manner, that it will be able to manage the Company in a prudent manner and to keep the Company in good standing.

No further events which would be significant for assessing the net assets, financial position and result of the Company occurred after 30 June 2020.

22. Appropriation of result

In March 2020 the General Meeting of Shareholders adopted the annual accounts 2019 and approved to distribute EUR 29,520,430 to be paid out as a dividend.

Amsterdam, 22 July 2020

EnBW International Finance B.V.

The Board of Management

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

Supervisory board

sgd	sgd	sgd
I.P. Voigt	F. van der Rhee	G.J. Gutekunst

Other information

Provisions in the articles of association concerning the appropriation of profits

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

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

Auditors’ report

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

Independent accountants' review report

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

Engagement

We have reviewed the accompanying interim financial information of EnBW International Finance B.V., Amsterdam, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the six-month period then ended and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six-month period ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 22 July 2020

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

sgd.
drs. M.F. Meijer RA