

Financial report 2013

RWE Finance B.V.

's-Hertogenbosch, the Netherlands

Contents

Directors' report

Directors' report	3
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Financial statements

Balance sheet	8
Income statement	9
Cash flow statement	10
Notes to the financial statements	11

Other information

Proposed profit appropriation	27
Events after the balance sheet date	27
Auditor's report	28

Directors' report

Directors' report

Main developments during the year

During the year two new bonds have been issued. One in January for EUR 750 million with a coupon of 1.8750% p.a. and a maturity date in 2020, and one in October for EUR 500 million with a coupon of 3% p.a. and a maturity date in 2024. During the year three bonds in the amount of USD 250 million, GBP 630 million and EUR 1,000 million have been repaid. Furthermore, the exchange rate for GBP-EUR decreased from 1.225 in 2012 to 1.199 at year end 2013. As a result, the balance sheet total decreased from EUR 13,649,136,000 to EUR 12,813,328,000. The net result for the year 2013 slightly decreased to EUR 2,180,000 (2012: EUR 2,466,000).

During the financial year 2013 RWE Finance B.V. (the "Company") declared an interim dividend in amount of EUR 1,800,000.

The liquidity of the company expressed in the current ratio increased from 1.00 in 2012 to 1.01 at year end 2013. This ratio shows the ability of RWE Finance B.V. to meet its short term debtors. Due to the operations of the company, short term receivables and short term liabilities are almost equal as the main component therein are the interest accruals which have a small margin only for the interest spread.

The solvability ratio (equity / total equity and liabilities) shows an increased result of 0.08% in 2013 in relation to 2012 (0.07%). The equity is consistently at a level of 10 million, based on the tax ruling. Given the significant amount of bonds payable solvability is low. The payment obligation towards bond holders is covered by the fact that all proceeds are used for loans to related parties and covered by a parent company guarantee.

Profitability of the company, expressed as return on shareholder's equity (net income/ equity), went down from 24.11% in 2012 to 20.55% in 2013. Result in 2013 decreased due to the fact that overall the amount of bonds and loans outstanding decreased in the past two years resulting in lower interest spread for 2013. Dividend declared in 2013 is less than result for the year, causing the equity to slightly increase.

In 2014 one bond in the amount of EUR 530 million is maturing. In 2015 one bond in the amount of EUR 2,000 million will mature. All bonds have been issued under guarantee of RWE AG.

As of October 2013 one bond is also listed on the Frankfurt Stock Exchange, which means this bond is now listed on two Stock Exchanges.

Risk management and use of financial instruments

As the proceeds of all the bonds are one on one lent to the parent company RWE AG, RWE Benelux Holding B.V. and RWE nPower plc., all 100% group companies, the ability of the company to meet its obligations under the bonds depends upon the payment of the principal and interest due from the parent company, RWE Benelux B.V. and RWE nPower plc. No liquidity risk is present, due to the fact that the maturity mismatch between the assets and liabilities is limited to the equity of the company. The interest rate on the loans, which were issued before 2008, is 0.0237% higher than the interest rate on the relating bonds. The loans issued in 2008 until 2011 have an interest spread of 0.0225%. In 2012 and 2013 the spread amounts to 0.0237% again. We furthermore refer to the disclosures in paragraph 4 of the notes.

Currency risk

The Company's currency exposure mainly relates to positions and future transactions in British Pounds. However, as the bonds issued in foreign currencies have been one on one used to finance the loans to group companies a natural hedge has been obtained and therefore currency risk is eliminated.

Interest rate risk

The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing long-term and current liabilities is limited as the bonds and loans issued all have fixed interest rates. The spread on loans amounts to 0.0237% for loans issued before 2008 and 0.0225% for loans issued thereafter till 2012. In 2012 and 2013 the spread is again 0.0237%.

Credit risk

The loans to group companies have been granted to RWE AG, RWE Benelux Holding B.V., and RWE nPower plc., being 100% group companies. RWE AG has a good solvency, a BBB+ rating, (outlook stable) S&P and since June 2013 a Baa1-rating (outlook stable) from Moody's.

The loans which are granted to RWE Benelux Holding B.V. and RWE nPower plc. are guaranteed by RWE AG.

The Company does not use any financial instruments to hedge any liquidity, currency or interest exposure.

Financial Outlook

On 18 February 2014 the Company issued a bond of EUR 300 million with a coupon of 3% p.a. which is an addition to the bond issued in October 2013, with due-date in 2024. No further financing is currently planned for the remainder of the year 2014.

The Company intends to continue its operations as an intergroup finance company for the foreseeable future.

Board

During 2013 there were no changes in the composition of the board of directors.

Recent changes in the composition of the board took place before the introduction of the new legislation in which the company is required to include certain disclosures regarding the appointment of at least 30% female board members. In the future the following steps will be taken; an internal selection process will be started in which preference will be given to female candidates that fit the profile for a Board member of the Company. The Company will also actively seek for female candidates in this process and invite them to apply.

Responsibility Statement

“The Managing Directors of the Company hereby declare that to the best of their knowledge and in accordance with the applicable reporting principles for the financial reporting, the financial statements for the year ending 31 December 2013 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and that the Directors’ report referred to above gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year of the Company together with a description of the principal risks that it faces.”

's-Hertogenbosch, the Netherlands, 25 April 2014

The Managing Directors,

M. Coenen

V. Heischkamp

A. Blok

J. Stollenga

Financial statements

Balance sheet (before appropriation of result)

	Ref.	31 December 2013		31 December 2012	
		EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Non-current assets					
Financial assets	5.1		11,778,932		11,160,270
Current assets					
Receivables	5.2	1,023,190		2,477,443	
Cash and cash equivalents	5.3	11,206		11,423	
			1,034,396		2,488,866
			12,813,328		13,649,136
<i>Equity and liabilities</i>					
equity holders of the parent					
Share capital	5.4	2,000		2,000	
Retained earnings		6,426		5,761	
Profit for the year		2,180		2,466	
			10,606		10,227
Non-current liabilities	5.5		11,778,932		11,160,270
Current liabilities	5.6		1,023,790		2,478,639
			12,813,328		13,649,136

Income statement

	Ref.	2013		2012	
		EUR'000	EUR'000	EUR'000	EUR'000
Finance costs					
Interest income	6.1	735,903		873,129	
Interest expenses	6.2	(726,252)		(865,642)	
Gross margin on interest			9,651		7,487
General and administrative expenses	6.3		(6,758)		(4,212)
Operating income			2,893		3,275
Income tax expense	6.4		(713)		(809)
Net result after taxation			2,180		2,466

Cash flow statement

	Ref.	2013	2012
		EUR'000	EUR'000
Cash flows from operating activities			
Cash generated from operations:			
Interest received		751,373	835,036
Interest paid		(744,081)	(831,701)
Expenses paid		(332)	(264)
Income tax expense		(885)	(796)
Guarantee fee paid		(4,222)	-
Net cash from operating activities		<u>1,853</u>	<u>2,275</u>
Cash flows from investment activities			
		-	-
Cash flows from financing activities			
Issuance of long-term bonds	5.5	1,250,000	718,738
Issuance of long-term loans	5.1	(1,250,000)	(718,738)
Repayment of long-term bonds	5.6	(1,931,547)	(1,808,000)
Repayment of long-term loans	5.2	1,931,547	1,808,000
Dividends paid	5.4	(2,350)	-
Net cash used in financing activities		<u>(2,350)</u>	<u>-</u>
Net cash flows		(497)	2,275
Exchange and translation differences on cash and cash equivalents		34	28
Net increase/(decrease) in cash and cash equivalents		<u>(463)</u>	<u>2,303</u>
Cash and cash equivalents			
Opening balance		11,362	9,059
Closing balance	5.3	10,899	11,362
Net increase/(decrease) in cash and cash equivalents		<u>(463)</u>	<u>2,303</u>

Notes to the financial statements

1 General

1.1 Activities

The activities of RWE Finance B.V. are to facilitate the financing of RWE AG and group companies.

1.2 Group structure

RWE Finance B.V., incorporated on 14 February 2001, is a private limited liability company. The parent company of RWE Finance B.V. is RWE AG in Essen, Germany. The financial statements of RWE Finance B.V. are included in the consolidated financial statements of RWE AG, available via www.rwe.com.

RWE Finance B.V. is seated at Willemsplein 4, 's-Hertogenbosch, the Netherlands.

1.3 Accounting policies

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

1.4 Notes to the cash flow statement

The cash flow statement has been prepared applying the direct method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and current liability group companies.

Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities. Dividends paid have been included in the cash flow from financing activities.

1.5 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these

estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2 Accounting policies for the balance sheet

2.1 General

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes. The financial statements are expressed in EUR'000.

2.2 Foreign currencies

Transactions, receivables and payables

Transactions denominated in foreign currencies during the reporting period are recognized in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences resulting from settlement and translation are charged or credited to the income statement.

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro, which is the functional and presentation currency of RWE Finance BV.

2.3 Financial assets

Loans to group companies included in financial assets are initially recognized at fair value, and subsequently carried at amortized cost.

Deferred premiums and discounts on loans to group companies are amortized over the term of the loans using the effective interest method. The deferred part of the premiums and discounts is included under the receivables and current liabilities.

The interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities.

2.4 Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is not collectible, it is written off against the allowance account for trade receivables.

2.5 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and deposits with a maturity of less than twelve months. Current account liabilities at banks are recognized under bank overdrafts forming part of current liabilities. Cash and cash equivalents are stated at face value.

2.6 Non-current liabilities

Bonds included in non-current liabilities are initially recognized at fair value, net of transaction costs incurred. Bonds are subsequently carried at amortized cost.

Deferred premiums and discounts on bonds are amortized over the term of the loans using the effective interest method. The deferred part of the premiums and discounts is included under the receivables and current liabilities.

2.7 Current liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

3 Accounting policies for the income statement

3.1 General

Results on transactions are recognized in the year in which they are realized; losses are accrued as soon as they are foreseeable.

3.2 Foreign currencies

Exchange differences resulting from settlement and translation are charged or credited to the income statement.

3.3 General and administrative expenses

General and administrative expenses include the expenses of the board of directors and the administration services outsourced to Essent Nederland B.V., starting 2012.

The guarantee fee that is due by RWE Benelux Holding B.V. and RWE nPower plc. is received by the company as part of their interest payments and accounted for and paid to RWE AG as an operating expense by the Company.

3.4 Interest income and expense

Income from financing activities is determined as interest income received from inter-company financing activities. Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for the transaction costs on loans received as part of the calculation of effective interest.

3.5 Taxation

Corporate income tax is calculated on the profit/loss before taxation in the income statement, taking into account tax-exempt items and non-deductible expenses, and using current tax rates.

3.6 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognized to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income taxes are recognized at face value.

4 Financial instruments

4.1 Market risk

Currency risk

The Company's currency exposure mainly relates to positions and future transactions in British Pounds. However, as the bonds issued in foreign currencies have been one on one used to finance the loans to group companies a natural hedge has been obtained and therefore currency risk is eliminated.

Price risk

The Company's price risk is limited as the bonds issued by the Company have been one on one used to finance the loans to group companies. As a result a natural hedge has been obtained.

4.2 Interest rate risk

The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing long-term and current liabilities is limited as the bonds and loans issued all have fixed interest rates. The spread on loans amounts to 0.0237% for loans issued before 2008 and 0.0225% for loans issued thereafter till 2012. In 2012 and 2013 the spread is again 0.0237%.

4.3 Credit risk

The loans to group companies have been granted to RWE AG, RWE Benelux Holding B.V., and RWE nPower plc., all being a 100% group company. RWE AG has a good solvency, a BBB+ rating, (outlook stable) S&P and since June 2013 a Baa1-rating (outlook stable) from Moody's. The loans granted to RWE Benelux Holding B.V. and RWE nPower plc. are guaranteed by RWE AG.

We furthermore refer to paragraph 5.1 of the notes to these financial statements.

4.4 Liquidity risk

The liquidity risk is minimal, because the proceeds of the bonds outstanding are one-on-one lent to RWE AG, RWE Benelux Holding B.V. and RWE nPower plc. The interest rate on the loans to RWE AG, RWE Benelux Holding B.V. and RWE nPower plc. are higher than the interest rate on the related bonds.

5 Notes to the balance sheet

5.1 Financial assets

Financial assets concern loans to group companies and are specified as follows:

	2013	2012
	EUR'000	EUR'000
1 January		
Book value	11,160,270	12,279,043
Movements financial year		
Loans issued	1,250,000	718,738
Exchange differences	(101,338)	123,933
Short-term loans transferred to receivables	(530,000)	(1,961,444)
	618,662	(1,118,773)
31 December		
Book value	11,778,932	11,160,270

The loans are to be repaid in the period between 2014 and 2039. During the year under review two new loans have been issued for EUR 750 million and EUR 500 million with maturity dates in 2020 and 2024 respectively.

One loan for a total amount of EUR 530 million will be repaid during 2014. This loan has been classified under the short term receivables.

The loans which are to be repaid between 1 January 2015 and 31 December 2018 amount to EUR 3,830 million.

Currency

The nominal amount of the loans to the parent company consists of four loans contracted in EUR amounting to EUR 3,360,000,000 and eight loans to the parent company contracted in GBP to a total amount of GBP 3,317,500,000 (EUR 3,979,249,130). Furthermore four loans for a total amount of EUR 4,250,000,000 have been lent on to RWE Benelux Holding B.V., a 100% group company and a loan of GBP 600,000,000 (EUR 719,683,339) has been lent on to RWE nPower plc., also a 100% group company.

Interest

The interest rates are fixed and vary as follows:

<u>Loan</u>	<u>Amount</u>	<u>Interest rate</u>
EUR	7,610,000,000	2.1987% - 6.6475%
GBP	3,917,500,000	5.3737% - 6.5237%

5.2 Receivables

	<u>31 December 2013</u>		<u>31 December 2012</u>	
	<u>Total</u>	<u>Term > 1 year</u>	<u>Total</u>	<u>Term > 1 year</u>
	EUR'000	EUR'000	EUR'000	EUR'000
Short-term part of group loans	530,000	-	1,961,444	-
Interest receivable from group companies	418,516	-	441,723	-
Deferred premiums and discounts	74,674	74,454	74,276	72,589
	<u>1,023,190</u>	<u>74,454</u>	<u>2,477,443</u>	<u>72,589</u>

The fair value of the receivables is in line with their carrying amount.

5.3 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the Company.

	<u>2013</u>	<u>2012</u>
	EUR'000	EUR'000
Current account group companies	10,907	11,333
Cash	299	90
Total cash and cash equivalents	<u>11,206</u>	<u>11,423</u>

At year-end the deposit with the parent company amounted to EUR 10,907,430 (2012: EUR 11,332,632). The deposit matures at 30 January 2014 and bears interest at 0.178% p.a. (2012:0.12%).

The fair value of the cash and cash equivalents is in line with their carrying amount.

Cashflow statement

The closing balance in the cash flow statement is the balance of the cash and cash equivalents of 11,206 (2012: 11,423) minus the current amount group companies 307 (2012: 61) (ref 5.6).

5.4 Equity attributable to equity holders of the parent

Share capital

The authorized share capital as at 31 December 2013 amounts to EUR 10,000,000 of which 20,000 of EUR 100 each have been issued and fully paid up. The breakdown of the share capital can be specified as follows:

	2013		2012	
	Shares	Share capital EUR'000	Shares	Share capital EUR'000
1 January				
Issued and fully paid-up	20,000	2,000	20,000	2,000
Movements financial year				
Additionally paid-in capital	-	-	-	-
31 December				
Issued and fully paid-up	20,000	2,000	20,000	2,000

Retained earnings

	2013	2012
	EUR'000	EUR'000
Balance as at 1 January	5,761	5,529
Additions from profit previous year	2,466	2,582
Dividends declared/paid	(1,800)	(2,350)
Balance as at 31 December	6,426	5,761

Profit for the year

	2013	2012
	EUR'000	EUR'000
Balance as at 1 January		
Profit for the financial year	2,180	2,466
Balance as at 31 December	2,180	2,466

5.5 Non-current liabilities

This item relates to the issued bonds and is specified as follows:

	2013	2012
	EUR'000	EUR'000
1 January		
Book value	11,160,270	12,279,043
Movements financial year		
Bonds issued	1,250,000	718,738
Exchange differences	(101,338)	123,933
Short-term part of bonds transferred to current liabilities	(530,000)	(1,961,444)
	618,662	(1,118,773)
31 December		
Book value	11,778,932	11,160,270

The bonds are to be repaid in the period between 2014 and 2039. During the year under review two new bonds have been issued for EUR 750 million and EUR 500 million maturing in 2020 and 2024 respectively. One bond for a total amount of EUR 530 million will be repaid during 2014. This bond has been classified under the short term liabilities. The bonds which are to be repaid between 1 January 2015 and 31 December 2018 amount to EUR 3,830 million.

Currency

The nominal amount of the bonds consists of eight bonds contracted in EUR amounting to EUR 7,610 million and nine bonds contracted in GBP to a total amount of GBP 3,918 million (EUR 4,699 million). The bonds are listed at the Luxembourg Stock Exchange and one of these bonds also at the Frankfurt Stock Exchange since October 2013.

Interest

The interest rates are fixed and vary as follows:

Bond	Amount	Interest rate
EUR	7,610,000,000	1.875% - 6.625%
GBP	3,917,500,000	4.750% - 6.500%

5.6 Current liabilities

	31 December 2013		31 December 2012	
	Total	Term > 1 year	Total	Term > 1 year
	EUR'000	EUR'000	EUR'000	EUR'000
Short-term part of bonds	530,000	-	1,961,444	-
Interest payable	410,358	-	435,909	-
Guarantee Fee (RWE AG)	6,385	-	4,038	-
Dividend	1,800	-	2,350	-
Current account group companies	307	-	61	-
Corporate income tax	-38	-	134	-
Accrued liabilities	11	-	99	-
Deferred tax liability	293	260	329	293
Deferred premiums and discounts	74,674	74,454	74,275	72,589
	1,023,790	74,714	2,478,639	72,882

The fair value of the liabilities is in line with their carrying amount.

Current account group companies represent the inhouse bank balance with Essent NV.

Deferred tax liability

	EUR'000
At 1 January 2013	329
Added	-
	329
Movements	(36)
At 31 December 2013	293

During 2014 EUR 32,371 will be amortized to the Income Statement.

Financial instruments

Financial instruments valued at cost

The table below shows financial instruments whose market value differs from cost.

	31 December 2013		31 December 2012	
	Market value	Book value	Market value	Book value
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Financial assets</i>				
Loans to group companies	13,836,135	12,308,932	15,635,588	13,121,714
<i>Financial liabilities</i>				
Bonds issued	13,651,975	12,308,932	15,393,413	13,121,714

The difference in valuation of bonds and loans result from different valuation methods. The bonds are valued by market quotes, whereas the market values of the loans are calculated via a discounted cashflow model.

Financial Assets

The market value of the loans to group companies is EUR 13,836,135 (2012: EUR 15,635,588). The market value of the loans to group companies is higher than the book value because they carry interest at a rate that is higher than the market rate.

Financial liabilities

The market value of the bonds issued is EUR 13,651,975 (2012: EUR 15,393,413).

6 Notes to the income statement

6.1 Interest income

	2013	2012
	EUR'000	EUR'000
Interest income group companies	728,166	855,253
Release deferred premiums and discounts	7,722	17,859
Interest on deposit/bank	15	17
	<hr/> 735,903	<hr/> 873,129

6.2 Interest expenses

	2013	2012
	EUR'000	EUR'000
Interest expenses bonds issued	718,530	847,783
Release deferred premiums and discounts	7,722	17,859
	<hr/> 726,252	<hr/> 865,642

6.3 General and administrative expenses

	2013	2012
	EUR'000	EUR'000
Guarantee Fee	6,669	4,074
Advisory fees	-5	55
Wages and salaries	0	0
Management and administrative expenses	35	38
Other	59	45
	<hr/> 6,758	<hr/> 4,212

In 2012 and 2013 the remuneration of the Board of Directors was nil.

PricewaterhouseCoopers Accountants N.V. is the auditor of the financial statements of the Company.

The composition of the fees paid to the auditor, as included in advisory fees, is as follows:

	2013	2012
	EUR'000	EUR'000
Audit of the Financial Statements	21	21
Other assurance services	26	34
Total audit fees	47	55

*difference between advisory fees and costs PwC is due to the release of the provision of prior year end for former advisors

6.4 Income tax expense

	2013	2012
	EUR'000	EUR'000
Result before taxation	2,893	3,275
Total permanent and timing differences	-	-
Taxable amount	2,893	3,275
Income tax charge	713	809
Effective tax rate	24.6%	24.7%

The average effective tax rate amounts to 24.6%. The statutory tax rate is 25% for the year 2013. The difference to the effective tax rate is mainly caused by the fact that the tax rate over the first EUR 200,000 profit is only 20%.

6.5 Employees

The following changes occurred in the Board of Directors in 2012: one director was in function until March 24, the second director resigned by the 31st of August. At that date two new directors were appointed. No changes in the Board of Directors occurred in 2013. RWE Finance had no employees in 2013 and 2012.

6.6 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In

addition, statutory directors, other key management of RWE Finance B.V. or the ultimate parent company and close relatives are regarded as related parties.

The parent company RWE AG, RWE Benelux Holding B.V. and RWE nPower plc. qualify as related parties. We also refer to the notes 5.1, 5.2, 5.3 and 5.6.

Transactions carried out by the Company with related parties are all based on arm's length terms and conditions.

The related party positions within the balance sheet as at 31 December can be specified as follows:

	2013	2012
	EUR'000	EUR'000
Loans including deferred premium and discount	12,260,228	13,076,630
Interest receivable on the above loans	418,516	441,723
Deposit	10,907	11,333
Inhouse bank balance	(307)	(61)
Guarantee fee payable	(6,385)	(4,038)
Total related parties in the balance sheet	12,682,959	13,525,587

The related party positions within the income statement for the year 31 December can be specified as follows:

	2013	2012
	EUR'000	EUR'000
Interest on loans	728,166	855,253
Amortisation premium and discount	7,722	12,793
Interest on deposit	15	17
Guarantee fee	(6,669)	(4,074)
Total related parties in the income statement	729,234	863,989

's-Hertogenbosch, the Netherlands, 25 April 2014

Board of directors,

M. Coenen

V. Heischkamp

A. Blok

J. Stollenga

Other information

Proposed profit appropriation

According to article 27 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders.

During the year the Company declared an interim dividend to a total amount of EUR 1,800,000. The Company will not advise the shareholder to pay a final dividend.

Events after the balance sheet date

On 18 February 2014 the Company issued a bond of EUR 300 million with a coupon of 3% p.a. which is an addition to the bond issued in October 2013, due in 2024. No further financing is currently planned for the remainder of the year 2014.

No other events after the balance sheet date occurred, which should be included in these accounts.



Independent auditor's report

To: the general meeting of RWE Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 as set out on pages 8 to 25 of RWE Finance B.V., 's-Hertogenbosch, which comprise the balance sheet as at 31 December 2013, the income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Directors' responsibility

The directors are responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the directors are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of RWE Finance B.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Rotterdam, 25 April 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by: S.A. van Kempen RA