

**EnBW International
Finance B.V.**

Report on the interim financial
statements for the period
1 January – 30 June 2016

EnBW International Finance B.V.

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EnBW International Finance B.V.

Report of the Board of Management

The Management of EnBW International Finance B.V. herewith submits its financial report for the period ended 30 June 2016.

Overview of activities

EnBW International Finance B.V. was founded by EnBW AG on 3 April 2001, according to Dutch law as a company with limited liability (besloten vennootschap met beperkte aansprakelijkheid). EnBW International Finance B.V. has its registered office at Westblaak 89, 3012 KG Rotterdam.

In accordance with Article 3 of its Articles of Association, the purpose of EnBW International Finance B.V. is financing and participation activities and as a consequence of this EnBW International Finance B.V. supports the current financing requirements of EnBW AG.

Activities during the period

During the period under review no new activities have been started.

Results for the period

The result for the period is EUR 17,585,386 (30 June 2015: EUR 17,742,791).

Risk Management

The Board of Management is responsible for the internal control and the management of risks within the EnBW International Finance B.V. and for the assessment of the effectiveness of the control systems. These controls were set up in cooperation with EnBW Group to identify and manage foreign exchange, interest, liquidity and credit risks. The long-term bonds issues of EnBW International Finance B.V. are irrevocably guaranteed by EnBW AG and have long-term ratings which rely on the performance of the EnBW Group. As in previous years, the liquid funds of EnBW International Finance B.V. have been made available to EnBW AG by way of intercompany loans. As of 30 June 2016 the issued bonds are in full extent lent onward at similar conditions.

Financial instruments include cash items, loans and other financing commitments. EnBW International Finance B.V. does not use derivative financial instruments such as swaps and forward rate agreements.

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. In October 2016 one public bond and one loan granted (both EUR 500 million) will be redeemed.

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Activities in the field of research and development

The company is not engaged in such activities.

Market Environment

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

The long-term credit ratings of EnBW AG are unchanged A3 with a negative outlook (Moody's) and A- with a stable outlook (Fitch). In June, Standard & Poor's has removed EnBW AG's long-term rating from CreditWatch with negative implications and has affirmed the A- rating with a negative outlook.

EnBW AG has a comfortable level of liquidity.

Management's accountability

Herewith the management confirms that the report on the interim financial statements for the period 1 January – 30 June 2016 provides a fair presentation of the financial statements and that all relevant risks applicable to the company have been described.

Rotterdam, 14 July 2016

EnBW International Finance B.V.

The Board of Management

Mr. P.A. Berlin

Mr. W.P. Ruoff

Supervisory board

Mr. I.P. Voigt

Mr. F. van der Rhee

Mr. G.J. Gutekunst

Statement of financial position as at 30 June 2016

(before appropriation of the result)

	Notes	30 June 2016	31 December 2015
NON-CURRENT ASSETS			
<i>Other investments</i>			
Loans Energie Baden-Württemberg AG	1	4,066,985,637	4,048,082,210
Loan related company	2	21,585,730	21,885,267
		<u>4,088,571,367</u>	<u>4,069,967,477</u>
CURRENT ASSETS			
<i>Receivables</i>			
Loans Energie Baden-Württemberg AG	1	499,777,280	499,418,576
Current account group companies	3	107,736,511	95,951,807
Interest related company		450,755	384,629
Prepayments		9,740	4,749
VAT		4,728	4,132
Corporation tax		5,665,062	0
		<u>613,644,076</u>	<u>595,763,893</u>
Cash and cash equivalents	4	614,464	866,204
		<u>4,702,829,907</u>	<u>4,666,597,574</u>

The notes on page 10 to 33 form an integral part of these interim financial statements.

Statement of financial position as at 30 June 2016

(before appropriation of the result)

	Notes	30 June 2016	31 December 2015
SHAREHOLDERS' EQUITY			
Issued and paid up share capital	5	100,000	100,000
Share premium reserve	6	1,131,613,974	1,131,613,974
Retained earnings	7	0	0
Result for the year		<u>17,585,386</u>	<u>35,260,982</u>
		<u>1,149,299,360</u>	<u>1,166,974,956</u>
LONG-TERM DEBTS			
Interest-bearing loans and borrowing	8	2,934,555,637	2,915,652,210
Loans Energie Baden-Württemberg AG	9	<u>21,585,730</u>	<u>21,885,267</u>
		<u>2,956,141,367</u>	<u>2,937,537,477</u>
CURRENT LIABILITIES			
<i>Payables</i>			
Interest-bearing loans and borrowings	8	499,777,280	499,418,576
Interest loans Energie Baden-Württemberg AG	10	447,424	909,758
Corporation tax		0	159,738
Accrued expenses and deferred income	10	<u>97,164,476</u>	<u>61,597,069</u>
		<u>597,389,180</u>	<u>562,085,141</u>
		<u>4,702,829,907</u>	<u>4,666,597,574</u>

The notes on page 10 to 33 form an integral part of these interim financial statements.

Statement of income for the period 1 January – 30 June 2016

	Notes	Period ended 30 June 2016	Year ended 31 December 2015	Period ended 30 June 2015
Interest income and similar income	11	106,097,881	227,731,521	120,666,603
Interest expenses and similar expenses	12	83,227,624	182,163,349	97,759,468
NET INTEREST RESULT		22,870,257	45,568,172	22,907,135
FEES RECEIVED FROM ENBW AG		738,466	1,596,881	845,984
GENERAL AND ADMINISTRATIVE EXPENSES				
Salary expenses	14, 15	62,750	49,029	25,477
General expenses	13	174,065	328,498	173,561
Recharged expenses		-129,755	-228,001	-150,038
		107,060	149,526	49,000
RESULT BEFORE CORPORATE INCOME TAX		23,501,663	47,015,527	23,704,119
Corporate income tax previous year		0	80,277	0
Corporate income tax current year	16	-5,916,277	-11,834,822	-5,961,328
NET RESULT		17,585,386	35,260,982	17,742,791
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss		0	0	0
Items that are or may be reclassified to profit or loss		0	0	0
OTHER COMPREHENSIVE INCOME, NET OF TAX		0	0	0
TOTAL COMPREHENSIVE INCOME		17,585,386	35,260,982	17,742,791

The notes on page 10 to 33 form an integral part of these interim financial statements.

**Statement of cash flows for the period
1 January – 30 June 2016**

	2016	2015
	EUR	EUR
	<u> </u>	<u> </u>
OPERATING ACTIVITIES		
Cash receipts from group companies	11,144,571	11,080,000
Cash paid to employees and board members	(48,770)	(25,000)
Cash paid to suppliers	(164,330)	(190,000)
	<u> </u>	<u> </u>
Cash generated from operations	10,931,471	10,865,000
Interest paid	(45,777,519)	(45,629,000)
Taxes paid	(11,749,723)	(11,674,000)
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	<u>(46,595,771)</u>	<u>(46,438,000)</u>
INVESTING ACTIVITIES		
Interest received	46,362,306	45,824,000
Acquisition of other investments	0	0
Sale of other investments	0	0
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>46,362,306</u>	<u>45,824,000</u>
FINANCING ACTIVITIES		
Proceeds from (non-) current borrowings	0	0
Repayment of borrowings	0	0
	<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	(233,465)	(614,000)
Exchange results	(18,275)	30,168
Cash and cash equivalents as at 1 January	866,204	1,091,000
	<u> </u>	<u> </u>
Cash and cash equivalents as at 30 June	<u>614,464</u>	<u>507,168</u>

The notes on page 10 to 33 form an integral part of these interim financial statements.

**Statement of changes in equity for the period
1 January – 30 June 2016**

	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2015	100,000	1,131,613,974	0	34,971,931	1,166,685,905
Appropriation of the result	0	0	34,971,931	-34,971,931	0
Dividend to shareholder	0	0	-34,971,931	0	-34,971,931
Result for the year	0	0	0	35,260,982	35,260,982
Balance at 31 December 2015	100,000	1,131,613,974	0	35,260,982	1,166,974,956
Balance at 1 January 2016	100,000	1,131,613,974	0	35,260,982	1,166,974,956
Appropriation of the result	0	0	35,260,982	-35,260,982	0
Dividend to shareholder	0	0	-35,260,982	0	-35,260,982
Result for the period	0	0	0	17,585,386	17,585,386
Balance at 30 June 2016	100,000	1,131,613,974	0	17,585,386	1,149,299,360

The notes on page 10 to 33 form an integral part of these interim financial statements.

Notes to interim financial statements for the period 1 January – 30 June 2016

General

EnBW International Finance B.V. 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 AG (ultimate parent company).

The company is a private limited company, where EnBW Energie Baden-Württemberg AG (hereafter EnBW AG) holds 100% of the shares.

The company was incorporated and started its activities on April 2, 2001. The articles of association of the company (including the memorandum of association) were notarial executed on April 2, 2001. In March 2007 the articles of association were revised and the statutory seat of the company is now Rotterdam (formerly: Amersfoort). As per 1 December 2011 the company changed its address to Westblaak 89, 3012 KG Rotterdam. In December 2014 the articles of association were revised to include a supervisory board and to be in line with the Flex-BV regulations.

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 issue 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 financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. These interim financial statements are prepared in accordance with IAS 34.

(b) Basis of preparation

The interim financial statements are presented in Euro. They are prepared on the historical cost basis unless indicated otherwise hereafter.

(c) Use of estimates and judgements

The preparation of the interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. There are no substantial judgements, estimates and assumptions in the interim financial statements 2016 and 2015.

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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.

Significant accounting policies

(a) **Foreign currency**

Foreign currency transactions

Transactions in foreign currency are translated to EUR 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 EUR at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Exchange rates applicable as at 30 June 2016 are as follows (based on the rates of 16 June 2016):

1 EUR = CHF 1.0818 (31 December 2015: 1 EUR = 1.0835 CHF)

1 EUR = JPY 117.34 (31 December 2015: 1 EUR = 131.07 JPY)

1 EUR = USD 1.1254 (31 December 2015: 1 EUR = 1.0887 USD)

(b) **Other investments**

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

(c) **Other receivables**

Other receivables are stated at amortised cost less impairment losses if any.

(d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

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

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

(f) **Other payables**

Other payables are stated at cost.

(g) **Income**

Net financing income comprise interest receivable on loans calculated using the effective interest rate method and interest receivable on funds invested, taking into account the effective

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yield on these assets as per inception date. Furthermore the company recharges expenses to the shareholder according to the advance pricing agreement.

(h) Expenses

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested, taking into account the effective yield on these liabilities as per inception date.

(i) Income tax

Income tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable on the taxable income for the year, 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.

Determination of fair values

The fair value of the long-term interest-bearing loans and borrowings to EnBW AG is based on their (listed) market price. The loans relating to EnBW Holding A.S. are based on internal calculations. The fair value of these loans as at 30 June 2016 amounts to EUR 5.8 billion (31 December 2015: EUR 5.4 billion). Facing the fact that the net proceeds from each issue of these loans and borrowings by EnBW International Finance B.V. only are applied towards the purposes of the loans 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. As per balance sheet date the difference between the book value of the long-term loans to EnBW AG (EUR 4.567 billion) and the book value of the long-term interest-bearing loans and borrowings (EUR 3.434 billion) concerns the long-term loan to EnBW AG as a result of the sale of the GESO shares in 2010 (EUR 834.4 million) and the sale of the OPOLE-shares in 2012 through EnBW Investment I B.V. (EUR 298 million). The fair value of these two loans is based on internal calculations.

The fair value of the other assets and liabilities as at 30 June 2016 and 31 December 2015 is equal to the valuation in the balance sheet.

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The carrying value and fair value of the assets and liabilities as at 30 June 2016 and 31 December 2015 are specified in the following overview (in EUR million).

Level	Description	Carrying value	Fair value	Unrecog nised gain/loss	Carrying value	Fair value	Unrecog nised gain/loss
		30 June 2016	30 June 2016	2016	31 Dec. 2015	31 Dec. 2015	2015
2	Loans EnBW AG	2,934	4,419	1,485	2,916	4,104	1,188
3	Loans EnBW AG (GESO)	834	974	140	834	953	119
3	Loan EnWB AG (OPOLE)	298	357	59	298	343	45
3	Loans EnBW Holding AS	22	23	1	22	23	1
n.a.	Current assets	114	114	0	96	96	0
n.a.	Cash and cash equivalents	1	1	0	1	1	0
	Total financial assets	4,202	5,887	1,685	4,167	5,520	1,353
1	Inter. bear. loans and borr.	(2,934)	(4,419)	(1,485)	(2,916)	(4,104)	(1,188)
3	Loans EnBW AG	(22)	(23)	(1)	(22)	(23)	(1)
n.a.	Current liabilities	(98)	(98)	0	(63)	(63)	0
	Total financial liabilities	(3,053)	(4,540)	(1,486)	(3,000)	(4,190)	(1,189)
	Net financial assets/ liabil.	1,149	1,348	199	1,167	1,330	164

IFRS 7 specifies a fair value hierarchy that identifies the following hierarchy levels:

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

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Management 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.

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 EnBW International Finance B.V. 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 the 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 EnBW International Finance B.V.

The long-term credit ratings of EnBW AG are unchanged A3 with a negative outlook (Moody's) and A- with a stable outlook (Fitch). In June, Standard & Poor's has removed EnBW AG's long-term rating from CreditWatch with negative implications and has affirmed the A- rating with a negative outlook.

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.

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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 20 and 27.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the 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 EnBW International Finance B.V.

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.

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 EnBW group.

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

Interest rate risk

The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loans granted in 2010 and 2012 which are funded by equity. These loans bear a fixed interest rate.

Sensitivity analysis

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

Capital management

The policy of EnBW AG is to maintain a strong capital base and satisfactory long-term credit ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the company's approach to capital management during the period. The company is not subject to externally imposed capital requirements.

Notes to the statement of financial position as at 30 June 2016

1 Other investments

Loans EnBW AG

	30 June 2016	31 December 2015
	EUR	EUR
1 Loan granted in 2004	496,923,637	496,782,242
2 Loan granted in 2006	499,777,280	499,418,576
3 Loan granted in 2008	748,569,580	748,300,691
4 Loan granted in 2008	170,444,861	152,590,219
5 Loan granted in 2009	589,117,313	588,974,926
6 Loan granted in 2010	834,430,000	834,430,000
7 Loan granted in 2012	298,000,000	298,000,000
8 Loan granted in 2013	92,320,241	92,132,643
9 Loan granted in 2013	92,110,128	91,933,550
10 Loan granted in 2014	498,203,298	498,125,923
11 Loan granted in 2014	99,122,190	99,109,437
12 Loan granted in 2014	98,217,227	98,180,701
13 Loan granted in 2014	49,527,162	49,521,878
	<u>4,566,762,917</u>	<u>4,547,500,786</u>
Recognised as:		
Other investments (non-current assets)	4,066,985,637	4,048,082,210
Receivables (current assets)	499,777,280	499,418,576
	<u>4,566,762,917</u>	<u>4,547,500,786</u>

1. Loan granted in 2004/2025

EnBW International Finance B.V. 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 9 December 2004. The payment of the loan has taken place after deduction of "disagio" (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 141,395 (30 June 2015: EUR 139,138) is therefore credited to the profit & loss account and presented as interest income.

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

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to

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the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

2. Loan granted in 2006/2016

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2006/2016 (nominal EUR 500,000,000) by way of a loan to EnBW AG on 19 October 2006. The payment of the loan has taken place after deduction of "disagio" (EUR 4,820,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 358,704 (30 June 2015: EUR 354,684) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.250% per annum) and has a fixed term of 10 years. Redemption of the EUR 500 million takes place on 19 October 2016.

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 EnBW International Finance B.V.

3. Loan granted in 2008/2018

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2008/2018 (nominal EUR 750,000,000) by way of a loan to EnBW AG on 20 November 2008. The payment of the loan has taken place after deduction of "disagio" (EUR 2,482,500) and management and underwriting fees (EUR 2,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 268,889 (30 June 2015: EUR 260,249) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.875% per annum) and has a fixed term of 10 years. Redemption of the EUR 750 million takes place on 20 November 2018.

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 EnBW International Finance B.V.

4. Loan granted in 2008/2038

EnBW International Finance B.V. had diverted the proceeds from the issue of the JPY-bond 2008/2038 (EUR 170,444,861 - nominal JPY 20,000,000,000) by way of a loan to EnBW AG on 16 December 2008.

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

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

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5. Loan granted in 2009/2039

EnBW International Finance B.V. 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 7 July 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 142,387 (30 June 2015: EUR 89,566) is therefore credited to the profit & loss account and presented as interest income.

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

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

6. Loan granted in 2010/2020

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

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

7. Loan granted in 2012/2022

EnBW International Finance B.V. 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 EnBW International Finance B.V. was settled as a result of the legal merger between these companies.

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

8. Loan granted in 2013/2018

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF bond 2013/2018 (EUR 92,438,528 - nominal CHF 100,000,000) by way of a loan to EnBW AG on 12 July 2013. The payment of the loan has taken place after addition of “agio” (CHF 440,000) and deduction of management and underwriting fees (CHF 750,000).

These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 42,634 (CHF 46,318) (30 June 2015: EUR 29,454 (CHF 30,782)) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (1.250% per annum) and has a fixed term of 5 years. Redemption of the CHF 100 million takes place on 12 July 2018.

EnBW International Finance B.V.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

9. Loan granted in 2013/2023

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF bond 2013/2023 (EUR 92,438,528 - nominal CHF 100,000,000) by way of a loan to EnBW AG on 12 July 2013. The payment of the loan has taken place after addition of "agio" (CHF 634,000) and deduction of management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 31,975 (CHF 34,735) (30 June 2015: EUR 22,046 (CHF 23,041)) is therefore credited to the profit & loss account and presented as interest income.

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

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

10. Loan granted in 2014/2026

EnBW International Finance B.V. 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 4 June 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 77,375 (30 June 2015: EUR 78,210) is therefore credited to the profit & loss account and presented as interest income.

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

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

11. Loan granted in 2014/2039

EnBW International Finance B.V. 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 16 June 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 12,753 (30 June 2015: EUR 12,815) is therefore credited to the profit & loss account and presented as interest income.

EnBW International Finance B.V.

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

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

12. Loan granted in 2014/2034

EnBW International Finance B.V. 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 13 June 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 1,933,000). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 36,526 (30 June 2015: EUR 36,749) is therefore credited to the profit & loss account and presented as interest income.

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

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

13. Loan granted in 2014/2044

EnBW International Finance B.V. 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 1 August 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 493,200). These amounts will be calculated on the basis of the remaining term of the loan. For the period January – June 2016 EUR 5,284 (30 June 2015: EUR 5,319) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (2.900% per annum) and has a fixed term of 30 years. Redemption of the EUR 100 million takes place on 1 August 2044.

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

Terms and investment repayment schedule

	Total	Within 1 year	2-5 years	More than 5 years
	<u>EUR 1,000</u>	<u>EUR 1,000</u>	<u>EUR 1,000</u>	<u>EUR 1,000</u>
Loan granted in 2004	496,924			496,924
Loan granted in 2006	499,777	499,777		
Loan granted in 2008	748,570		748,570	
Loan granted in 2008	170,445			170,445
Loan granted in 2009	589,117			589,117
Loan granted in 2010	834,430		834,430	
Loan granted in 2012	298,000			298,000
Loan granted in 2013	92,320		92,320	
Loan granted in 2013	92,110			92,110
Loan granted in 2014	498,203			498,203
Loan granted in 2014	99,122			99,122
Loan granted in 2014	98,217			98,217
Loan granted in 2014	49,527			49,527
	<u>4,566,763</u>	<u>499,777</u>	<u>1,675,320</u>	<u>2,391,666</u>

2 Loans related companies

During 2013 the company issued two loans to EnBW Holding AS, Turkey.

1. Loan USD 10,000,000

On 12 July 2013 the proceeds of a loan issued by EnBW AG in the amount of USD 10,000,000 have been lent to EnBW Holding AS. The interest is 4.13% and the repayment date is 12 July 2018.

2. Loan EUR 12,700,0000

On 19 December 2013 the proceeds of a loan issued by EnBW AG in the amount of EUR 12,700,000 have been lent to EnBW Holding AS. The interest is 4.13% and the repayment date is 19 December 2018.

The repayment of both loans is guaranteed by EnBW AG.

3 Current account EnBW AG

	<u>30 June 2016</u> EUR	<u>31 December 2015</u> EUR
EnBW AG	<u>107,736,511</u>	<u>95,951,807</u>

The interest on this current account is EONIA + 0.400% for liabilities and EONIA flat for receivables (31 December 2015: EONIA + 0.400%). No securities are provided.

4 Cash at banks

	<u>30 June 2016</u> EUR	<u>31 December 2015</u> EUR
Deutsche Bank AG	565,474	833,561
BW Bank	48,991	32,643
	<u>614,465</u>	<u>866,204</u>

5 Issued and paid up share capital

The authorised share capital is composed of 1,000 (31 December 2015: 1000) 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), resulting in a share premium as per balance sheet date of EUR 1,131,613,974.

	<u>30 June 2016</u>	<u>31 December 2015</u>
	EUR	EUR
Share premium (unchanged)	<u>1,131,613,974</u>	<u>1,131,613,974</u>

7 Retained earnings

The movements in retained earnings during the period under review are specified as follows.

	<u>2016</u>	<u>2015</u>
	EUR	EUR
Balance as at 1 January	-	-
Result previous year	35,260,982	34,971,931
Dividend distribution	(35,260,982)	(34,971,931)
Balance as at end of period/year	<u>-</u>	<u>-</u>

In February 2016, the general meeting of shareholders decided to distribute the net result 2015 as dividend to its shareholder.

8 Interest-bearing loans and borrowings

	30 June 2016	31 December 2015
	EUR	EUR
1 Eurobond 2004/2025	496,923,637	496,782,242
2 Eurobond 2006/2016	499,777,280	499,418,576
3 Eurobond 2008/2018	748,569,580	748,300,691
4 JPY bond 2008/2038	170,444,861	152,590,219
5 Eurobond 2009/2039	589,117,313	588,974,926
6 CHF bond 2013/2018	92,320,241	92,132,643
7 CIIF bond 2013/2023	92,110,128	91,933,550
8 Eurobond 2014/2026	498,203,298	498,125,923
9 Eurobond 2014/2039	99,122,190	99,109,437
10 Eurobond 2014/2034	98,217,227	98,180,701
11 Eurobond 2014/2044	49,527,162	49,521,878
	<u>3,434,332,917</u>	<u>3,415,070,786</u>
Recognised as:		
Other investments (non-current assets)	2,934,555,637	2,915,652,210
Receivables (current assets)	499,777,280	499,418,576
	<u>3,434,332,917</u>	<u>3,415,070,786</u>

1. Eurobond 2004/2025

The company has issued on 9 December 2004 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR141,395 (30 June 2015: EUR 139,138) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

2. Eurobond 2006/2016

The company has issued on 19 October 2006 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 4,820,000) and

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management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 358,704 (30 June 2015: EUR 354,684) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.250% per annum) and have a fixed term of 10 years. Redemption of the EUR 500 million takes place on 19 October 2016.

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 EnBW International Finance B.V.

3. Eurobond 2008/2018

The company has issued on 20 November 2008 15,000 Eurobonds in the amount of EUR 50,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,482,500) and management and underwriting fees (EUR 2,250,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 268,889 (30 June 2015: 260,249) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.875% per annum) and have a fixed term of 10 years. Redemption of the EUR 750 million takes place on 20 November 2018.

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 EnBW International Finance B.V.

4. JPY-bond 2008/2038

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

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

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

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5. Eurobond 2009/2039

The company has issued on 7 July 2009 600,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 142,387 (30 June 2015: EUR 89,566) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

6. CHF-bond 2013/2018

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 440,000) and reduced with management and underwriting fees (CHF 750,000). These amounts will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 42,634 (CHF 46,318) (30 June 2015: EUR 29,454 (CHF 30,782)) is therefore debited to the profit & loss account and presented as interest expenses. The loan bears interest at a fixed interest rate (1.250% per annum) and has a fixed term of 5 years. Redemption of the CHF 100 million takes place on 12 July 2018.

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 EnBW International Finance B.V.

7. CHF-bond 2013/2023

The company has issued on 12 July 2013 20,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 634,000) and reduced with management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 31,975 (CHF 34,735) (30 June 2015: EUR 22,046 (CHF 23,041)) is therefore debited to the profit & loss account and presented as interest expenses. The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million takes place on 12 July 2023.

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

8. Eurobond 2014/2026

The company has issued on 4 June 2014 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 870,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 77,375 (30 June 2015: EUR 78,210) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

9. Eurobond 2014/2039

The company has issued on 16 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with management and underwriting fees (EUR 930,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 12,753 (30 June 2015: EUR 12,815) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

10. Eurobond 2014/2034

The company has issued on 13 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 1,933,000). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 36,526 (30 June 2015: EUR 36,749) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

11. Eurobond 2014/2044

The company has issued on 1 August 2014 5,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 493,200). This amount will be calculated on the basis of the remaining term of the bond. For the period January – June 2016 EUR 5,284 (30 June 2015: EUR 5,319) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.900% per annum) and have a fixed term of 30 years. Redemption of the EUR 100 million takes place on 1 August 2044.

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

Terms and debt repayment schedule

	Total	Within 1 year	2-5 years	More than 5 years
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Secured bond issues:				
Eurobonds 2004/2025 - yield of 4.965%	496,924			496,924
Eurobonds 2006/2016 - yield of 4.403%	499,777	499,777		
Eurobonds 2008/2018 - yield of 6.966%	748,570		748,570	
JPY bonds 2008/2038 - yield of 3.880%	170,445			170,445
Eurobonds 2009/2039 - yield of 6.272%	589,117			589,117
CHF bonds 2013/2018 - yield of 1.250%	92,320		92,320	
CHF bonds 2013/2023 - yield of 2.250%	92,110			92,110
Eurobonds 2014/2026 - yield of 2.541%	498,203			498,203
Eurobonds 2014/2039 - yield of 3.134%	99,122			99,122
Eurobonds 2014/2034 - yield of 3.005%	98,217			98,217
Eurobonds 2014/2044 - yield of 2.950%	49,527			49,527
	<u>3,434,333</u>	<u>499,777</u>	<u>840,890</u>	<u>2,093,666</u>

9 Loans EnBW AG

During 2013 the company received two loans from its shareholder.

1. Loan USD 10,000,000

On 11 July 2013 the proceeds of a loan issued by EnBW AG in the amount of USD 10,000,000 have been lent to EnBW Holdings AS. The interest is 4.10% and the repayment date is 11 July 2018. No securities have been provided.

2. Loan EUR 12,700,000

On 19 December 2013 the proceeds of a loan issued by EnBW AG in the amount of EUR 12,700,000 have been lent to EnBW Holdings AS. The interest is 4.10% and the repayment date is 19 December 2018. No securities have been provided.

10 Accrued expenses and deferred income

	30 June 2016	31 December 2015
	EUR	EUR
Interest bond loans	97,075,098	61,545,669
Interest loans EnBW AG	447,424	909,758
To pay wage tax and social securities	5,334	-
Auditors' and consultants' fees	71,750	43,400
Management fees	7,250	8,000
Other accrued expenses	5,044	-
	<u>97,611,900</u>	<u>62,506,827</u>

**Notes to statement of income for the period
1 January – 30 June 2016**

11 Interest income and similar income

	Period ended 30 June 2016 EUR	Year ended 31 December 2015 EUR	Period ended 30 June 2015 EUR
Loans EnBW AG	105,452,012	226,589,906	119,995,331
Loans EnBW Holding AS	450,698	916,415	445,339
Interest corporation tax	195,171	195,234	195,234
Exchange rate differences	-	29,966	30,699
	<u>106,097,881</u>	<u>227,731,521</u>	<u>120,666,603</u>

12 Interest expense and similar expenses

	Period ended 30 June 2016 EUR	Year ended 31 December 2015 EUR	Period ended 30 June 2015 EUR
Interest bond loans	82,752,732	181,191,347	97,926,051
Interest loan EnBW AG	447,424	909,758	442,104
Current account EnBW AG	13,430	38,304	18,773
Exchange rate differences	12,719	-	-
Bank charges	1,319	23,940	2,540
	<u>83,227,624</u>	<u>182,163,349</u>	<u>97,759,468</u>

13 General expenses

	Period ended 30 June 2016 EUR	Year ended 31 December 2015 EUR	Period ended 30 June 2015 EUR
Auditors' fees	44,750	78,500	37,750
Consultancy fees	32,645	64,795	19,818
Management fees and administrative expenses	65,999	106,836	73,936
Office rent	9,982	24,248	9,922
Other general expenses	20,689	54,119	32,135
	<u>174,065</u>	<u>328,498</u>	<u>173,561</u>

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 2016 EUR	Year ended 31 December 2015 EUR	Period ended 30 June 2015 EUR
Audit annual accounts *	31,750	41,750	-
Audit annual accounts previous years**	-	11,500	11,500
Other audit assignments *	13,000	7,500	8,500
Other non-audit services**	-	17,750	17,750
	<u>44,750</u>	<u>78,500</u>	<u>37,750</u>

* Performed by BDO Audit & Assurance B.V.

** Performed by KPMG Accountants N.V.

14 Wages and salaries

The company employs three staff members (2015: three staff members).

15 Remuneration

Over the period of 1 January to 30 June 2016 the company paid a fixed salary in the amount of EUR 8,814 remuneration for its board of directors (30 June 2015: EUR 8,286). No other remunerations were provided.

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In May 2016 the company paid the remuneration for its supervisory board members for their services provided in 2015, amounting to EUR 38,000. Remuneration is provided in the form of a fixed salary. No other remunerations were provided.

16 Corporate income tax

EnBW International Finance B.V. 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 October 2013 the tax advisor filed a (new) Advance Pricing Agreement (APA) request. In December 2013 the fiscal authorities had granted this request. This ruling covers all loans granted up to and including December 31, 2018. The taxable result for the financial period ended 30 June 2016 can be calculated as follows:

	Period ended 30 June 2016 EUR	Year ended 31 Dec. 2015 EUR	Period ended 30 June 2015 EUR
Management fee loans	738,466	1,602,990	845,984
Interest income loans not included in APA	22,870,257	45,593,793	22,907,135
Deductible costs	(102,660)	(177,404)	(44,600)
	<hr/>	<hr/>	<hr/>
Taxable amount	<u>23,506,063</u>	<u>47,019,379</u>	<u>23,708,519</u>
Corporate income tax (payable)	5,867,277	11,744,844	5,917,129
Turkish withholding tax	50,000	91,642	44,534
Creditable withholding tax	(1,000)	(1,664)	(335)
	<hr/>	<hr/>	<hr/>
Total corporate income tax payable	<u>5,916,277</u>	<u>11,834,822</u>	<u>5,961,328</u>
Effective tax rate	25.17%	25.17%	25.14%

() adjusted for comparison reason*

To date the tax returns, those have been filed up to and including 2014, are settled up to and including 2013. The current APA agreement will expire on 31 December 2018.

17 Transactions with related parties

Transactions with related parties include relationships between EnBW International Finance B.V., companies of the EnBW Group, the company's directors and the members of the supervisory board.

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EnBW International Finance B.V obtains funds from the market by issuing corporate bonds/notes. The net proceeds of these notes are lent on in the form of intercompany loans.

The issued notes, amounting in total EUR 3.4 billion as per 30 June 2016 (31 December 2015: EUR 3.4 billion) are unconditionally and irrevocably guaranteed by EnBW AG. For the period January – June 2016 EnBW International Finance B.V received remuneration for her financing activities from EnBW AG of EUR 0.74 million (30 June 2015: EUR 0.85 million).

The company has provided two intercompany loans to EnBW Holding AS. The company has received two intercompany loans from EnBW AG.

The balance outstanding with and the revenues and expenses related to EnBW AG and EnBW Holding AS have separately disclosed in the notes to the statement of financial position and the statement of income as for the period ended 30 June 2016.

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

18 Forthcoming requirements

Below is a brief summary of relevant new and amended standards and interpretations that may be newly effective for annual (and year-to-date interim) reporting beginning after 30 June 2016:

- IFRS 9 Financial Instruments and subsequent amendments. Not yet endorsed. Effective date: 1 January 2018 (postponed).

These requirements will not have a substantial impact on the forthcoming reporting.

Rotterdam, 14 July 2016

EnBW International Finance B.V.

The Board of Management

Mr. P.A. Berlin

Mr. W.P. Ruoff

Supervisory board

Mr. I.P. Voigt

Mr. F. van der Rhee

Mr. G.J. Gutekunst

Other information

Provisions in the articles of association concerning the appropriation of results

19 Under article 20 of the company's articles of association, the result is at the disposal of the General Meeting of Shareholders which can allocate the result either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

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

Appropriation of result

In February 2016 the General Meeting of Shareholders adopted the annual accounts 2015 and approved to distribute a dividend of EUR 35,260,982.

Independent auditors' review report

The auditors' report is shown on page 35 and further.

Independent accountants review report

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

Introduction

We have reviewed the accompanying interim financial statements of EnBW International Finance B.V., Rotterdam, which comprise the statement of financial position as at 30 June 2016, the statements of comprehensive income, changes in equity and cash flows for the period then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Management's responsibility

The Board of Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as it determines is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements. We conducted our review in accordance with Dutch law, including the Dutch Standard 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This requires that we comply with ethical requirements that we plan and perform the review to be able to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim financial statements in accordance with the Dutch Standard 2410 is a limited assurance engagement. The performed procedures consisted primarily of making inquiries of the Board of Management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with the Dutch Standards on Auditing. 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 these interim financial statements do not give a true and fair view of the financial position of EnBW International Finance B.V. as at 30 June 2016, and of its result and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Amstelveen, 14 July 2016

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

sgd.
drs. M.F. Meijer RA