

EnBW International Finance B.V.

Report on the interim financial
statements for the period
1 January – 30 June 2014

Contents

Financial report

Report of the Board of Management	3
Balance sheet as at 30 June 2014	5
Profit & loss account for the period 1 January - 30 June 2014	6
Statement of cash flows for the period ended 30 June 2014	7
Notes	8
Other information	28

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 2014.

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 year

The company issued 3 new EMTN notes (EUR 500 million on 4 June, EUR 100 million on 13 June and EUR 100 million on 16 June).

Results for the year

The profit for the period is EUR 17,532,696 (2013: EUR 35,229,667).

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 2014 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 2014 there are no bond maturities.

EnBW International Finance B.V.

Activities in the field of research and development

The company is not engaged in such activities.

Market Environment

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

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

EnBW AG has a comfortable level of liquidity.

Management's accountability

Herewith the management confirms that the annual report provides a fair presentation of the financial statements and that all relevant risks applicable to the company have been described.

Rotterdam, 20 August 2014

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

Balance sheet as at 30 June 2014

(before appropriation of the profit)

		30 June 2014		31 December 2013	
		EUR	EUR	EUR	EUR
Non-current assets					
<i>Other investments</i>					
Loans EnBW AG	1		5,216,544,815		4,512,542,184
Loans related companies	2		20,088,799		19,951,106
Current assets					
<i>Receivables</i>					
Current account group companies	3	139,338,947		102,750,535	
Interest receivable related company		414,834		-	
Turnover tax		5,443		6,387	
Corporation tax		2,666,406		-	
Deposit office lease		4,749		4,749	
			142,430,379		102,761,671
Cash and cash equivalents	4		114,663		172,113
			5,379,178,656		4,635,427,074
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	
Other reserves	7	-		-	
Undistributed result		17,532,696		35,229,667	
			1,149,246,670		1,166,943,641
Long-term debts					
Interest-bearing loans and borrowings	8		4,084,114,815		3,380,112,184
Loans EnBW AG	9		20,088,799		19,951,106
Current liabilities					
Corporation tax		-		3,061,823	
Accrued expenses and deferred income	10	125,728,372		65,358,320	
			125,728,372		68,420,143
			5,379,178,656		4,635,427,074

Profit & loss account for the period 1 January – 30 June 2014

		Period ended 30 June 2014 EUR	Year ended 31 December 2013 EUR	Period ended 30 June 2013 EUR
Interest income and similar income	11	111,441,865	260,871,917	132,376,302
Interest expense and similar expenses	12	<u>88,636,442</u>	<u>215,342,552</u>	<u>109,514,025</u>
Net interest result		22,805,423	45,529,365	22,862,277
Fees received from EnBW AG		675,115	1,601,511	811,335
Expenses				
General expenses	13	138,645	321,419	122,755
Wages and salaries	14	29,599	74,481	35,344
Charged expenses to EnBW AG		(107,173)	(242,481)	(97,211)
Result before corporate income tax		23,419,467	46,977,457	23,612,724
Corporate income tax	15	(5,886,771)	(11,747,790)	(5,891,912)
Net result		17,532,696	35,229,667	17,720,812
Other comprehensive income				
Items that will never be reclassified to profit or loss		-	-	-
Items that are or may be reclassified to profit or loss		-	-	-
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		17,532,696	35,229,667	17,720,812

Statement of cash flows for the period ended 30 June 2014

	2014 EUR 1,000	2013 EUR 1,000
Operating activities		
Cash receipts from group companies	11,600	11,739
Cash paid to employees	(30)	(35)
Cash paid to suppliers	(158)	(149)
	<hr/>	<hr/>
Cash generated from operations	11,412	11,555
Interest paid	(27,186)	(35,089)
Taxes paid	(11,614)	(11,805)
	<hr/>	<hr/>
Cash flows from operating activities	(27,388)	(35,339)
	<hr/> <hr/>	<hr/> <hr/>
Investing activities		
Interest received	27,330	35,198
Acquisition of other investments	(695,017)	-
Sale of other investments	-	244,499
	<hr/>	<hr/>
Cash flows from investing activities	(667,687)	279,697
	<hr/> <hr/>	<hr/> <hr/>
Financing activities		
Proceeds from (non-) current borrowings	695,017	-
Repayment of borrowings	-	(244,499)
	<hr/>	<hr/>
Cash flows from financing activities	695,017	(244,499)
	<hr/> <hr/>	<hr/> <hr/>
Net decrease (increase) in cash and cash equivalents	(58)	(141)
Exchange results	1	-
Cash and cash equivalents as 1 January	172	375
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	115	234
	<hr/> <hr/>	<hr/> <hr/>

Notes

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 Energie Baden-Württemberg Aktiengesellschaft (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 notarially executed on April 2, 2001. In March 2007 the articles of association are 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.

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.

(b) **Basis of preparation**

The 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 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 financial statements 2014 and 2013.

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 euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Exchange rates applicable as at 30 June are as follows:

1 CHF = EUR 0.8212 (31 December 2013: EUR 0.8146)

1 JPY = EUR 0.0072 (31 December 2013: EUR 0.0069)

1 USD = EUR 0.7389 (31 December 2013: EUR 0.7251)

(b) **Other investments**

These investments are recognised/derecognised on the day they are transferred to/by the company. These assets are stated at amortised cost, taken into account the effective yield on these assets per inception date.

(c) **Other receivables**

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

EnBW International Finance B.V.

(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 cost, less attributable transaction costs. 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) 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 assets and liabilities as per inception date.

(h) 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 Agreements. As a result of this the taxable result can deviate substantially from the commercial result.

Determination of fair values

The fair value of the long-term interest-bearing loans and borrowings is based on their listed market price. The fair value of these loans and borrowings as at June 30, 2014 amounts to EUR 4,829 billion (December 31, 2013: EUR 3.963 billion). Facing the fact that the net proceeds from each issue of these loans and borrowings by EnBW International Finance B.V. only is applied towards the purposes of on lending to EnBW AG and that the interest rates and other interest conditions on these loans and borrowings are equal to these on the long-term loans to EnBW AG, the fair value of these non-current assets is equal to the fair value of the long-term interest-bearing loans and borrowings. The difference between the book value of the long-term loans to EnBW AG (EUR 5.216 billion) and the book value of the long-term interest-bearing loans and borrowings (EUR 4.084 billion) concerns the long-term loan to EnBW AG as a result of the sale of the GESO shares in 2010 (EUR 834 million) and the sale of the OPOLE-shares in 2012 through ENBW Investment I B.V. (EUR 298 million).

The fair value of the other assets and liabilities as at June 30, 2014 and December 31, 2013 is equal to the valuation in the balance sheet.

EnBW International Finance B.V.

The carrying and fair value of the assets and liabilities as at June 30, 2014 and December 31, 2013 is specified in the following overview.

	Carrying value 2014 (EUR million)	Fair value 2014 (EUR million)	Unrecognised gain/(loss) 2014 (EUR million)	Carrying value 2013 (EUR million)	Fair value 2013 (EUR million)	Unrecognised gain/(loss) 2013 (EUR million)
Loans EnBW AG (corresponding debts are listed)	4,084	4,829	745	3,380	3,963	583
Loan EnBW AG (GESO)	834	984	150	834	930	96
Loan ENBW AG (OPOLE)	298	346	48	298	322	24
Loans ENBW Holding AS	20	24	4	20	21	1
Current Assets	142	142	0	103	103	0
Cash and cash equivalents	0.1	0.1	0	0.2	0.2	0
Long-term debts (listed)	4,084	4,829	(745)	3,380	3,963	(583)
Loans ENBW AG (Turkey)	20	24	(4)	20	21	(1)
Current liabilities	126	126	0	65	65	0

Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

EnBW International Finance B.V.

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

Liquidity risk

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

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts.

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.

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 year.

The company is no subject to externally imposed capital requirements.

Notes to the balance sheet as 30 June 2014

1 Other investments

Loans EnBW AG

	30-06-2014	31-12-2013
	EUR	EUR
1. Loan granted in 2004	496,370,568	496,238,012
2. Loan granted in 2006	498,367,356	498,027,629
3. Loan granted in 2008	747,535,263	747,291,959
4. Loan granted in 2008	144,843,569	138,197,899
5. Loan granted in 2009	749,625,944	749,444,026
6. Loan granted in 2009	588,710,962	588,626,682
7. Loan granted in 2010	834,430,000	834,430,000
8. Loan granted in 2012	298,000,000	298,000,000
9. Loan granted in 2013	81,896,675	81,218,139
10. Loan granted in 2013	81,738,708	81,067,838
11. Loan granted in 2014	497,886,371	-
12. Loan granted in 2014	99,070,529	-
13. Loan granted in 2014	98,068,870	-
	<hr/>	<hr/>
	5,216,544,815	4,512,542,184
	<hr/>	<hr/>

1. Loan granted in 2004

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 December 9, 2004. The payment of the loan has taken place after deduction of “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 132,556 (2013 EUR 251,177) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.9651% per annum) and has a fixed term of 20.1 years. Redemption of the EUR 500 million takes place on 16 January 2025.

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

2. Loan granted in 2006

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 October 19, 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 2014 EUR 339,727 (2013: EUR 647,207) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.403% 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

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 November 20, 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 2014 EUR 243,304 (2013: 452,411) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.9647% 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

EnBW International Finance B.V. had diverted the proceeds from the issue of the JPY-bond 2008/2038 (nominal JPY 20,000,000,000/EUR 144,343,569) by way of a loan to EnBW AG on December 16, 2008.

The loan bears interest at a fixed interest rate (3.88% 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 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.

EnBW International Finance B.V.

5. Loan granted in 2009

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2009/2015 (nominal EUR 750,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 472,500) and management and underwriting fees (EUR 1,500,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 181,918 (2013 EUR 265,260) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (4.1763% per annum) and has a fixed term of 6 years. Redemption of the EUR 750 million takes place on 7 July 2015.

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 2009

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 July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 84,280 (2013 EUR 62,830) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (6.2718% per annum) and has a fixed term of 30 years. Redemption of the EUR 750 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.

7. Loan granted in 2010

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 (4.13% per annum) and has a fixed term of 10 years. Redemption of the EUR 834,430,000 takes place on 31 March 2020.

8. Loan granted in 2012

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.

EnBW International Finance B.V.

The loan bears interest at a fixed interest rate (3.67% per annum) and has a fixed term of 10 years. Redemption of the EUR 298,000,000 takes place on 28 February 2022.

9. Loan granted in 2013

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF-bond 2013/2018 (nominal CHF 100,000,000/EUR 82,115,290) by way of a loan to EnBW AG on July 12, 2013. The payment of the loan has taken place after addition of “agio” (CHF 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 2014 CHF 30,383 (2013: CHF 13,388) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (1.25% 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.

10. Loan granted in 2013

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF-bond 2013/2023 (nominal CHF 100,000,000/EUR 82,115,290) by way of a loan to EnBW AG on July 12, 2013. The payment of the loan has taken place after addition of “agio” (CHF 634,000) and deduction of management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 CHF 22,521 (2013: CHF 9,878) is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (2.25% 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.

11. Loan granted in 2014

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 June 4, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 6,371 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (2.5414% per annum) and has a fixed term of 12 years. Redemption of the EUR 500 million takes place on 4 June 2026.

EnBW International Finance B.V.

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

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 June 16, 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 529 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (3.1342% 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.

13. Loan granted in 2014

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 June 13, 2014. The payment of the loan has taken place after deduction of “disagio” (EUR 1,933,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2014 EUR 1,870 is therefore credited to the profit & loss account and presented as interest income.

The loan bears interest at a fixed interest rate (3.005% 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.

2 Loans related companies

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

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 4.13% and the repayment date is 11 July 2018.

2. Loan EUR 12,700,0000

On 23 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 4.13% and the repayment date is 23 December 2018.

The repayment of both loans is guaranteed by EnBW AG.

3 Current account group companies

	30-06-2014	31-12-2013
	EUR	EUR
EnBW AG	139,338,947	102,750,535

The interest on this current account is EONIA +/- 0.125% (2013: EONIA +/- 0.125%). No securities are provided.

4 Cash at banks

	30-06-2014	31-12-2013
	EUR	EUR
Deutsche Bank AG (current accounts)	114,663	172,113

5 Issued and paid up share capital

The authorised share capital is composed of 1,000 (2013: 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.

	2014	2013
	EUR	EUR
Balance as at 1 January	1,131,613,974	1,131,613,974
Balance as at 30 June (31 December)	1,131,613,974	1,131,613,974

7 Other reserves

	2014	2013
	EUR	EUR
Balance as at 1 January	-	-
Dividend to shareholder	(35,229,667)	(31,044,585)
Result for the year 2013 (2012)	35,229,667	31,044,585
Balance as at 31 December	-	-

8 Interest-bearing loans and borrowings

	30-06-2014	31-12-2013
	EUR	EUR
1. Bond granted in 2004	496,370,568	496,238,012
2. Bond granted in 2006	498,367,356	498,027,629
3. Bond granted in 2008	747,535,263	747,291,959
4. Bond granted in 2008	144,843,569	138,197,899
5. Bond granted in 2009	749,625,944	749,444,026
6. Bond granted in 2009	588,710,962	588,626,682
7. Bond granted in 2013	81,896,675	81,218,139
8. Bond granted in 2013	81,738,708	81,067,838
9. Bond granted in 2014	497,886,371	-
10. Bond granted in 2014	99,070,529	-
11. Bond granted in 2014	98,068,870	-
	4,084,114,815	3,380,112,184

EnBW International Finance B.V.

1. Eurobond 2004/2025

The company has issued on 9 December 2004 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 3,650,000) and management and underwriting fees (EUR 2,000,000). This amount will be calculated on the basis of the remaining term of the bond. For 2014 EUR 132,556 (2013 EUR 251,177) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.9651% 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 management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2014 EUR 339,727 (2013: EUR 647,207) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.403% 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 2014 EUR 243,304 (2013: 452,411) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.9647% 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 (3.88% per annum) and have a fixed term of 30 years. Redemption of the JPY 20 billion takes place on 16 December 2038.

EnBW International Finance B.V.

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.

5. Eurobond 2009/2015

The company has issued on 7 July 2009 750,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 472,500) and management and underwriting fees (EUR 1,500,000). This amount will be calculated on the basis of the remaining term of the bond. For 2014 EUR 181,918 (2013: EUR 265,260) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (4.1763% per annum) and have a fixed term of 6 years. Redemption of the EUR 750 million takes place on 7 July 2015.

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. 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 2014 EUR 84,280 (2013: EUR 62,830) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.2718% 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.

7. 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 2014 CHF 30,383 (2013: CHF 13,388) is therefore debited to the profit & loss account and presented as interest expenses. The loan bears interest at a fixed interest rate (1.3145% 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.

8. 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 2014 CHF 22,521 (2013: CHF 9,878) is therefore debited to the profit & loss account and presented as interest expenses. The loan bears interest at a fixed interest rate (2.3059% 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.

9. 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 2014 EUR 6,371 is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (2.5414% 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.

10. 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 2014 EUR 529 is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.1342% 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.

11. 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 2014 EUR 1,870 is therefore debited to the profit & loss account and presented as interest expenses.

EnBW International Finance B.V.

The bonds bear interest at a fixed interest rate (3.005% 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.

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 2016 – fixed at 4.403%	498,367		498,367	
Eurobonds 2025 – fixed at 4.9651%	496,371			496,371
Eurobonds 2018 – fixed at 6.9647%	747,535		747,535	
JPY-bonds 2038 – fixed at 3.88%	144,844			144,844
Eurobonds 2015 – fixed at 4.1763%	749,626		749,626	
Eurobonds 2039 – fixed at 6.2718%	588,711			588,711
CHF bonds 2018 – fixed at 1.25%	81,897		81,897	
CHF bonds 2023- fixed at 2.25%	81,739			81,739
Eurobonds 2026 – fixed at 2.5414%	497,886			497,886
Eurobonds 2039 – fixed at 3.1342%	99,071			99,071
Eurobonds 2034 – fixed at 3.005%	98,069			98,069
	<u>4,084,116</u>	<u>-</u>	<u>2,077,425</u>	<u>2,006,691</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.

2. Loan EUR 12,700,0000

On 23 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 23 December 2018.

10 Accrued expenses and deferred income

	30-06-2014	31-12-2013
	EUR	EUR
Interest bond loans	125,272,481	65,297,335
Interest loans EnBW AG	423,391	11,571
Auditors' and consultants' fees	27,500	39,414
Management fees	5,000	10,000
	<hr/>	<hr/>
	125,728,372	65,358,320
	<hr/>	<hr/>

Notes to the profit & loss account for the period 1 January – 30 June 2014

11 Interest income and similar income

	2014	2013
	EUR	EUR
Loans EnBW AG	110,882,642	260,518,242
Loans EnBW Holding AS	414,834	171,705
Interest corporation tax	144,227	108,724
Exchange rate differences	162	73,246
	<hr/>	<hr/>
	111,441,865	260,871,917
	<hr/>	<hr/>

12 Interest expense and similar expenses

	2014	2013
	EUR	EUR
Interest bond loans	88,183,362	215,119,683
Interest loan EnBW AG	411,820	151,960
Current account EnBW AG	37,635	58,785
Bank charges	3,625	12,124
	<hr/>	<hr/>
	88,636,442	215,342,552
	<hr/>	<hr/>

13 General expenses

	2014	2013
	EUR	EUR
Auditors' and consultants' fees	72,604	208,111
Management fees and administrative expenses	36,448	70,559
Office rent	9,833	14,473
Other general expenses	19,760	28,276
	<hr/>	<hr/>
	138,645	321,419
	<hr/>	<hr/>

14 Wages and salaries

As per 30 June 2014 and 31 December 2013 three staff members, including one of the managing directors, were employed by the company.

In accordance with article 383, Book 2 of the Netherlands Civil Code the remuneration of the statutory director is not presented, as there is only one paid statutory director.

15 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 profit for the financial period ended 30 June 2014 can be calculated as follows:

	2014
	EUR
Loan management fee	678,226
Interest income loans not included in APA	22,802,410
Deductible costs	(61,072)
	<hr/>
Taxable profit	23,419,564
	<hr/> <hr/>
Corporate income tax 2013 (payable)	5,845,991
Turkish withholding tax	41,483
Creditable withholding tax	(758)
	<hr/>
Total corporate income tax due	5,886,717
	<hr/> <hr/>

To date the tax returns, those have been filed up to and including 2012, are settled up to and including 2011.

The current APA agreement will expire on 31 December 2018.

16 Transactions with related parties

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

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 (total EUR 4.084 billion) are unconditionally and irrevocably guaranteed by EnBW AG. EnBW International Finance B.V. received remuneration for her financing activities from EnBW AG (EUR 675,000).

The company has provided two intercompany loans to ENBW Holding AS.

EnBW International Finance B.V.

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.

One of members of the Managing Board received remuneration during 2014 and 2013 (see note 14).

17 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 1 January 2014:

- IFRS 9 Financial Instruments and subsequent amendments. Not yet endorsed. Effective date: 1 January 2015 (postponed).

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

Rotterdam, 20 August 2014

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

Other information

Subsequent events

A new bond was issued on 1 August 2014 amounting to EUR 50 million.

Independent auditor's report

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

Report on the company financial statements

We have audited the interim financial statements for the period 1 January 2014 up to and including 30 June 2014 of EnBW International Finance B.V., Rotterdam, which comprise the statement of financial position as at June 30 2014, the interim statements of comprehensive income, changes in equity and cash flows for the half year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information (hereafter 'interim financial statements').

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 Netherlands Civil Code, and for the preparation of the report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands 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.

Auditor's responsibility

Our responsibility is to express an opinion on these interim 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 interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim 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 interim 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

EnBW International Finance B.V.

policies used and the reasonableness of accounting estimates made by the board, as well as evaluating the overall presentation of the interim 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 interim financial statements give a true and fair view of the financial position of EnBW International Finance B.V. as at 30 June 2014 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 Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Management, 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 report of the Board of Management, to the extent we can assess, is consistent with the interim financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 20 August 2014

KPMG Accountants N.V.

K. Oosterhof RA