

**EnBW International
Finance B.V.**

Report on the interim financial
statements for the period
1 January – 30 June 2017

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 year ended 30 June 2017.

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) in Germany. EnBW AG is part of the EnBW Group.

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 Herikerbergweg 122, 1101 CM Amsterdam.

Overview of objectives and activities

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

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the 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.

The activities of EnBW International Finance take place in The Netherlands.

Internal structure

The company employs three staff members. The board of directors consist of two members, the supervisory board consists of three members, and the audit committee consists of three members including an independent chairman. The Board of Management is responsible for the internal control and the management of risks within EnBW International Finance B.V.

Activities during the period

During the period no new loans have been issued.

Result and other performance indicators

	Period ended 30 June 2017 (EUR million)	Period ended 31 December 2016 (EUR million)
Net result	15	35
Net interest result	20	46
Shareholder's equity	1,147	1,167
Free cash	137	884
Net working capital	14	34
Solvency (equity/ total assets)	27%	28%

Principal risks and uncertainties

The principal risks and uncertainties facing the company for risk management purposes are outlined below.

The company has exposure to the following risks:

Credit risk

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

The company's exposure to credit risk is influenced mainly by the individual characteristics of EnBW AG. The company's risk is concentrated in the accounts receivable from EnBW AG mainly from its loan and interest receivable

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Cash forecasts identifying the companies' liquidity requirements are produced regularly and are stress-tested for different scenario's to ensure sufficient financial headroom exists for at least a 12-month period to safeguard the company's ability to continue as a going concern.

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. Market risk comprises of the following risks:

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the company. The interest rates and other interest conditions on the interest-bearing loans and borrowings are equal to these on the loans to EnBW AG, except for the loans granted in 2010 and 2012 which are funded by equity. These loans bear a fixed interest rate. Therefore the company is not exposed to variability of cash flows due to market development in interest rates.

Currency risk

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

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

Operational risk

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

Sensitivity analysis

The 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 solid long-term credit ratings so as to maintain investor, creditor and market confidence and to sustain future development of the business. No additional capital is needed to finance the activities of the company. The margin of the interest on the loans covers the expenses of the company. The loans payable are reflected by loans receivables with identical characteristics. No impairments are to be expected.

There were no changes in the company's approach to capital management during the year.

The company is not subject to externally imposed capital requirements.

EnBW International Finance B.V.

Future outlook and Post-balance sheet events

It is expected that the financing activities will develop in line with the strategy of the parent company EnBW AG. No events which would be significant for assessing the net assets, financial position and result of EnBW International Finance B.V. occurred after 30 June 2017.

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 Baa1 with a stable 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 and provides a fair presentation of the financial statements and that all relevant risks applicable to the company have been described. Furthermore the management confirms that the report of the Board of Management provides a fair presentation of the situation at 30 June 2017 and the described activities during the book year.

Amsterdam, 20 July 2017

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 2017

(before appropriation of the result)

		30 June 2017		31 December 2016	
		EUR	EUR	EUR	EUR
Non-current assets					
<i>Other investments</i>	1				
Loans EnBW AG	1	4,058,105,000		4,060,728,706	
Loans related companies	2	21,629,369		22,186,766	
			4,079,734,369		4,082,915,472
Current assets					
<i>Receivables</i>					
Interest receivable loans EnBW AG		107,021,078		105,226,672	
Interest receivable related company		446,646		-	
Corporation tax		5,697,154		-	
Turnover tax		9,875		18,884	
Deposit office lease		4,749		4,749	
Accruals		535		-	
			113,18,037		105,250,305
Cash and cash equivalents	3		137,039		883,547
			4,193,051,445		4,189,049,324
Shareholder's equity					
Issued and paid up share capital	4	100,000		100,000	
Share premium reserve	5	1,131,613,974		1,131,613,974	
Other reserves	6	-		-	
Undistributed result		15,144,222		35,003,573	
			1,146,858,196		1,166,717,547
Long-term debts					
Interest-bearing loans and borrowings	7				
Loans EnBW AG	8	2,925,675,000		2,928,298,706	
	9	21,629,369		22,186,766	
			2,947,304,369		2,950,485,472
Current liabilities					
Current account EnBW AG	10	14,046,845		13,297,045	
Corporation tax		-		212,359	
Accrued expenses and deferred income	11	84,842,035		58,336,901	
			98,888,880		71,846,305
			4,193,051,445		4,189,049,324

Statement of income for the period 1 January – 30 June 2017

	Notes	Period ended 30 June 2017	Period ended 31 December 2016	Period ended 30 June 2016
Interest income and similar income	12	94,562,826	207,870,530	106,097,881
Interest expenses and similar expenses	13	74,175,941	162,320,796	83,227,624
NET INTEREST RESULT		20,386,885	45,549,734	22,870,257
FEES RECEIVED FROM ENBW AG	19	625,739	1,435,940	738,466
GENERAL AND ADMINISTRATIVE EXPENSES				
General expenses	14	169,413	369,917	174,065
Salary expenses	15	72,176	91,200	62,750
Recharged expenses		(154,296)	(272,714)	(129,755)
		87,293	188,403	107,060
RESULT BEFORE CORPORATE INCOME TAX		20,925,331	46,797,271	23,501,663
Corporate income tax previous year		91,480	-	-
Corporate income tax current year	18	(5,872,589)	(11,793,698)	(5,916,277)
NET RESULT		15,144,222	35,003,573	17,585,386

Statement of cash flows for the period 1 January – 30 June 2017

	1 January - 30 Jun 2017	1 January - 30 Jun 2016
Operating activities		
Cash receipts from group companies	11,000,000	11,144,571
Cash paid to employees	(56,878)	(48,770)
Cash paid to suppliers	(187,070)	(164,330)
	<hr/>	<hr/>
Cash generated from operations	10,756,052	10,931,471
Interest paid	(45,973,482)	(45,777,519)
Interest received	46,169,001	46,362,306
Taxes paid	(11,697,627)	(11,749,723)
	<hr/>	<hr/>
Cash flows from operating activities	(746,056)	(233,465)
	<hr/>	<hr/>
Investing activities		
Repayment of other investments	-	-
Proceeds from other investments	-	-
	<hr/>	<hr/>
Cash flows from investing activities	-	-
	<hr/>	<hr/>
Financing activities		
Proceeds from borrowings	-	-
Repayment of (non-) current borrowings	-	-
	<hr/>	<hr/>
Cash flows from financing activities	-	-
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(746,056)	(233,465)
Exchange results	(452)	(18,275)
Cash and cash equivalents as 1 January	883,547	866,204
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	137,039	614,464
	<hr/>	<hr/>

Statement of changes in equity for the period 1 January – 30 June 2017

	Share capital	Share premium	Other reserves	Undistributed result	Total
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 year	0	0	0	35,003,573	35,003,573
Balance at 31 December 2016	100,000	1,131,613,974	0	35,003,573	1,166,717,547
Balance at 1 January 2017	100,000	1,131,613,974	0	35,003,573	1,166,717,547
Appropriation of the result	0	0	35,003,573	-35,003,573	0
Dividend to shareholder	0	0	-35,003,573	0	-35,003,573
Result for the period	0	0	0	15,144,222	15,144,222
Balance at 30 June 2017	<u>100,000</u>	<u>1,131,613,974</u>	<u>0</u>	<u>15,144,222</u>	<u>1,146,858,196</u>

Notes to interim financial statements for the period 1 January – 30 June 2017

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 annual accounts of EnBW International Finance B.V. are being consolidated in the annual accounts of EnBW AG.

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 notarially executed on April 2, 2001. In December 2014 the articles of association were revised to include a supervisory board and to be in line with the Flex-BV regulations. In December 2016 the articles of association were revised and the statutory seat of the company is now Amsterdam (formerly: Rotterdam). The company changed its address to Herikerbergweg 122, 1101 CM Amsterdam. The file number at the Chamber of Commerce is 32085302.

The most important objectives of the company are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the 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 interim financial statements have been prepared in accordance with the IAS 34 as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

(b) Basis of preparation

The interim financial statements are prepared in euros, the functional and presentation currency of the company and on the historical cost basis unless indicated otherwise hereafter.

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

(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 2017 and 2016.

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. If a loan qualifies as impaired, it is measured at its impaired value; any impairment is disclosed in the income statement.

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 2017 are as follows:

1 CHF = EUR 0.9200 (31 December 2016: EUR 0.9312)

1 JPY = EUR 0.0080 (31 December 2016: EUR 0.0081)

1 USD = EUR 0.8929 (31 December 2016: EUR 0.9487)

The average exchange rates in 2017 are as follows:

1 CHF = EUR 0.9289 (2016: EUR 0.9175)

1 JPY = EUR 0.0082 (2016: EUR 0.0083)

1 USD = EUR 0.9241 (2016: EUR 0.9040)

(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. Investments with duration less than one year are stated at the current assets.

A loan is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment is a permanent decline in the value of an asset.

(c) Other receivables

Other receivables are recognised initially at fair value. Subsequent to initial recognition, other receivables are stated at amortised cost less impairment if any. A receivable is impaired when the carrying amount of the asset exceeds its recoverable amount.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are stated at face value.

(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 recognised initially at fair value. Subsequent to initial recognition, other payables are stated at amortised cost.

(g) Income

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

(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. Other expenses are recognised in the year to which they are related.

(i) Cash-flow statement

The Cash-flow statement has been prepared in accordance with the direct method.

(j) 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 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 and borrowings as at June 30, 2017 amounts to EUR 3,721 million (December 31, 2016: EUR 3,727 million). 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

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AG (EUR 4,058 million) and the book value of the long-term interest-bearing loans and borrowings (EUR 2,926 million) 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 these two loans is based on internal calculations.

The fair value of the other assets and liabilities as at June 30, 2017 and December 31, 2016 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at June 30, 2017 and December 31, 2016 is specified in the following overview.

Level		Carrying value 30 June 2017 (EUR million)	Fair value 30 June 2017 (EUR million)	Unrecognised gain/(loss) 2017 (EUR million)	Carrying value 31 Dec. 2016 (EUR million)	Fair value 31 Dec. 2016 (EUR million)	Unrecognised gain/(loss) 2016 (EUR million)
2	Loans EnBW AG (corresponding debts are listed)	2,926	3,721	795	2,929	3,727	798
3	Loan EnBW AG (GESO)	834	944	110	834	940	106
3	Loan EnBW AG (OPOLE)	298	348	50	298	347	49
3	Loans EnBW Holding AS	22	22	0	22	23	1
n.a.	Current Assets	107	107	0	92	92	0
n.a.	Cash and cash equivalents	0.1	0.1	0	0.9	1	0
1	Long-term debts (listed)	2,926	3,721	(795)	2,929	3,727	(798)
3	Loans EnBW AG (Turkey)	22	22	0	22	23	(1)
n.a.	Current liabilities	85	85	0	58	58	0

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 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 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. For the two loans issued to EnBW Holding AS, EnBW AG issued a payment guarantee to secure the payment obligations.

The long-term credit ratings of EnBW AG are Baa1 with a stable 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

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stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

There is only a small liquidity risk facing the equal terms of the non-current assets and the long-term debts. The repayment schedules can be found on pages 23 and 29.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG, Credit Suisse AG and the Royal bank of Scotland Plc) 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.

Concentration risk

Concentration risk is the risk that the concentration of loans is not diversified and concentrated in a certain geographic area. The loans are diverted in a variety of loans issued to EnBW AG in Germany, ENBW AS Holding in Turkey and private loans in Germany. The company has a minimal exposure of the concentration risk mainly because of the irrevocable and unconditional guarantee given by EnBW AG. The company has four reportable segments divided by currencies in Euro, Swiss Francs (CHF), Japanese yen (JPY) and US dollar (USD). The related income per segment is: EURO: € 197.6 million, CHF: € 3.4 million, JPY: € 6.4 million and USD: € 0.4 million.

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.

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Capital management

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

There were no changes in the company's approach to capital management during the period.

The company is not subject to externally imposed capital requirements.

Notes to the statement of financial position as at 30 June 2017

1 Other investments

	2017 EUR	2016 EUR
Balance at 1 January	4,082,915,472	4,569,386,053
Received	-	(500,000,000)
Exchange differences	(3,918,741)	11,431,765
Amortization	737,638	2,097,654
	<hr/>	<hr/>
Receivables < 1 year (current assets)	4,079,734,369	4,082,915,472
	<hr/>	<hr/>
Balance at 30 June	4,079,734,369	4,082,915,472
	<hr/>	<hr/>

Loans EnBW AG

	30-06-2017 EUR	31-12-2016 EUR
1. Loan granted in 2004	497,220,890	497,069,673
2. Loan granted in 2008	749,140,860	748,847,176
3. Loan granted in 2008	160,952,841	162,074,554
4. Loan granted in 2009	589,365,885	589,262,970
5. Loan granted in 2010	834,430,000	834,430,000
6. Loan granted in 2012	298,000,000	298,000,000
7. Loan granted in 2013	91,936,357	93,028,423
8. Loan granted in 2013	91,713,361	92,809,673
9. Loan granted in 2014	498,364,380	498,283,271
10. Loan granted in 2014	99,148,814	99,135,370
11. Loan granted in 2014	98,293,430	98,254,974
12. Loan granted in 2014	49,538,182	49,532,622
	<hr/>	<hr/>
	4,058,105,000	4,060,728,706
	<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 2017 EUR 151,217 (2016: EUR 291,275) 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 the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

2. 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 2017 EUR 293,684 (2016: EUR 553,674) 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.

3. 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 162,074,554) by way of a loan to EnBW AG on December 16, 2008.

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

4. 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 2017 EUR 102,915 (2016: EUR 290,518) 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.

5. 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 (4.130% 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.

6. 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.

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.

7. 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 93,118,540) by way of a loan to EnBW AG on July 12, 2013. The payment of the loan has taken place after addition of “agio” (CHF 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 2017 CHF 31,597 (2016: CHF 62,374) 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.

8. 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 93,118,540) by way of a loan to EnBW AG on July 12, 2013. The payment of the loan has taken place after addition of "agio" (CHF 634,000) and deduction of management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2017 CHF 24,115 (2016: CHF 47,144) 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.

9. 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 2017 EUR 81,109 (2016: EUR 159,508) 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.

10. 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 2017 EUR 13,444 (2016: EUR 26,287) is therefore credited to the profit & loss account and presented as interest income.

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

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.

11. 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 2017 EUR 38,456 (2016: EUR 75,288) 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.

12. Loan granted in 2014

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 August 1, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 493,200). These amounts will be calculated on the basis of the remaining term of the loan. For 2017 EUR 5,560 (2016: EUR 10,891) 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 EUR 1,000	Within 1 year EUR 1,000	2-5 years EUR 1,000	More than 5 years EUR 1,000
Loan granted in 2004	695,000	24,375	97,500	573,125
Loan granted in 2008	853,125	51,563	801,562	
Loan granted in 2008	295,220	6,245	24,980	263,995
Loan granted in 2009	1,445,250	36,750	147,000	1,261,500
Loan granted in 2010	972,278	34,462	937,816	
Loan granted in 2012	363,619	10,937	352,682	
Loan granted in 2013	94,300	1,150	93,150	
Loan granted in 2013	106,490	2,070	8,280	96,140
Loan granted in 2014	612,500	12,500	50,000	550,000
Loan granted in 2014	167,760	3,080	12,320	152,360
Loan granted in 2014	148,875	2,875	11,500	134,500
Loan granted in 2014	90,600	1,450	5,800	83,350
	<u>5,845,017</u>	<u>187,457</u>	<u>2,542,590</u>	<u>3,114,970</u>

The terms and investment repayment schedule is based on the nominal values of the loans and interest to be repaid.

2 Loans related companies

	2017 EUR	2016 EUR
Balance at 1 January	22,186,766	21,885,267
Exchange differences	(557,397)	301,499
Balance at 30 June	<u>21,629,369</u>	<u>22,186,766</u>

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 Cash and cash equivalents

	30-06-2017 EUR	31-12-2016 EUR
Deutsche Bank AG (current accounts)	78,345	324,342
BW Bank (current accounts)	58,694	559,205
	<u>137,039</u>	<u>883,547</u>

Cash and cash equivalents are free at disposal.

4 Issued and paid up share capital

The authorised share capital is composed of 1,000 (2016: 1,000) ordinary shares with a nominal value of EUR 100 each, in total EUR 100,000. All shares have been issued and fully paid and belong to EnBW AG (Germany).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

5 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.

	2017 EUR	2016 EUR
Balance as at 1 January	1,131,613,974	1,131,613,974
Balance as at 30 June	1,131,613,974	1,131,613,974

6 Other reserves

	2017 EUR	2016 EUR
Balance as at 1 January	—	—
Dividend to shareholder	(35,003,573)	(35,260,982)
Result for the year 2016 (2015)	35,003,573	35,260,982
Balance as at 30 June	—	—

7 Long-term debts

	2017 EUR	2016 EUR
Balance at 1 January	2,950,485,472	3,436,956,053
Repayments of loans	—	(500,000,000)
Exchange differences	(3,918,741)	11,431,765
amortization	737,638	2,097,654
	2,947,304,369	2,950,485,472

8 Interest-bearing loans and borrowings

	30-06-2017 EUR	31-12-2016 EUR
1. Eurobond 2004/2025	497,220,890	497,069,673
2. Eurobond 2008/2018	749,140,860	748,847,176
3. JPY-bond 2008/2038	160,952,841	162,074,554
4. Eurobond 2009/2039	589,365,885	589,262,970
5. CHF-bond 2013/2018	91,936,357	93,028,423
6. CHF-bond 2013/2023	91,713,361	92,809,673
7. Eurobond 2014/2026	498,364,380	498,283,271
8. Eurobond 2014/2039	99,148,814	99,135,370
9. Eurobond 2014/2034	98,293,430	98,254,974
10. Eurobond 2014/2044	49,538,182	49,532,622
	<hr/>	<hr/>
	2,925,675,000	2,928,298,706
	<hr/>	<hr/>

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 2017 EUR 151,217 (2016: EUR 291,275) 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 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 2017 EUR 293,684 (2016: EUR 553,674) 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.

3. 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.

4. 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 2017 EUR 102,915 (2016: EUR 290,518) 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.

5. 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 2017 CHF 31,597 (2016: CHF 62,374) 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.

6. 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 2017 CHF 22,185 (2016: CHF 47,144) 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 International Finance B.V.

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. 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 2017 EUR 81,109 (2016: EUR 159,508) 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.

8. 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 2017 EUR 13,444 (2016: EUR 26,287) 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.

9. 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 2017 EUR 38,456 (2016: EUR 75,288) 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.

10. 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 2017 EUR 5,560 (2016: EUR 10,891) 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	2-5 years	More than
	EUR 1,000	year	EUR 1,000	5 years
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Secured bond issues:				
Eurobonds 2025	695,000	24,375	97,500	573,125
Eurobonds 2018	853,125	51,563	801,562	
JPY-bonds 2038	295,220	6,245	24,980	263,995
Eurobonds 2039	1,445,250	36,750	147,000	1,261,500
CHF bonds 2018	94,300	1,150	93,150	
CHF bonds 2023	106,490	2,070	8,280	96,140
Eurobonds 2026	612,500	12,500	50,000	550,000
Eurobonds 2039	167,760	3,080	12,320	152,360
Eurobonds 2034	148,875	2,875	11,500	134,500
Eurobonds 2044	90,600	1,450	5,800	83,350
	<u>4,509,120</u>	<u>142,058</u>	<u>1,252,092</u>	<u>3,114,970</u>

The terms and debt repayment schedule is based on the nominal values of the loans and interest to be repaid.

9 Loans EnBW AG

	2017 EUR	2016 EUR
Balance at 1 January	22,186,766	21,885,267
Exchange differences	(557,397)	301,499
Balance at 30 June	21,629,369	22,186,766

In 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 EUR 9,486,766 (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 Current account EnBW AG

	30-06-2017 EUR	31-12-2016 EUR
EnBW AG	14,046,845	13,297,045

The interest on this current account is EONIA + 0.400% for liabilities and EONIA flat for receivables (2016: EONIA + 0.400% for liabilities and EONIA flat for receivables). No securities are provided.

11 Accrued expenses and deferred income

	30-06-2017 EUR	31-12-2016 EUR
Interest bond loans	84,321,798	57,324,559
Interest loans EnBW AG	443,402	924,818
Auditors' and consultants' fees	41,835	65,050
Management fees	35,000	17,052
Other accrued expenses	-	5,422
	84,842,035	58,336,901

Notes to statement of income for the period 1 January – 30 June 2017

12 Interest income and similar income

	Period ended 30 June 2017 EUR	Year ended 31 December 2016 EUR	Period ended 30 June 2016 EUR
Loans EnBW AG	93,920,661	206,743,936	105,452,012
Loans EnBW Holding AS	446,646	931,585	450,698
Interest corporation tax	195,519	195,009	195,171
	<u>94,562,826</u>	<u>207,870,530</u>	<u>106,097,881</u>

13 Interest expense and similar expenses

	Period ended 30 June 2017 EUR	Year ended 31 December 2016 EUR	Period ended 30 June 2016 EUR
Interest bond loans	73,724,961	161,345,377	82,752,732
Interest loan EnBW AG	443,402	924,818	447,424
Current account EnBW AG	-	17,890	13,430
Bank charges	7,148	7,041	1,319
Exchange rate differences	430	25,670	12,719
	<u>74,175,941</u>	<u>162,320,796</u>	<u>83,227,624</u>

14 General expenses

	Period ended 30 June 2017 EUR	Period ended 31 December 2016 EUR	Period ended 30 June 2016 EUR
Auditors' fees	45,230	61,490	44,750
Consultants' fees	5,387	65,855	32,645
Management fees and administrative expenses	98,675	166,678	65,999
Office rent	10,022	19,964	9,982
Other general expenses	10,099	55,930	20,689
	<u>169,413</u>	<u>369,917</u>	<u>174,065</u>

The audit and other accounting fees of the accounting organisation providing the audit opinion of the annual accounts are specified as follows:

	30 June 2017 EUR	31 December 2016 EUR	30 June 2016 EUR
Audit annual accounts	32,230	41,750	31,750
Other audit assignments	13,000	19,740	13,000
	<u>45,230</u>	<u>61,490</u>	<u>44,750</u>

Relate to engagements performed by BDO Audit & Assurance B.V.

15 Salary expenses

	Period ended 30 June 2017 EUR	Period ended 31 December 2016 EUR	Period ended 30 June 2016 EUR
Salaries	67,919	82,809	56,623
Social security's premiums	4,257	8,391	6,127
	<u>72,176</u>	<u>91,200</u>	<u>62,750</u>

16 Remuneration

Over the period of 1 January to 30 June 2017 the company paid a fixed salary in the amount of EUR 9,563 remuneration for its board of directors (30 June 2016: EUR 8,817). No other remunerations were provided.

The remuneration for services provided by the supervisory board in 2017 amounted to EUR 38,000 (30 June 2016: EUR 38,000) and is provided in the form of a fixed remuneration. No other remunerations were provided.

17 Average number of employees

The company employs three staff members in the Netherlands (2016: four staff members)

18 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 year 2017 can be calculated as follows:

	Period ended 30 June 2017	Year ended 31 Dec. 2016	Period ended 30 June 2016
	EUR	EUR	EUR
Loan management fee	625,739	1,435,940	738,466
Interest income loans not included in APA	22,890,439	45,549,734	22,870,257
Deductible costs	(82,793)	(184,003)	(102,660)
Taxable profit	23,433,385	46,801,671	23,506,063
Corporate income tax (payable)	5,848,346	11,691,945	5,867,277
Turkish withholding tax	25,000	103,280	50,000
Creditable withholding tax	(757)	(1,527)	(1,000)
Total corporate income tax due (effective rate 25.06%)	5,872,589	11,793,698	5,916,277

The applicable CIT rates are: 20% for the first bracket of EUR 200,000 and 25% for the second bracket of EUR 23,233,385.

To date the tax returns, those have been filed up to and including 2016, are settled up to and including 2015.

The current APA agreement will expire on 31 December 2018.

19 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.

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 are unconditionally and irrevocably guaranteed by EnBW AG. EnBW International Finance B.V received remuneration for her financing activities from EnBW AG (EUR 0.6 million).

The company has provided two intercompany loans (USD 10 million and EUR 12,7 million) to EnBW Holding AS.

The company has received two intercompany loans (USD 10 million and EUR 12,7 million) 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 balance sheet and the statement of income.

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.

For transactions with board of directors see note 16.

20 Off balance commitments

EnBW International Finance B.V. entered into a rental agreement for the rent of an office accommodation in Amsterdam for the period 1 September 2016 up to and including 31 August 2017. The commitment as at 30 June amounts EUR 3,341.

21 **Forthcoming requirements and Post-balance sheet events.**

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:

- IFRS 9 Financial Instruments and subsequent amendments. Not yet endorsed. Effective date: 1 January 2018 (postponed).
- IFRS 15 Revenue recognition. Effective date: 1 January 2018.
- IFRS 16 Leases. Effective date 1 January 2019.

The company is assessing the potential impact on its financial statements resulting from the application of IFRS 9, IFRS 15 and IFRS 16.

No events which would be significant for assessing the net assets, financial position and result of EnBW International Finance B.V. occurred after 30 June 2017.

22 **Appropriation of result**

In February 2017 the General Meeting of Shareholders adopted the annual accounts 2016 and approved to distribute a dividend of EUR 35,003,573.

Amsterdam, 20 July 2017

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

23 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.

24 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.

Independent auditors' review report

The auditors' report is shown on page 37 and further.

Review report

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

Engagement

We have reviewed the accompanying interim financial information of EnBW International Finance B.V., Amsterdam, which comprises the statement of financial position as at 1 January 2017 up to and including 30 June 2017, the statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended, and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 20 July 2017

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

sgd.

drs. M F Meijer RA