

**EnBW International Finance B.V.**

Financial report 2013

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## **Report of the Board of Management**

The Management of ENBW International Finance B.V. herewith submits its financial report for the year ended 31 December 2013.

### **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 repaid the CHF note due on 25 February 2013 (CHF 300 million) and EMTN note (EUR 750 million) on 20 November 2013. Two new CHF notes (both EUR 100 million) have been issued on 12 July 2013. Furthermore the company has provided two loans (USD 10 million and EUR 12.7 million) to an affiliated company, EnBW Holding AS, Turkey.

### **Results for the year**

The profit for the period is EUR 35,229,667 (2012: EUR 31,044,585).

### **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 31 December 2013 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.

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### **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, 6 February 2014

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff



## Balance sheet as at 31 December 2013

(before appropriation of the profit)

		31 December 2013		31 December 2012	
		EUR	EUR	EUR	EUR
<b>Non-current assets</b>					
<i>Other investments</i>					
Loans EnBW AG	1		4,512,542,184		5,384,191,378
Loans related companies	2		19,951,106		-
<b>Current assets</b>					
<i>Receivables</i>					
Current account group companies	3	102,750,535		108,804,153	
Turnover tax		6,387		5,732	
Deposit office lease		4,749		4,749	
			102,761,671		108,814,634
Cash and cash equivalents	4		172,113		374,720
			4,635,427,074		5,493,380,732
<b>Shareholders' equity</b>					
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		35,229,667		31,044,585	
			1,166,943,641		1,162,758,559
<b>Long-term debts</b>					
Interest-bearing loans and borrowings	8		3,380,112,184		4,251,761,378
Loans EnBW AG	9		19,951,106		-
<b>Current liabilities</b>					
Corporation tax		3,061,823		3,143,833	
Accrued expenses and deferred income	10	65,358,320		75,716,962	
			68,420,143		78,860,795
			4,635,427,074		5,493,380,732

## Profit & loss account for the year 2013

		2013		2012	
		EUR	EUR	EUR	EUR
Interest income and similar income	11	260,871,917		269,180,410	
Interest expense and similar expenses	12	<u>215,342,552</u>		<u>229,308,727</u>	
<b>Net interest result</b>			45,529,365		39,871,683
<b>Fees received from EnBW AG</b>			1,601,511		1,766,876
<b>Expenses</b>					
General expenses	13		321,419		411,591
Wages and salaries	14		74,481		74,564
Charged expenses to EnBW AG			<u>(242,481)</u>		<u>(349,444)</u>
<b>Result before corporate income tax</b>			46,977,457		41,501,848
Corporate income tax	15		<u>(11,747,790)</u>		<u>(10,457,263)</u>
<b>Net result</b>			<u>35,229,667</u>		<u>31,044,585</u>
<b>Other comprehensive income</b>					
Items that will never be reclassified to profit or loss			-		-
Items that are or may be reclassified to profit or loss					
<b>Other comprehensive income, net of tax</b>			-		-
<b>Total comprehensive income</b>			<u>35,229,667</u>		<u>31,044,585</u>

## Statement of cash flows for the period ended 31 December 2013

	2013 EUR 1,000	2012 EUR 1,000
<b>Operating activities</b>		
Cash receipts from group companies	12,039	8,400
Cash paid to employees	(74)	(70)
Cash paid to suppliers	(355)	(452)
	<hr/>	<hr/>
Cash generated from operations	11,610	7,878
Interest paid	(223,469)	(283,858)
Taxes paid	(11,807)	(8,220)
	<hr/>	<hr/>
<b>Cash flows from operating activities</b>	<b>(223,666)</b>	<b>(284,200)</b>
	<hr/>	<hr/>
<b>Investing activities</b>		
Interest received	223,457	283,981
Acquisition of other investments	(181,166)	(298,000)
Sale of other investments	994,499	1,000,000
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>	<b>1,036,790</b>	<b>985,981</b>
	<hr/>	<hr/>
<b>Financing activities</b>		
Proceeds from (non-) current borrowings	181,166	298,000
Repayment of borrowings	(994,499)	(1,000,000)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>	<b>(813,333)</b>	<b>(702,000)</b>
	<hr/>	<hr/>
Net decrease (increase) in cash and cash equivalents	(209)	(219)
Exchange results	6	-
Increase due to mergers	-	502
Cash and cash equivalents as 1 January	375	92
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	172	375
	<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.

### **Merger**

There was a legal merger as per 30 June 2012 with two related companies (EnBW Investment I B.V. and EnBW Benelux B.V.), both owned by the same shareholder (EnBW AG) as the shareholder of the company. Due to the merger all former rights and obligations of EnBW Investment I B.V. and EnBW Benelux B.V. were assigned to EnBW International Finance B.V. Business combinations (such as legal mergers) are accounted for using the acquisition method as at the acquisition (merger) date.

The most important financial consequences of these mergers are:

- Increase of the share premium reserve with EUR 302 million
- Settlement of the loan (EUR 298 million) received from EnBW Investment I B.V. during the first quarter 2012 and interest payable (EUR 4 million)
- Increase of cash and cash equivalents with EUR 0.5 million

## **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 2013 and 2012.

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 31 December 2013 are as follows:

1 CHF = EUR 0.8146 (31 December 2012: EUR 0.8284)

1 JPY = EUR 0.0069 (31 December 2012: EUR 0.0088)

1 USD = 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.



**(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 December 31, 2013 amounts to EUR 3.963 billion (December 31, 2012: EUR 5.027 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 4.513 billion) and the book value of the long-term interest-bearing loans and borrowings (EUR 3,380 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).

## EnBW International Finance B.V.

The fair value of the other assets and liabilities as at December 31, 2013 and 2012 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at December 31, 2013 and 2012 is specified in the following overview.

	Carrying value 2013 (EUR million)	Fair value 2013 (EUR million)	Unrecognised gain/(loss) 2013 (EUR million)	Carrying value 2012 (EUR million)	Fair value 2012 (EUR million)	Unrecognised gain/(loss) 2012 (EUR million)
Loans EnBW AG (corresponding debts are listed)	3,380	3,963	583	4,252	5,027	775
Loan EnBW AG (GESO)	834	930	96	834	963	129
Loan ENBW AG (OPOLE)	298	322	24	298	334	36
Loans ENBW Holding AS	20	21	1	0	0	0
Current Assets	103	103	0	109	109	0
Cash and cash equivalents	0.2	0.2	0	0.4	0.4	0
Long-term debts (listed)	3,380	3,963	(583)	4,252	5,027	(775)
Loans ENBW AG (Turkey)	20	21	(1)	0	0	0
Current liabilities	65	65	0	79	79	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.



## **EnBW International Finance B.V.**

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

The long-term credit ratings of EnBW AG are 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 31 December 2013

### 1 Other investments

#### Loans EnBW AG

	31-12-2013 EUR	31-12-2012 EUR
1. Loan granted in 2004	496,238,012	495,986,835
2. Loan granted in 2006	498,027,629	497,380,422
3. Loan granted in 2008	-	248,462,123
4. Loan granted in 2008	-	749,308,991
5. Loan granted in 2008	747,291,959	746,839,548
6. Loan granted in 2008	138,197,899	176,040,841
7. Loan granted in 2009	749,444,026	749,178,766
8. Loan granted in 2009	588,626,682	588,563,852
9. Loan granted in 2010	834,430,000	834,430,000
10. Loan granted in 2012	298,000,000	298,000,000
11. Loan granted in 2013	81,218,139	-
12. Loan granted in 2013	81,067,838	-
	<u>4,512,542,184</u>	<u>5,384,191,378</u>

#### *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 2013 EUR 251,177 (2012 EUR 239,920) 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 2013 EUR 647,207 (2012: EUR 621,542) 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 a CHF-bond 2008/2013 (nominal CHF 300,000,000/EUR 244,379,276) by way of a loan to EnBW AG on February 25, 2008. The payment of the loan has taken place after addition of “agio” (CHF 651,000) and deduction of management and underwriting fees (CHF 2,375,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2013 CHF 56,525 (2012: CHF 364,967) is therefore credited to the profit & loss account and presented as interest income.

The loan beared interest at a fixed interest rate (3.2512% per annum) and has a fixed term of 5 years. Redemption of the CHF 300 million took place on 25 February 2013.

EnBW AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie 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.

## ***4. Loan granted in 2008***

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2008/2013 (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 1,575,000) and management and underwriting fees (EUR 1,875,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2013 EUR 691,009 (2012: EUR 733,630) is therefore credited to the profit & loss account and presented as interest income.

The loan beared interest at a fixed interest rate (6.1094% per annum) and has a fixed term of 5 years. Redemption of the EUR 750 million took place on 20 November 2013.

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 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 2013 EUR 452,411 (2012: 422,953) 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.

### ***6. 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 138,197,899) 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.

### ***7. 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 2013 EUR 265,260 (2012 EUR 418,925) 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.

#### ***8. 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 2013 EUR 62,830 (2012 EUR 249,152) 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.

#### ***9. 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.

#### ***10. 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 (3.67% per annum) and has a fixed term of 10 years. Redemption of the EUR 298,000,000 takes place on 28 February 2022.

#### ***11. 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 81,459,759) 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).

## **EnBW International Finance B.V.**

These amounts will be calculated on the basis of the remaining term of the loan. For 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.

### ***12. 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 81,459,759) 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 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.

## **2 Loans related companies**

During the year 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

	31-12-2013 EUR	31-12-2012 EUR
EnBW AG	102,750,535	108,804,153

The interest on this current account is EONIA +/- 0.125% (2012: EONIA +/- 0.125%). No securities are provided.

### 4 Cash at banks

	31-12-2013 EUR	31-12-2012 EUR
Deutsche Bank AG (current accounts)	172,113	374,720

### 5 Issued and paid up share capital

The authorised share capital is composed of 1,000 (2012: 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.

	2013 EUR	2012 EUR
Balance as at 1 January	1,131,613,974	830,082,499
Addition (legal mergers)	—	301,531,475
Balance as at 30 June (31 December)	1,131,613,974	1,131,613,974

## 7 Other reserves

	2013 EUR	2012 EUR
Balance as at 1 January	–	–
Dividend to shareholder	(31,044,585)	(26,844,978)
Result for the year 2012 (2011)	<b>31,044,585</b>	26,844,978
	<hr/>	<hr/>
Balance as at 31 December	–	–
	<hr/>	<hr/>

## 8 Interest-bearing loans and borrowings

	31-12-2013 EUR	31-12-2012 EUR
1. Loan granted in 2004	496,238,012	495,986,835
2. Loan granted in 2006	498,027,629	497,380,422
3. Loan granted in 2008	–	248,462,123
4. Loan granted in 2008	–	749,308,991
5. Loan granted in 2008	747,291,959	746,839,548
6. Loan granted in 2008	138,197,899	176,040,841
7. Loan granted in 2009	749,444,026	749,178,766
8. Loan granted in 2009	588,626,682	588,563,852
9. Loan granted in 2013	81,218,139	–
10. Loan granted in 2013	81,067,838	–
	<hr/>	<hr/>
	3,380,112,184	4,251,761,378
	<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 2013 EUR 251,177 (2012 EUR 239,920) 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 2013 EUR 647,207 (2012: EUR 621,542) 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.

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## ***3. CHF-bond 2008/2013***

The company has issued on 25 February 2008 60,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 651,000) and reduced with management and underwriting fees (CHF 2,375,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2013 CHF 56,525 (2012: CHF 364,967) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (3.2512% per annum) and have a fixed term of 5 years. Redemption of the CHF 300 million takes place on 25 February 2013.

EnBW AG has taken over the irrevocable and unconditional guarantee (towards the Bank von Ernst & Cie 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.

## ***4. Eurobond 2008/2013***

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 1,575,000) and management and underwriting fees (EUR 1,875,000). This amount will be calculated on the basis of the remaining term of the bond. For 2013 EUR 691,009 (2012: EUR 733,630) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds bear interest at a fixed interest rate (6.1094% per annum) and have a fixed term of 5 years. Redemption of the EUR 750 million takes place on 20 November 2013.

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. 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 2013 EUR 452,411 (2012: 422,953) 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.

### ***6. 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 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.

### ***7. 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 2013 EUR 265,260 (2012: EUR 418,925) 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.

### ***8. 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 2013 EUR 62,830 (2012: EUR 249,152) 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.

### ***9. Loan granted in 2013***

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 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 (1.25% 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***

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 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 (2.25% 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.

## 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%	498,028		498,028	
Eurobonds 2025 – fixed at 4.9651%	496,238			496,238
Eurobonds 2018 – fixed at 6.9647%	747,292		747,292	
JPY-bonds 2038 – fixed at 3.88%	138,198			138,198
Eurobonds 2015 – fixed at 4.1763%	749,444		749,444	
Eurobonds 2039 – fixed at 6.2718%	588,627			588,627
CHF bonds 2018 – fixed at 1.25%	81,218		81,218	
CHF bonds 2023 – fixed at 2.25%	81,068			81,068
	<u>3,380,113</u>	<u>-</u>	<u>2,075,982</u>	<u>1,304,131</u>

## 9 Loans EnBW AG

During the year 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

	31-12-2013 EUR	31-12-2012 EUR
Interest bond loans	65,297,335	75,651,048
Interest loans EnBW AG	11,571	-
Auditors' and consultants' fees	39,414	55,914
Management fees	10,000	10,000
	<u>65,358,320</u>	<u>75,716,962</u>



## Notes to the profit & loss account for the year 2013

### 11 Interest income and similar income

	2013 EUR	2012 EUR
Loans EnBW AG	260,518,242	269,081,739
Loans EnBW Holding AS	171,705	-
Interest corporation tax	108,724	98,671
Exchange rate differences	73,246	-
	<u>260,871,917</u>	<u>269,180,410</u>

### 12 Interest expense and similar expenses

	2013 EUR	2012 EUR
Interest bond loans	215,119,683	229,121,100
Interest loan EnBW AG	151,960	-
Current account EnBW AG	58,785	134,468
Bank charges	12,124	30,009
Exchange rate differences	-	23,150
	<u>215,342,552</u>	<u>229,308,727</u>

### 13 General expenses

	2013 EUR	2012 EUR
Auditors' and consultants' fees	208,111	276,079
Management fees and administrative expenses	70,559	96,007
Office rent	14,473	14,875
Other general expenses	28,276	24,630
	<u>321,419</u>	<u>411,591</u>

### 14 Wages and salaries

As per 31 December 2013 and 2012 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 August 2007 the tax advisor filed a (new) Advance Pricing Agreement (APA) request. In January 2008 the fiscal authorities had granted this request. This ruling covers all loans granted up to and including December 31, 2013. The taxable profit for the financial year 2013 can be calculated as follows:

	<b>2013 EUR</b>
Loan management fee	1,602,684
Interest income loans not included in APA	45,509,620
Deductible costs	(149,018)
Taxable profit	46,963,286
Corporate income tax 2013 (payable)	11,730,821
Turkish withholding tax	17,248
Creditable withholding tax	(279)
Total corporate income tax due	11,747,790

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 has expired on 31 December 2013 and on 23 December 2013 a new APA agreement has been concluded. This APA 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 3.38 billion) are unconditionally and irrevocably guaranteed by EnBW AG. EnBW International Finance B.V received remuneration for her financing activities from EnBW AG (EUR 1.60 million).

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

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 2013 and 2012 (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 2013:

- 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, 6 February 2014

EnBW International Finance B.V.

The Board of Management

Mr. I.P. Voigt

Mr. W.P. Ruoff

## **Other information**

### **Provisions in the articles of association concerning the appropriation of profits**

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

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

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### **Appropriation of result**

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2013 profit after tax: an amount of EUR 35,229,667 to be paid out as a dividend.

The proposed appropriation of the result has not been included in the company's financial statements for the year 2013.

### **Auditors' report**

The auditors' report is shown on page 28 and 29

## **Independent auditor's report**

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

### **Report on the company financial statements**

We have audited the accompanying company financial statements 2013 of EnBW International Finance B.V., Rotterdam, and comprise the company statement of financial position as at 31 December 2013, the company statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these company 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 management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the company 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 company 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 company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company 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 company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the company 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 company financial statements give a true and fair view of the financial position of EnBW International Finance B.V. as at 31 December 2013 and of its result and its cash flows for the year 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 management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 6 February 2014

KPMG Accountants N.V.

K. Oosterhof RA