

EnBW International Finance B.V.

Financial report 2015

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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 2015.

Overview of activities

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

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

Activities during the period

During the period no new activities have been started. In July 2015 one public bond and one loan granted (both EUR 750 million) were redeemed.

Results for the period

The profit for the year is EUR 35,260,982 (2014: EUR 34,971,931).

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 2015 the issued bonds are in full extent lent onward at similar conditions.

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

Future outlook and Post-balance sheet events

It is expected that the financing activities will develop in line with the strategy of the parent company EnBW AG. In October 2016 one public bond and one loan granted (both EUR 500 million) will be redeemed.

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

EnBW AG has a comfortable level of liquidity.

Management's accountability

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

Rotterdam, 16 February 2016

EnBW International Finance B.V.

The Board of Management

Mr. P.A. Berlin

Mr. W.P. Ruoff

Supervisory board

Mr. I.P. Voigt

Mr. F. van der Rhee

Mr. G.J. Gutekunst

Statement of financial position as at 31 December 2015

(before appropriation of the profit)

		31 December 2015		31 December 2014	
		EUR	EUR	EUR	EUR
Non-current assets					
<i>Other investments</i>					
Loans EnBW AG	1		4,048,082,210		4,512,362,501
Loans related companies	2		21,885,267		20,936,554
Current assets					
<i>Receivables</i>					
Loan EnBW AG	1	499,418,576		749,805,852	
Current account EnBW AG	3	95,951,807		110,562,941	
Interest receivable related company		384,629		-	
Turnover tax		4,132		6,300	
Deposit office lease		4,749		4,749	
			595,763,893		860,379,842
Cash and cash equivalents	4		866,204		1,090,947
			4,666,597,574		5,394,769,844
Shareholder's equity					
Issued and paid up share capital	5	100,000		100,000	
Share premium reserve	6	1,131,613,974		1,131,613,974	
Other reserves	7	-		-	
Undistributed result		35,260,982		34,971,931	
			1,166,974,956		1,166,685,905
Long-term debts					
Interest-bearing loans and borrowings	8		2,915,652,210		3,379,932,501
Loans EnBW AG	9		21,885,267		20,936,554
Current liabilities					
Interest-bearing loans and borrowings	8	499,418,576		749,805,852	
Corporation tax		159,738		132,831	
Accrued expenses and deferred income	10	62,506,827		77,276,201	
			562,085,141		827,214,884
			4,666,597,574		5,394,769,844

Statement of income for the year 1 January – 31 December 2015

		2015		2014	
		EUR	EUR	EUR	EUR
Interest income and similar income	11	227,731,521		232,681,762	
Interest expense and similar expenses	12	182,163,349		187,318,768	
Net interest result			45,568,172		45,362,994
Fees received from EnBW AG	17		1,596,881		1,532,918
Expenses					
General expenses	13		328,498		294,822
Wages and salaries	14		49,029		75,330
Charged expenses to EnBW AG			(228,001)		(198,350)
Result before corporate income tax			47,015,527		46,724,110
Corporate income tax previous year			80,277		-
Corporate income tax	16		(11,834,822)		(11,752,179)
Net result			35,260,982		34,971,931
Other comprehensive income					
Items that will never be reclassified to profit or loss			-		-
Items that are or may be reclassified to profit or loss					
Other comprehensive income, net of tax			-		-
Total comprehensive income			35,260,982		34,971,931
Income for shareholder			35,260,982		34,971,931
Income for minority shareholder			-		-
Total comprehensive income			35,260,982		34,971,931

Statement of cash flows for the year 1 January - 31 December 2015

	2015	2014
Operating activities		
Cash receipts from group companies	11,109,292	15,091,909
Cash paid to employees	(49,029)	(75,330)
Cash paid to suppliers	(316,522)	(334,669)
	<hr/>	<hr/>
Cash generated from operations	10,743,741	14,681,910
Interest paid	(190,925,941)	(173,203,224)
Interest received	191,652,970	174,120,202
Taxes paid	(11,725,470)	(14,681,084)
	<hr/>	<hr/>
Cash flows from operating activities	(254,700)	917,804
	<hr/>	<hr/>
Investing activities		
Repayment of other investments	-	(744,523,800)
Proceeds from other investments	750,000,000	-
	<hr/>	<hr/>
Cash flows from investing activities	750,000,000	(744,523,800)
	<hr/>	<hr/>
Financing activities		
Proceeds from borrowings	-	744,523,800
Repayment of (non-) current borrowings	(750,000,000)	-
	<hr/>	<hr/>
Cash flows from financing activities	(750,000,000)	744,523,800
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(254,700)	917,804
Exchange results	29,957	1,030
Cash and cash equivalents as 1 January	1,090,947	172,113
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	866,204	1,090,947
	<hr/>	<hr/>

Statement of changes in equity for the year 1 January – 31 December 2015

	Share capital	Share premium	Other reserves	Undistributed result	Total
Balance at 1 January 2014	100,000	1,131,613,974	0	35,229,667	1,166,943,641
Appropriation of the profit	0	0	35,229,667	(35,229,667)	0
Dividend to shareholder	0	0	(35,229,667)	0	(35,229,667)
Profit for the period	0	0	0	34,971,931	34,971,931
Balance at 31 December 2014	100,000	1,131,613,974	0	34,971,931	1,166,685,905
Balance at 1 January 2015	100,000	1,131,613,974	0	34,971,931	1,166,685,905
Appropriation of the profit	0	0	34,971,931	(34,971,931)	0
Dividend to shareholder	0	0	(34,971,931)	0	(34,971,931)
Profit for the period	0	0	0	35,260,982	35,260,982
Balance at 31 December 2015	100,000	1,131,613,974	0	35,260,982	1,166,974,956

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 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 March 2007 the articles of association were revised and the statutory seat of the company is now Rotterdam (formerly: Amersfoort). As per 1 December 2011 the company changed its address to Westblaak 89, 3012 KG Rotterdam. In December 2014 the articles of association were revised to include a supervisory board and to be in line with the Flex-BV regulations.

The most important objectives of the company are:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, convertible bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned.

Basis of preparation

(a) Statement of compliance

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

(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 2015 and 2014.

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 2015 are as follows:

1 CHF = EUR 0.9229 (31 December 2014: EUR 0.8317)

1 JPY = EUR 0.0076 (31 December 2014: EUR 0.0069)

1 USD = EUR 0.9185 (31 December 2014: EUR 0.8237)

(b) Other investments

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

(c) Other receivables

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

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(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(e) Interest-bearing loans and borrowings

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

(f) Other payables

Other payables are stated at cost.

(g) Income

Net financing income comprise interest receivable on lendings 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.

(i) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The taxable profit of the company is based on the Advance Pricing Agreement. As a result of this the taxable result can deviate from the commercial result.

Determination of fair values

The fair value of the long-term interest-bearing loans and borrowings 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 December 31, 2015 amounts to EUR 4.104 billion (December 31, 2014: EUR 5.109 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

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loans and borrowings. The difference between the book value of the long-term loans to EnBW AG (EUR 4,548 billion) and the book value of the long-term interest-bearing loans and borrowings (EUR 3,415 billion) concerns the long-term loan to EnBW AG as a result of the sale of the GESO shares in 2010 (EUR 834 million) and the sale of the OPOLE-shares in 2012 through EnBW Investment I B.V. (EUR 298 million). The fair value of these two loans is based on internal calculations.

The fair value of the other assets and liabilities as at December 31, 2015 and December 31, 2014 is equal to the valuation in the balance sheet.

The carrying and fair value of the assets and liabilities as at December 31, 2015 and December 31, 2014 is specified in the following overview.

Level		Carrying value 2015 (EUR million)	Fair value 2015 (EUR million)	Unrecognised gain/(loss) 2015 (EUR million)	Carrying value 2014 (EUR million)	Fair value 2014 (EUR million)	Unrecognised gain/(loss) 2014 (EUR million)
2	Loans EnBW AG (corresponding debts are listed)	3,415	4,104	689	4,129	5,109	980
3	Loan EnBW AG (GESO)	834	953	119	834	977	143
3	Loan ENBW AG (OPOLE)	298	343	45	298	352	54
3	Loans ENBW Holding AS	22	23	1	21	23	2
n.a.	Current Assets	96	96	0	111	111	0
n.a.	Cash and cash equivalents	0.9	0.9	0	1.1	1.1	0
1	Long-term debts (listed)	3,415	4,104	(689)	4,129	5,109	(980)
3	Loans ENBW AG (Turkey)	22	23	1	21	23	2
n.a.	Current liabilities	63	63	0	77	77	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.

The long-term credit ratings of EnBW AG are unchanged 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. The repayment schedules can be found on pages 20 and 27.

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The net proceeds from each issue of interest-bearing loans and borrowings by the company only will be applied towards the purposes of on-lending to EnBW AG (for equal currency). Therefore the company is not exposed to currency risk on investments and borrowings that are denominated in a currency other than the functional currency of the EnBW group.

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

Interest rate risk

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

Sensitivity analysis

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

Capital management

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

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

The company is not subject to externally imposed capital requirements.

Notes to the balance sheet as 31 December 2015

1 Other investments

Loans EnBW AG

	31-12-2015 EUR	31-12-2014 EUR
1. Loan granted in 2004	496,782,242	496,501,660
2. Loan granted in 2006	499,418,576	498,703,330
3. Loan granted in 2008	748,300,691	747,775,879
4. Loan granted in 2008	152,590,219	137,712,594
5. Loan granted in 2009	-	749,805,852
6. Loan granted in 2009	588,974,926	588,794,310
7. Loan granted in 2010	834,430,000	834,430,000
8. Loan granted in 2012	298,000,000	298,000,000
9. Loan granted in 2013	92,132,643	82,970,853
10. Loan granted in 2013	91,933,550	82,804,325
11. Loan granted in 2014	498,125,923	497,968,208
12. Loan granted in 2014	99,109,437	99,083,595
13. Loan granted in 2014	98,180,701	98,106,595
14. Loan granted in 2014	49,521,878	49,511,152
	<u>4,547,500,786</u>	<u>5,262,168,353</u>

Recognised as:

Other investments (non current assets)	4,048,082,210	4,512,362,501
Receivables (current asset)	499,418,576	749,805,852

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 2015 EUR 280,582 (2014 EUR 263,648) 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 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 2015 EUR 715,246 (2014: EUR 675,701) is therefore credited to the profit & loss account and presented as interest income.

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

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

3. Loan granted in 2008

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 2015 EUR 524,812 (2014: 483,920) is therefore credited to the profit & loss account and presented as interest income.

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

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

4. Loan granted in 2008

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 152,590,219) 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.

5. Loan granted in 2009

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2009/2015 (nominal EUR 750,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 472,500) and management and underwriting fees (EUR 1,500,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2015 EUR 194,148 (2014 EUR 361,826) is therefore credited to the profit & loss account and presented as interest income.

The loan bore interest at a fixed interest rate (4.125% per annum) and has a fixed term of 6 years. Redemption of the EUR 750 million took place on 7 July 2015.

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

6. Loan granted in 2009

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2009/2039 (nominal EUR 600,000,000) by way of a loan to EnBW AG on July 7, 2009. The payment of the loan has taken place after deduction of “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2015 EUR 180,616 (2014 EUR 167,628) 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.

7. Loan granted in 2010

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

The loan bears interest at a fixed interest rate (4.130% 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

8. Loan granted in 2012

EnBW International Finance B.V. had diverted the proceeds from the sale of the shares of EnBW Investment II B.V. and EnBW Investment III B.V. by EnBW Investment I B.V. (EUR 298,000,000) by way of a loan to EnBW AG on 16 February 2012 (“Opole” transaction). The corresponding loan between EnBW Investment I B.V. and EnBW International Finance B.V. was settled as a result of the legal merger between these companies.

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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

9. Loan granted in 2013

EnBW International Finance B.V. had diverted the proceeds from the issue of a CHF-bond 2013/2018 (nominal CHF 100,000,000/EUR 92,293,493) 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 2015 CHF 61,565 (2014: CHF 60,766) 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 AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the CHF-bond issued by EnBW International Finance B.V.

10. Loan granted in 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 92,293,493) 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 2015 CHF 46,081 (2014: CHF 45,042) 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.

11. Loan granted in 2014

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2014/2026 (nominal EUR 500,000,000) by way of a loan to EnBW AG on June 4, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 870,000) and management and underwriting fees (EUR 1,250,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2015 EUR 157,715 (2014: EUR 88,208) is therefore credited to the profit & loss account and presented as interest income.

EnBW International Finance B.V.

The loan bears interest at a fixed interest rate (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.

12. Loan granted in 2014

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2014/2039 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 16, 2014. The payment of the loan has taken place after deduction of management and underwriting fees (EUR 930,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2015 EUR 25,842 (2014: EUR 13,595) 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 AG has provided no securities, but has taken over the irrevocable and unconditional guarantee (towards the Deutsche Bank AG) for the benefit of the bondholders with respect to the prescribed and punctual payment of capital and interest of the Eurobond issued by EnBW International Finance B.V.

13. Loan granted in 2014

EnBW International Finance B.V. had diverted the proceeds from the issue of the Eurobond 2014/2034 (nominal EUR 100,000,000) by way of a loan to EnBW AG on June 13, 2014. The payment of the loan has taken place after deduction of "disagio" (EUR 1,933,000). These amounts will be calculated on the basis of the remaining term of the loan. For 2015 EUR 74,106 (2014: EUR 39,595) 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.

14. 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 2015 EUR 10,726 (2014: EUR 4,352) is therefore credited to the profit & loss account and presented as interest income.

EnBW International Finance B.V.

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

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

Terms and investment repayment schedule

	Total	Within 1	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
Loan granted in 2004	521,250	521,250		
Loan granted in 2006	743,750	24,375	97,500	621,875
Loan granted in 2008	904,688	51,563	853,125	
Loan granted in 2008	288,762	5,921	23,682	259,159
Loan granted in 2009	1,482,000	36,750	147,000	1,298,250
Loan granted in 2010	1,006,740	34,462	972,278	
Loan granted in 2012	374,556	10,937	43,746	319,873
Loan granted in 2013	95,754	1,153	94,601	
Loan granted in 2013	108,906	2,077	8,306	98,523
Loan granted in 2014	637,500	12,500	50,000	575,000
Loan granted in 2014	173,920	3,080	12,320	158,520
Loan granted in 2014	154,625	2,875	11,500	140,250
Loan granted in 2014	92,050	1,450	5,800	84,800
	<u>6,584,501</u>	<u>708,393</u>	<u>2,319,858</u>	<u>3,556,250</u>

2 Loans related companies

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

1. Loan USD 10,000,000

On 11 July 2013 the proceeds of a loan issued by EnBW AG in the amount of USD 10,000,000 have been lent to EnBW Holding AS. The interest is 4.13% and the repayment date is 11 July 2018.

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 Holding AS. The interest is 4.13% and the repayment date is 19 December 2018.

The repayment of both loans is guaranteed by EnBW AG.

3 Current account EnBW AG

	31-12-2015 EUR	31-12-2014 EUR
EnBW AG	95,951,807	110,562,941

The interest on this current account is EONIA + 0.400% for liabilities and EONIA flat for receivables (2014: EONIA +/- 0.125%). No securities are provided.

4 Cash at banks

	31-12-2015 EUR	31-12-2014 EUR
Deutsche Bank AG (current accounts)	833,561	1,090,947
BW Bank (current accounts)	32,643	-
	866,204	1,090,947

5 Issued and paid up share capital

The authorised share capital is composed of 1,000 (2014: 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.

	2015	2014
	EUR	EUR
Balance as at 1 January	1,131,613,974	1,131,613,974
Balance as at 31 December	1,131,613,974	1,131,613,974

7 Other reserves

	2015	2014
	EUR	EUR
Balance as at 1 January	–	–
Dividend to shareholder	(34,971,931)	(35,229,667)
Result for the year 2014 (2013)	34,971,931	35,229,667
Balance as at 31 December	–	–

8 Interest-bearing loans and borrowings

	31-12-2015 EUR	31-12-2014 EUR
1. Eurobond 2004/2025	496,782,242	496,501,660
2. Eurobond 2006/2016	499,418,576	498,703,330
3. Eurobond 2008/2018	748,300,691	747,775,879
4. JPY-bond 2008/2038	152,590,219	137,712,594
5. Eurobond 2009/2015	-	749,805,852
6. Eurobond 2009/2039	588,974,926	588,794,310
7. CHF-bond 2013/2018	92,132,643	82,970,853
8. CHF-bond 2013/2023	91,933,550	82,804,325
9. Eurobond 2014/2026	498,125,923	497,968,208
10. Eurobond 2014/2039	99,109,437	99,083,595
11. Eurobond 2014/2034	98,180,701	98,106,595
12. Eurobond 2014/2044	49,521,878	49,511,152
	<hr/> 3,415,070,786 <hr/>	<hr/> 4,129,738,353 <hr/>
Recognised as:		
Interest-bearing loans and borrowings (long-term debts)	2,915,652,210	3,379,932,501
Interest-bearing loans and borrowings (current liabilities)	499,418,576	749,805,852

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 2015 EUR 280,582 (2014 EUR 263,648) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

2. Eurobond 2006/2016

The company has issued on 19 October 2006 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 4,820,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 715,246 (2014: EUR 675,701) is therefore debited to the profit & loss account and presented as interest expenses.

EnBW International Finance B.V.

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

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

3. Eurobond 2008/2018

The company has issued on 20 November 2008 15,000 Eurobonds in the amount of EUR 50,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 2,482,500) and management and underwriting fees (EUR 2,250,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 524,812 (2014: 483,920) is therefore debited to the profit & loss account and presented as interest expenses.

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

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

4. JPY-bond 2008/2038

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

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

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

5. Eurobond 2009/2015

The company has issued on 7 July 2009 750,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 472,500) and management and underwriting fees (EUR 1,500,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 194,148 (2014: EUR 361,826) is therefore debited to the profit & loss account and presented as interest expenses.

The bonds beared interest at a fixed interest rate (4.125% per annum) and have a fixed term of 6 years. Redemption of the EUR 750 million took place on 7 July 2015.

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

6. Eurobond 2009/2039

The company has issued on 7 July 2009 600,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 8,940,000) and management and underwriting fees (EUR 3,030,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 180,616 (2014: EUR 167,628) 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.

7. CHF-bond 2013/2018

The company has issued on 12 July 2013 20,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 440,000) and reduced with management and underwriting fees (CHF 750,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2015 CHF 61,565 (2014: CHF 60,766) 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.

8. CHF-bond 2013/2023

The company has issued on 12 July 2013 20,000 CHF-bonds in the amount of CHF 5,000 each. The proceeds of the bonds were increased with “agio” (CHF 634,000) and reduced with management and underwriting fees (CHF 1,125,000). These amounts will be calculated on the basis of the remaining term of the bond. For 2015 CHF 46,081 (2014: CHF 45,042) is therefore debited to the profit & loss account and presented as interest expenses. The loan bears interest at a fixed interest rate (2.250% per annum) and has a fixed term of 10 years. Redemption of the CHF 100 million takes place on 12 July 2023.

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

9. Eurobond 2014/2026

The company has issued on 4 June 2014 500,000 Eurobonds in the amount of EUR 1,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 870,000) and management and underwriting fees (EUR 1,250,000). This amount will be calculated on the basis of the

remaining term of the bond. For 2015 EUR 157,715 (2014: EUR 88,208) 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.

10. Eurobond 2014/2039

The company has issued on 16 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with management and underwriting fees (EUR 930,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 25,842 (2014: EUR 13,595) 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.

11. Eurobond 2014/2034

The company has issued on 13 June 2014 1,000 Eurobonds in the amount of EUR 100,000 each. The proceeds of the bonds were decreased with “disagio” (EUR 1,933,000). This amount will be calculated on the basis of the remaining term of the bond. For 2015 EUR 74,106 (2014: EUR 39,595) 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.

12. 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 2015 EUR 10,726 (2014: EUR 4,352) 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 International Finance B.V.

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 2016	521,250	521,250		
Eurobonds 2025	743,750	24,375	97,500	621,875
Eurobonds 2018	904,688	51,563	853,125	
JPY-bonds 2038	288,762	5,921	23,682	259,159
Eurobonds 2039	1,482,000	36,750	147,000	1,298,250
CHF bonds 2018	95,754	1,153	94,601	
CHF bonds 2023	108,906	2,077	8,306	98,523
Eurobonds 2026	637,500	12,500	50,000	575,000
Eurobonds 2039	173,920	3,080	12,320	158,520
Eurobonds 2034	154,625	2,875	11,500	140,250
Eurobonds 2044	92,050	1,450	5,800	84,800
	<hr/>	<hr/>	<hr/>	<hr/>
	5,203,205	662,994	1,303,834	3,236,377
	<hr/>	<hr/>	<hr/>	<hr/>

9 Loans EnBW AG

During 2013 the company received two loans from its shareholder.

1. Loan USD 10,000,000

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

2. Loan EUR 12,700,0000

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 Holdings AS. The interest is 4.10% and the repayment date is 19 December 2018. No securities have been provided

10 Accrued expenses and deferred income

	31-12-2015	31-12-2014
	EUR	EUR
Interest bond loans	61,545,669	76,374,231
Interest loans EnBW AG	909,758	869,970
Auditors' and consultants' fees	43,400	27,000
Management fees	8,000	5,000
	<hr/>	<hr/>
	62,506,827	77,276,201
	<hr/>	<hr/>

Notes to statement of income for the year 2015

11 Interest income and similar income

	Year ended 31 December 2015 EUR	Year ended 31 December 2014 EUR
Loans EnBW AG	226,589,906	231,763,754
Loans EnBW Holding AS	916,415	876,689
Interest corporation tax	195,234	40,289
Exchange rate differences	29,966	1,030
	<u>227,731,521</u>	<u>232,681,762</u>

12 Interest expense and similar expenses

	Year ended 31 December 2015 EUR	Year ended 31 December 2014 EUR
Interest bond loans	181,191,347	186,365,195
Interest loan EnBW AG	909,758	858,399
Current account EnBW AG	38,304	71,742
Bank charges	23,940	23,432
	<u>182,163,349</u>	<u>187,318,768</u>

13 General expenses

	Year ended 31 December 2015 EUR	Year ended 31 December 2014 EUR
Auditors' fees	78,500	54,200
Consultants' fees	64,795	95,910
Management fees and administrative expenses	106,836	91,105
Office rent	24,248	9,833
Other general expenses	54,119	43,774
	<u>328,498</u>	<u>294,822</u>

EnBW International Finance B.V.

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

	2015 EUR BDO Audit & Assurance B.V.	2014 EUR KPMG Accountants N.V.
Audit annual account	41,750	27,500
Audit annual account previous year	11,500 *	200
Other audit assignment	7,500	10,000
Tax advisory	-	-
Other non-audit services	17,750 *	16,500
	<u>78,500</u>	<u>54,200</u>

*Relate to engagements performed by KPMG Accountants N.V.

14 Wages and salaries

The company employs three staff members (2014: three staff members).

15 Remuneration

Over the period of 1 January 2015 to 31 December 2015 the company paid a fixed salary in the amount of EUR 18,208 remuneration for its board of directors. No other remunerations were provided.

The remuneration for services provided by the supervisory board in 2015 amounted to EUR 38,000. Remuneration is provided in the form of a fixed salary. No other remunerations were provided.

16 Corporate income tax

EnBW International Finance B.V. constitutes a financing company for EnBW AG and provides and co-ordinates beneficial services to EnBW AG. In return for this EnBW AG pays a loan management fee.

EnBW International Finance B.V.

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 2015 can be calculated as follows:

	2015 EUR	2014 EUR
Loan management fee	1,602,990	1,539,028
Interest income loans not included in APA	45,593,793	45,344,705
Deductible costs	(177,404)	(167,403)
Taxable profit	47,019,379	46,716,330
Corporate income tax 2015 (payable)	11,744,845	11,669,083
Turkish withholding tax	91,642	87,669
Creditable withholding tax	(1,663)	(4,573)
Total corporate income tax due (effective rate 25.17%)	11,834,822	11,752,179

To date the tax returns, those have been filed up to and including 2014, are settled up to and including 2013.

The current APA agreement will expire on 31 December 2018.

17 Transactions with related parties

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

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

The issued notes (total EUR 4.13 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.

The company has received two intercompany loans from EnBW AG.

The balance outstanding with and the revenues and expenses related to ENBW AG and ENBW Holding AS have separately disclosed in the 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.

18 Forthcoming requirements

Below is a brief summary of relevant new and amended standards and interpretations that may be newly effective for annual (and year-to-date interim) reporting beginning after 1 January 2016:

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

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

Rotterdam, 16 February 2016

EnBW International Finance B.V.

The Board of Management

Mr. P.A. Berlin

Mr. W.P. Ruoff

Supervisory board

Mr. I.P. Voigt

Mr. F. van der Rhee

Mr. G.J. Gutekunst

Other information

Provisions in the articles of association concerning the appropriation of profits

19 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.

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

Appropriation of result

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2015 profit after tax: an amount of EUR 35,260,982 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 2015.

Auditors' report

The auditors' report is shown on page 34 and further.

Independent auditor's report

To: the shareholder and Supervisory Board of EnBW International Finance B.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of EnBW International Finance B.V. ("the company"), based in Rotterdam.

In our opinion the financial statements give a true and fair view of the financial position of EnBW International Finance B.V. as at 31 December 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the statement of financial position as at 31 December 2015;
2. the following statements for 2015: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of EnBW International Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 20,000,000. This has been calculated with reference to a benchmark of total assets (representing 1.0% of reported total assets). The group auditor also has given an amount in the group audit instructions. We used the lowest of the benchmark of total assets and the amount given in the group audit instructions; which resulted in using a materiality level of € 20,000,000. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 1,000,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated a key audit matter to the Supervisory Board. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of loans issued

We consider the valuation of the loans issued to EnBW AG and a current account receivable with EnBW AG, as disclosed in notes 1, 2 and 3 of the financial statements and representing 99% of the balance sheet total, as a key audit matter. We identified this as a key audit matter due to the size of the loans issued and current account receivable and due to the material impact an impairment may have on the income statement. Initially, loans issued and the current account receivable are recognised at its fair value and subsequently measured at amortised cost using the effective interest method. The Board of Management did not identify objective evidence of an impairment with regard to the loans issued to and a current account receivable with EnBW AG.

We have performed detailed audit procedures addressing the valuation of the loans issued to and a current account receivable with EnBW AG. We have performed amongst others the following audit procedures:

- Inspected the 2015 interim financial statements of EnBW AG and financial statements as per 31 December 2014 of EnBW AG.
- Evaluated the information derived from credit rating agencies: Standard & Poor's, Moody's and Fitch Ratings.
- Inspected the agreements entered into between the company and EnBW AG.
- Reviewed the market values of the outstanding notes.
- Discussed the recent developments in the financial position and cash flows with the auditor of EnBW AG.
- Searched and evaluated the information for investors on the website of EnBW AG.
- Discussed the recent developments in the financial position and the cash flows with the Board of Management and the Supervisory Board of the company.
- Assessed the adequacy of the disclosures in the financial statements relating to both the loans issued and current account receivable.

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Other information

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of;

- the report of the Board of Management; and
- the other information on page 33.

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the auditing standards we report that:

- We have no deficiencies to report as a result of our examination whether the report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the other information on page 33 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed.
- The management board report, to the extent we can assess, is consistent with the financial statements.

Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information and assess whether there are any material inconsistencies between the other information and the knowledge gained during our audit, our audit evidence obtained and conclusions drawn in our audit or in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the Board of Management report and the other information on page 33 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Engagement

We were engaged by the Supervisory Board as auditor of EnBW International Finance B.V. on 13 May 2015 as of the audit for year 2015 and have operated as statutory auditor ever since that date.

Amstelveen, 16 February 2016

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

sgd.

O. van Agthoven RA