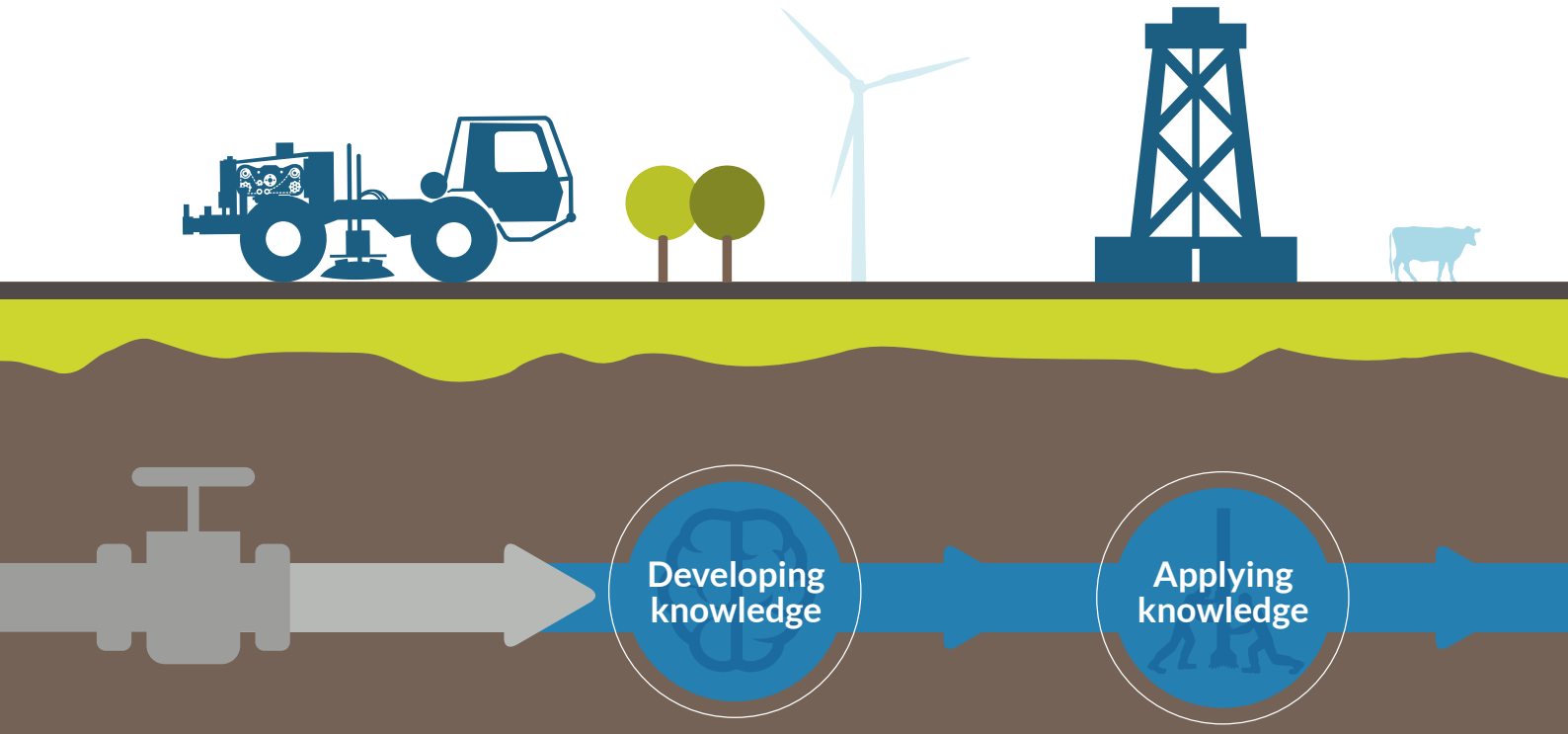
ebn

Annual report 2015



Developing knowledge

Applying knowledge

Financial
Substantial cash flows and capital

Produced
Projects in exploration and production, co-owner of oil and gas infrastructure both onshore and offshore

Intellectual
Research for the exploration and production of oil and gas, datawarehouse Dutch E&P sector

Human
Employees

Social
Joint ventures, 40%-stake in GasTerra

Natural
Oil and gas reserves

Roadmaps
- Investing in new knowledge, analyses and instruments
- Learning from operational activities
- Insight into opportunities for new development

Sharing knowledge
- Marketing new opportunities
- Innovation
- Recommendation to Ministry of Economic Affairs

K

NOV management
- Collating technical, commercial, legal and business information
- Managing participations
- Advising
- Exchanging knowledge

Investi

Input

Core activity

Investing

Results

Social impact

Value creation

nowledge

Effects

Optimising production of oil and gas reserves

Developing recoverable oil and gas reserves

Studying drilled oil and gas reserves

Exploring possible oil and gas deposits

ng in projects

Feedback

Financial
Substantial cash flows and capital

Produced
Projects in exploration and production, co-owner of oil and gas infrastructure both onshore and offshore

Intellectual
Research for the exploration and production of oil and gas, datawarehouse Dutch E&P sector

Human
Employees

Social
Joint ventures, 40%-stake in GasTerra

Natural
Oil and gas reserves

Economy
- Profits/prosperity
- Employment
- Economic activity

Energy supply
- Security of provision
- Security of supply

Environment
- Environmental impact
- Greenhouse gas emissions

Output

Impact

Key figures

MAIN TOPICS IN FIGURES	2015	2014
number of joint ventures	200	203
of which in exploration	48	55
sales, EBN share (billion Nm^3)	21	27
sales	4.766	6.598
net result	450	1.614
payments to the State	2.134	4.874
investments	564	765
depreciations and impairments	1.217	595

SOCIAL	2015	2014
number of employees	80	77
absenteeism due to illness	3,8%	2,3%

ENVIRONMENT	2015	2014
CO_2 emissions	814 Kton	787 Kton
methane emissions	5,7 Kton	5,8 Kton
energy consumption	20,2 PJ	20,3 PJ

Annual Report *2015*

Table of Contents

Foreword

The Dutch government is striving to switch by 2050 to a CO_2-neutral energy supply that is safe, reliable and affordable. This requires a transition from the use of fossil fuels to the use of renewables. We see the Climate Agreement concluded by 196 countries at the Climate Conference COP21 in Paris as a stimulus for achieving greater sustainability. The common goal is to limit global warming to 1.5 degrees Celsius by 2100 and to reduce the net CO_2 emissions to zero in the second half of this century. All the countries collectively supported these agreements, which is an unprecedented unanimity. For the fossil industry specifically, this means that it has 35 years to achieve this goal, that is to revise its entire operation and strategies and to come up with innovations that will help fulfil these agreements.

There are still significant gains to be made in the area of sustainability in the industry, including in the Netherlands. EBN has actively pursued this priority in 2015. Together with our partners, the oil companies, we take stock of the possibilities for moving forward. Especially in the area of abandoning (abandoning drilling wells and platforms that are no longer used), we want to develop, in consultation with the industry, a clear policy in which sustainability and reuse are important topics. Sustainability in the production process is becoming part of our strategy for the coming years.

The gas industry has come under increased pressure in 2015. The safety issues connected with gas production remained a national theme, as well as causing the unrest among the population in Groningen. In February, the Dutch Safety Board concluded in a report that until the beginning of 2013 the considerations of the safety of local residents did not influence the decisions concerning the exploitation of the Groningen gas field. There were dozens of earthquakes in 2015, even after the production had already been reduced. Residents of Groningen are rightly concerned.

The efforts of all parties, including EBN, are focused on the continuous improvement of the situation for the residents of the province of Groningen and on helping those affected. EBN primarily represents the interest of the State in the Gasgebouw and takes its role of protector of the public interest seriously. (Gasgebouw is the public-private collaboration between the State, EBN, Exxon Mobil, Shell and GasTerra for the production and sale of natural gas from the Groningen field.) This goes further than paying our share of the damages in Groningen. We are actively involved in developing solutions, and we advise the Ministry of Economic Affairs on policy proposals.

The public unrest around the production of natural gas has grown significantly in recent years, and this cannot be attributed only to the problems in Groningen. The opposition to the proposed production of shale gas and the increasing concerns about climate change reinforce this feeling. The negative sentiment is increasingly becoming a generic problem, regardless of whether it concerns Terschelling, Woerden or Boxtel. The opposition is a fact. Support has crumbled. The gas industry faces the task of regaining trust and, consequently, support. This is only possible if we join our efforts and work together. EBN tries to use its connecting role between the industry and the government to solve this challenge.

Restoring trust is also essential for the successful energy management in the Netherlands. The energy transition is gaining momentum and gas will play a crucial role in this transition in the coming decades. In this connection we agree with the Energy Report 'Transition to sustainability', which was published in January. It is good that the report focuses on the reduction of CO_2 emissions, and that there is a commitment to all the CO_2-reducing technologies such as wind, solar, tidal, biomass, capture and storage of CO_2 and own gas.

A safe production of Dutch gas boosts our independence. The Cabinet states in the report: "As long as the Netherlands continues to need gas, safe gas production at socially acceptable costs in the Netherlands contributes to this independence in the area of energy supply." In view of this sustainability, EBN works with a number of partners in the GILDE project (Gas in a Long-term Sustainable Energy Future), in which a tailored gas supply is the starting point.

The Netherlands still has significant gas reserves, both in Groningen and in small fields in the North Sea. Now that the production in Groningen has been cut back, the importance of the small fields is increasing. It is essential to convince operators to continue to invest in gas production in the Netherlands. EBN creates added value by using our in-depth knowledge of the subsurface to encourage operators to study the subsurface potential with us and to continue to develop it. Thanks to our helicopter view of the situation and our knowledge, we are able to calculate entire chains, from exploration to abandonment, and to highlight the economic effects. We also use our knowledge to hold up a mirror to operators. With our Non-Operated Venture (NOV) management system – we are not an operator, but as a co-owner we are closely involved in the exploration and production activities – we have a powerful instrument at our disposal with which we can show our partners how they can carry out their operations more effectively and cost-efficiently, and where sustainable improvements can be made.

We encourage operators to implement cost reductions. The oil and gas prices are currently at a historical low. There are no or minimal investments, which has a negative impact on the development of small fields. However, the potential of these fields remains: we are convinced that many small fields can still be developed profitably, but, of course, we need the oil and gas companies for this. Based on this, we realize that investments in innovation are required to maintain the system of production platforms and pipelines. If operators withdraw, we will find ourselves in a situation where we cannot use the present potential. Along with the industry, we are developing solutions for this pressing issue.

In November, we said goodbye to Jan Dirk Bokhoven as CEO. He worked at EBN for 14 years, including as a director for the last eight years. During this period, he played a significant role in making EBN into an investment and knowledge partner for international oil and gas companies. We are very grateful to him for that. With the appointment on 1 March 2016 of Jan Willem van Hoogstraten as our new CEO, the team of Directors is back at full strength. Last year, we strengthened our cooperation with the Ministry of Economic Affairs and improved interaction in the implementation of the gas and energy policy. This ensured the implementation of the recommendations of the project group (established in response to the report of ABDTOPConsult).

EBN is an organisation where employees demonstrate a large degree of involvement and professionality. This was also the case in 2015, which was a difficult year for EBN. This shows, once again, that our employees are the engine of the EBN organisation.

The financial results were significantly worse in 2015 than in the previous years. This was due specifically to the reduced gas production from the Groningen field, the globally low prices of oil and gas, and the costs of the (repair) activities in connection with the Groningen earthquakes. These costs were incurred for the repair of homes and other buildings as well as for preventive measures. All this had a strong impact on EBN's financial net profit. Although the total number of joint ventures in exploration or production activities fell only slightly from 203 to 200, there were many changes in 2015. Sixteen new joint ventures in exploration or production activities were set up: eight of these joint ventures were created due to new activities. In total, we conducted 30 drillings: 15 exploration and evaluation wells, and 15 production wells.

EBN wants to safeguard the investments it makes on behalf of the State. Knowledge is our most important instrument in achieving this. In order to better show the added value that EBN creates, this report includes the value creation model based on the framework of the International Integrated Reporting Council (IIRC). Therein, we show the social impact of our core activities and investments.

We can list many positive effects: EBN continues to create great value for the Dutch society and economy. However, we also address the problems and concerns in society. As representatives of the interests of the Dutch State, we have a duty to Dutch citizens to do this.

The team of directors

Jan Willem van Hoogstraten (CEO)
Jan Boekelman (Finance Director)
Berend Scheffers (Technology Director)
Thijs Starink (Asset Management Director)

f.l.t.r.: Thijs Starink, Jan Willem van Hoogstraten, Jan Boekelman and Berend Scheffers

‘Our work leads to more exploration in The Netherlands’

The roadmaps, the internal activity plans, are an important part of EBN's long-term strategy. Under this header, we carry out studies into new oil and gas resources and technology to be able to continue to develop reserves. As Exploration Lead, Eveline Rosendaal is responsible for the Exploration roadmap: 'We want the knowledge to be accessible for all parties.'

'We conduct technical studies to encourage oil and gas companies to explore and produce gas and oil reserves in the Netherlands. We work on areas that have received little attention up till now. This can be a geographic area as well as a certain stratum. You could say: in width as well as in depth.'
Eveline explains why EBN is the right party to perform such studies: 'No other party in the Netherlands has access to so much and such diverse information as EBN does. Due to our helicopter view as a partner of all oil and gas companies that operate in the Netherlands, we have information from the different oil and gas companies, data from TNO and public data. We are unique in this.'

Within the Exploration roadmap, Eveline is responsible for three research projects. With her team of seven geoscientists, she studies the so-called offshore DEFAB area, the GM area and the layers from the Chalk, a layer that can be found in the entire North Sea. 'I joined EBN after having worked at an operator for many years. In the first few weeks I felt like a child in a sweetshop here, with so much available information about the Dutch subsurface to work with.'

Partial results of the DEFAB and GM projects have been presented continuously in past few years: 'We want this knowledge to be available to all parties.'

This is different with research into the Chalk layers. This is in first instance intended for EBN itself, because the study uses confidential data from operators. This data will only become public after five years. "We choose to use the data to make better asset management decisions. And perhaps here and there we can carefully share some conclusions with the industry. We choose for a proactive approach,' says Eveline. Where possible, EBN shares the conclusions with relevant partners as fast as possible.

'We give them ideas for interesting areas, layers or possible production techniques.' In times with a low oil price, the research budget of operators is limited; they then benefit even more from preliminary research carried out by EBN. It makes an investment in further studies or a drilling more attractive. EBN can see that exploration licences have now been applied for in areas that EBN has actively called attention to. 'Ultimately, our work leads to more exploration in the Netherlands.'

Eveline Rosendaal

Lead exploration

EBN Roadmaps

In addition to a roadmap for exploration, EBN has four other roadmaps:

- Mature fields: From the current operational gas fields, 90% is at the end of its useful life. There are various methods and techniques to extend the life of the older gas wells and to maximise the earnings.

- Tight gas: Many gas fields in the Netherlands have low productivity due to the naturally low permeability of the reservoir rock. This has a big influence on the economic development potential of oil and gas resources and on the yield.

- Infrastructure: This information shows the life cycle of the Infrastructure. A number of resources are still present around some of the platforms threatened with disappearance on the basis of current reserves. Cost efficient development and proper cooperation make it possible to add substantial volumes as a result of which the installations can continue to produce for a longer period of time.

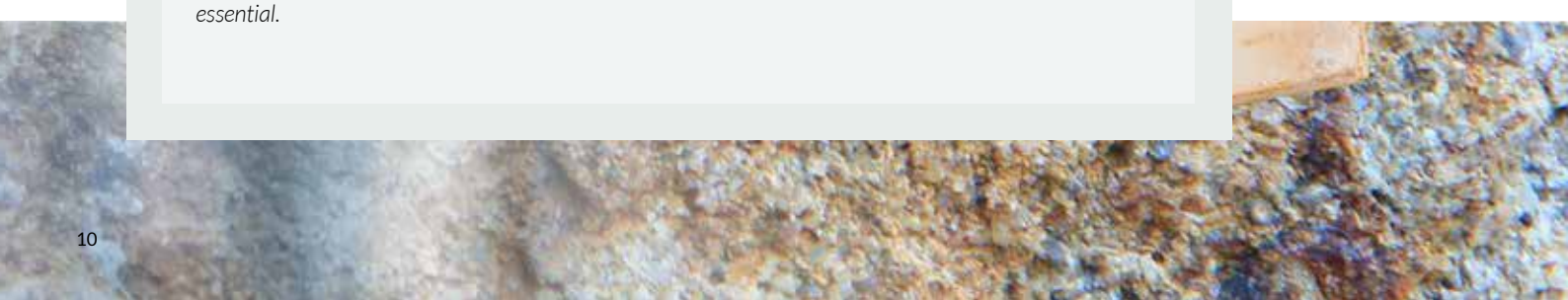
- Shale gas: In recent years, a lot of knowledge was gained about the possibilities for developing shale gas in the Netherlands. Due to a standstill in this case, EBN now only follows the worldwide developments in this area.

***Niels Salomons,** manager exploration at Wintershall*

'The roadmaps are a welcome addition'

As an Exploration Manager at Wintershall North Sea, I see a long-term strategy of EBN as a guarantee for the continuity of exploration activities within the Dutch E&P industry. Especially in the current market with low gas and oil prices, the industry is forced to focus on the short term, as a result of which financial choices and limitations will lead to reduced exploration activities. In a developed area such as the Dutch offshore, EBN's stimulating and facilitating role is therefore essential.

Due to their enormous amount of knowledge, they can add value to studies and thus form a link between the various operators. However, it is important for the industry that a clear distinction is made between 'released' and 'confidential' data. The roadmaps mentioned offer a guarantee for continuation of the exploration activities, are a welcome addition, increase the cooperation within the E&P industry and help us to be ready as soon as the market situation improves.



About EBN

2.1 Profile

EBN B.V. is a company which invests in the exploration, production and storage of gas and oil on behalf of the Dutch State. We have interests in joint projects with national and international oil and gas companies in both onshore and offshore fields, including the gas production in Groningen.
We sell our gas through GasTerra, in which we hold a 40% interest.

The government has given EBN the task to secure the earnings from gas production – and to a lesser extent oil production – as much as possible for the Netherlands. Our policy is aimed at creating value from the subsurface in a safe, sustainable and economically responsible manner. This is how we serve Dutch society. Gas has been an important source of income for the Netherlands for decades.

EBN is a state participation: 100% of the shares in EBN are held by the Dutch State. The shares are managed by the Dutch Ministry of Economic Affairs, which is also the department responsible for policy. EBN carries out the Ministry's (social) policy. EBN's profits are paid in full to the Dutch State. They also receive the taxes and levies we owe. EBN's total payments represents approx. 40% of all gas earnings received by the treasury.

We hold a unique position in the gas and oil production because we are actively involved in almost all the exploration and production projects on Dutch soil. Unlike the oil and gas companies, EBN is not an operator. Through our participations, our voice is clearly heard in the industry and we have collected an enormous amount of data and information. That is why we can also function as a knowledge centre for our industry. It is also our job to advise the Minister of Economic Affairs on the mining climate.

Interests on behalf of the State

EBN has joint ventures with several oil and gas companies. Our participation in these NOVs (Non-Operated Ventures) is generally 40%. As partner, we have joint responsibility for the management of the activities while not being directly involved in the operation. That is the responsibility of the respective operator. EBN advises and facilitates. We provide knowledge and analyses that improve and optimise exploration and production.

Aside from interests in exploration and production activities, we also have participations in infrastructures, such as offshore pipeline systems, gas storages and a gas purification system. In addition, we have a 40% interest in gas wholesale company GasTerra B.V., in which we are a partner with the State (with a share of 10%), Shell (25%) and ExxonMobil (25%). Together, we are trading Dutch gas against the best possible price.

Added value

Knowledge centre

EBN is a spider in the web of the Dutch Exploration & Production sector (E&P). We possess extensive knowledge about the entire oil and gas industry in the Netherlands and work with parties of various sizes. This is a valuable and profitable position to be in: we command an overview of the developments in the gas industry and are able to collect and analyse information about all the projects, including in technical, commercial and legal areas. This knowledge helps us optimise and innovate the activities in which we participate.

Knowledge is one of EBN's most important assets. We advise oil and gas companies. Our specific expertise makes us into an interesting partner. We help operators to optimally unlock the existing and new fields and offer insights into new investment opportunities. EBN stimulates innovation and cooperation. Thanks to its database, EBN can also keep the finger on the pulse: we compare costs, investments, important results and sustainability efforts with those of other parties in the industry, and in this way can hold a mirror up to operators.

Gas earnings

Gas is an important source of income for the Netherlands. EBN plays an important role in this. In 2015, the total production from the Groningen field amounted to about 28.1 billion Nm^3 and 22.4 billion Nm^3 from the small fields (mainly offshore).

Compact organisation

EBN's legal predecessor, DSM Aardgas, was set up in 1973. We are a compact company, with 80 employees all working at our office in Utrecht. Since 2006, EBN has its own Executive Board with a Supervisory Board. We have a substantial cash flow. Our equity is determined by the Articles of Association.

2.2 Organisation chart

In carrying out oil and gas activities, EBN forms a major link between the oil and gas market and the Dutch government. EBN already possesses extensive knowledge about the exploration and production of oil and gas, both onshore and offshore, and continues to expand this knowledge through research. This knowledge is assembled mainly within the Technology Department, where most of the technical work is performed. The Asset Management Department functions as the point of contact for our partners, the oil companies. This department is responsible for Non-Operated Venture (NOV) management and promotes and manages the interests in participations. The Finance Department is responsible for the financial matters within EBN, and for ICT. This department also manages the cash flows. EBN also has staff departments: Legal, Commercial, Human Resources, Communications & Public Affairs, and Facility Management.

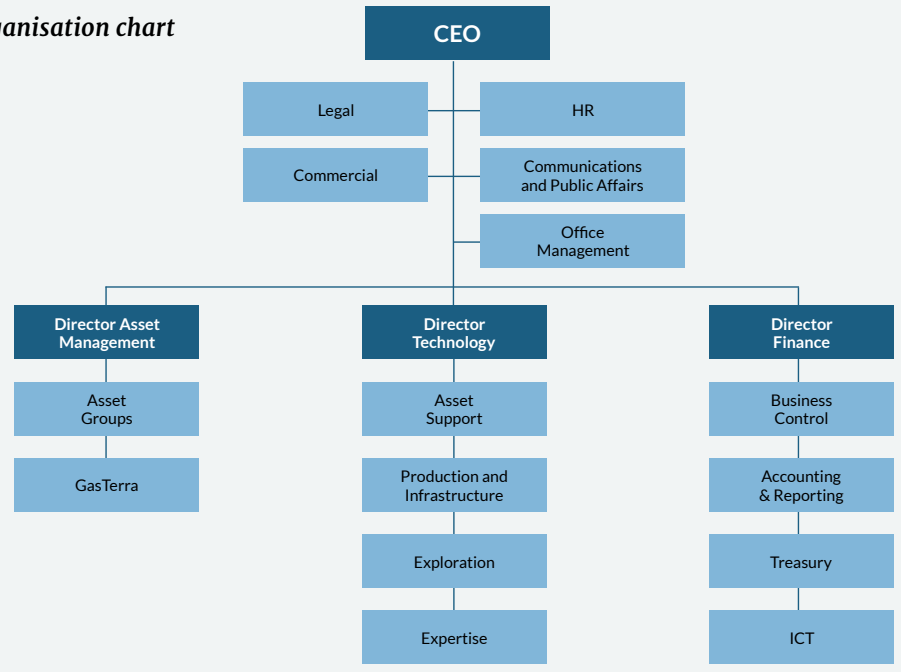
The team of directors functions on the basis of joint responsibility. Tasks are divided over functional areas: the Asset Management Director, the Technology Director and the Finance Director. The CEO leads the team of directors and is the sole statutory director.

2.3 Our business model: How do we create value?

Our business model is based on the six "capitals" from the framework of the International Integrated Reporting Council (IIRC): financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

These possessions form the input with which we create value. In our approach, which reflects the criteria of the Transparency Benchmark for this financial year, the output represents our concrete results.

Organisation chart



We also report the impact of our activities, both positive and negative. In the 2014 Annual Report, this was still reported under the header "Output".

2.3.1 *The input: Our six capitals*

Financial capital

EBN is a small-scale company with a substantial cash flow and an equity determined by the Articles of Association. Because we do not exploit gas or oil resources ourselves, we rely on investment proposals from the licence holders with whom we work.

Produced capital

EBN participates in exploration and production projects. We also co-own infrastructure, offshore as well as onshore, including five pipeline systems, a gas treatment installation (Den Helder), four gas storage facilities and a gas purification installation (Emmen).

Intellectual capital

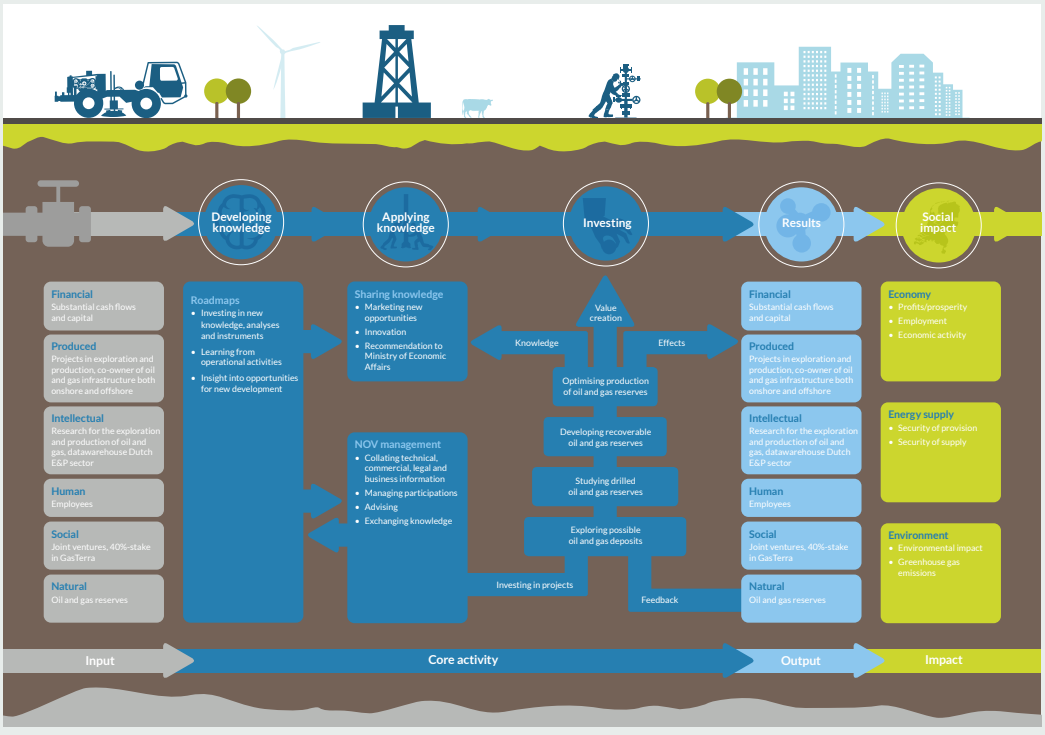
EBN conducts studies into the exploration and production of oil and gas. We conduct studies into possible new areas and new technologies that can be used. We also learn from the existing exploration and production activities in our own joint ventures. Furthermore, we have a large data warehouse in which we collect all our data and analyses.

Human capital

EBN has 80 employees. The percentage of academically educated employees is high. We give our employees the opportunity to follow courses and participate in training that contribute to their personal development and the development of our organisation.

Social/relational capital

With our interest in the joint ventures we play a pivotal role in the Dutch oil and gas industry.



We are also represented on the sales side, through our participation in the public-private company GasTerra. Furthermore, we maintain close contacts with knowledge centres, such as TNO and the universities, and have a close relationship with our shareholder, the Ministry of Economic Affairs. We are also engaged in dialogue with our stakeholders; please, see page 21 for more information.

Natural capital
As participant in the production projects, EBN itself is a stakeholder in the reserves in the oil and gas resources.

2.3.2 Core activities

Investment
EBN invests in the exploration, production and storage of gas and oil. We rely on investment proposals from licence holders in joint ventures.

We conduct our own research and invest in research and studies by third parties. This is necessary, for instance, in order to establish the presence of oil or gas at particular locations and, if so, to establish the technical feasibility of the extraction and whether those resources can be extracted safely. This depends on various factors, such as the quality of the gas and the subsurface in which it is located. We invest in studies and test drills in order to find favourable locations and to gain insight into the possibilities of the resources.

The operational activities are performed by our partners in the joint ventures. They are also the ones who develop the profitable resources. The joint arrangement subsequently invests in the setup of production facilities and pipeline infrastructure. The ultimate goal is to unlock fields in a responsible manner and to market and sell the oil or the gas.

Developing knowledge
Knowledge is a cornerstone of our business model. We collect knowledge, for instance, through our participations, based on the results of exploration and production projects, studies, research and our own analyses. We create value by using our knowledge in the entire Dutch oil and gas industry: in our own participations, but also beyond that. The knowledge we gain is shared with parties in the market and with our shareholder.

We make new (exploration and production) opportunities visible. We invest in the further development of the knowledge and follow-up research. All this contributes to an optimal and responsible use of the Dutch subsurface. For more information about this, please, see www.ebn.nl/mvo.

Influencing
Our thorough and broad knowledge of the (Dutch) oil and gas industry is one of our main assets. With this knowledge, EBN can influence and monitor operators. On the basis of clear analyses, we can encourage them to continue to invest in the exploration and production of Dutch gas. In this way, EBN also wants to ensure as much as possible the earnings from gas production over the longer term (and to a more limited extend that from oil production).

The operators are managed effectively with our NOV management system. EBN closely follows the performance of our participations and adjusts it where necessary and possible. Once every two years, we produce a standardised analysis, for

instance, of the operational costs and fees: this helps us keep an eye on how the offshore participations and projects perform compared with other explorations and productions. We can also measure indicators in the area of sustainability and environment and compare them with other operations. We can also influence other parties in the gas and oil sector with these insights.

2.3.3 The output: What is the result?

We divide the value we create into the six categories of the IIRC-framework: financial, manufactured, intellectual, human, social and relationship, and natural. To EBN, knowledge and economic value are the most important elements of the output. Both are used as investment to safeguard the continuity of gas production in the Netherlands.

Financial

The income from the gas sales is an important financial value. We pay all our profits to the Dutch State. Taxes and levies are also paid to the treasury. Partners in the sector propose investments that lead to new exploration and production projects.

Manufactured

New assets (such as infrastructure set up for the production) represent added value for EBN. Upon expiration, some of the assets are given a different role/position, in particular infrastructure (pipelines, platforms) that has reached the end of its useful life. These assets can be abandoned and cleaned up, reused or used for other sustainable activities.

Intellectual

EBN continuously collects new knowledge through studies, research, analyses and experience. We generate new insights and implement new technologies.

Human

EBN creates a comfortable and inspiring work environment for its employees. They trust each other and are proud of the work they do. They attend courses and training events and thus increase their knowledge and skills.

Social and relationship

The pivotal role that we play enables us to contribute to the activities in the gas and oil industry. We participate in meetings and joint ventures within the industry, such as the GILDE project (Gas in a Long-term Sustainable Energy Future).

Natural

Together with its partners, EBN has gas and oil stocks in the subsurface (reserves). The growth of these reserves is also output. It represents the value we can convert to cash at a later time. We discover new (potential) production locations on Dutch soil.

2.3.4 The impact: Social effects

Our activities and that of other parties in the chain have an impact on society – specifically on the economy, energy supply and the environment. The impact can be positive as well as negative.

Positive impact

EBN shares operational and technological knowledge with its partners in the industry. This can give them an advantage. The economic value creation is the cash flow to the Dutch State: the earnings plus

the levies and taxes flow to the treasury. Moreover, the oil and gas industry is a powerful motor for the (local) economy. The industry provides substantial direct and indirect employment.

The possession of gas has a large impact on prosperity in the Netherlands. The production and the stocks make the Netherlands energy independent, to a large extent. Dutch citizens and companies can always rely on the supply of gas at an acceptable price. The Netherlands plays an important role in the European gas industry through gas export and because of its high-quality gas infrastructure

The underwater flora and fauna at the offshore platforms is richer than in the surrounding underwater areas. The infrastructure at oil and gas fields (offshore as well as onshore) that approaches the end of its useful life is always a point of attention: platforms must be cleared away or given another function. Pipelines must be left behind clean and safe. Where necessary, they are removed.

Negative impact

The production of gas has a negative impact on the local (living) environment and on the environment and the climate. The gas production in Groningen causes earthquakes that not only result in damage to residential and other buildings, but also create unrest and a sense of insecurity among the population. The production of oil and gas as well as the use of these fossil fuels cause, among other things, CO_2 emissions that are harmful to the environment and contribute to the greenhouse effect. There is also a risk, albeit a very limited one, of direct pollution due to, for example, leaking pipelines. Production activities can also impact the biodiversity in the direct vicinity of drilling and production locations.

2.4 The oil and gas chain

The illustration below shows our involvement in the production of oil and gas. EBN plays a role in several parts of the chain.

2.4.1 *Upstream*

The upstream activities involve the exploration and production of natural gas and oil. These activities take place both onshore and offshore. Along with oil and gas companies, which execute the work, EBN invests in the exploration and production of gas and oil.

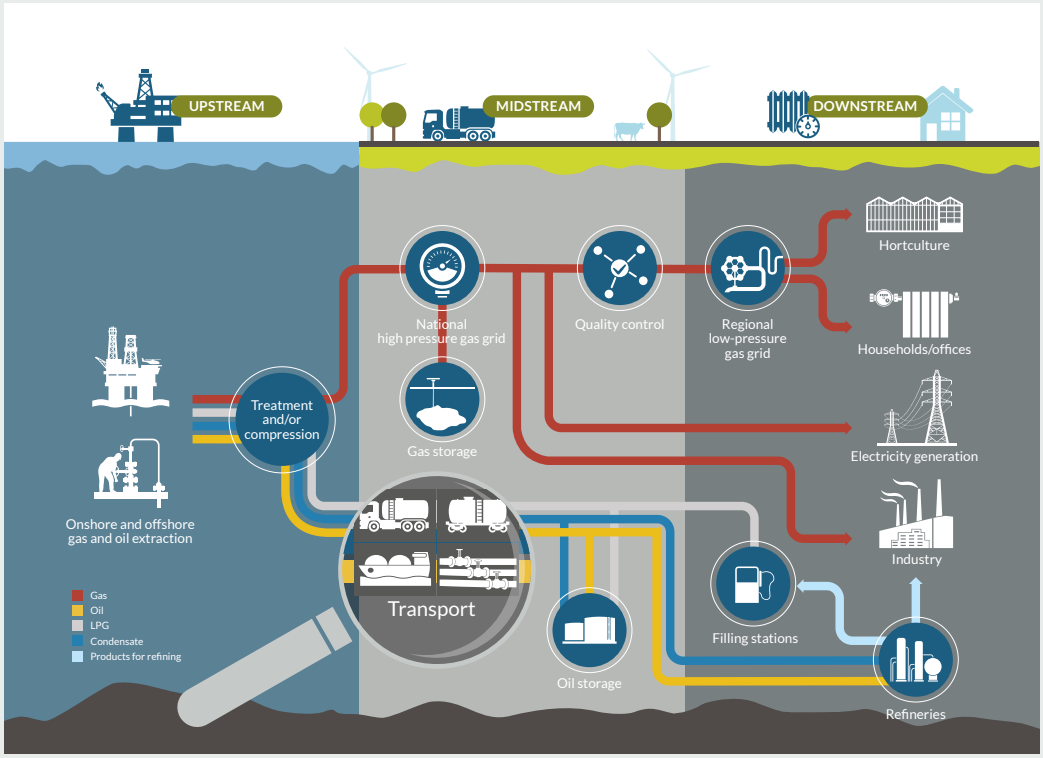
The natural gas produced is transported to processing plants, where it is prepared for introduction into the national gas grid. The State Supervision of Mines, which falls under the responsibility of the Dutch Ministry of Economic Affairs, supervises the production of oil and gas

2.4.2 *Midstream*

The production companies sell the oil and gas mainly to wholesale companies. EBN sells its gas to the wholesale company GasTerra, which sells the gas on to various middlemen and end users. EBN is a joint shareholder of GasTerra.

The natural gas is transported through pipelines to users in the Netherlands and abroad. The oil produced is transported sometimes through pipes, but also by tanker (over the sea) or by truck/train (over land).

As the time that natural gas is used differs from the time that it is produced, it is necessary to arrange storage capacity. This capacity can be filled when supply exceeds demand (usually in the summer months) and emptied in the reverse situation (in the winter months). EBN is the joint owner of four underground gas storage facilities.



2.4.3 Downstream

In the Netherlands, natural gas is supplied to the end user through the regional low-pressure gas grid. Natural gas is used as household fuel (for cooking and heating), in electricity generation (central and decentral), for industrial processes (high temperature) and as a raw material (e.g. artificial fertiliser).

Oil is used as a raw material in industrial processes (e.g. manufacturing plastic, nylon and rubber) and is refined into transport fuels, such as petrol, diesel and kerosene. EBN plays no role in the refining activities.

The Energy Department of the Netherlands Authority for Consumers and Markets (ACM) supervises the supply of gas.

2.5 Life cycle of oil and gas fields

EBN's involvement in oil and gas production can be understood better by taking a look at the life cycle of an oil or gas field. The illustration below shows the process of exploring and extracting oil and gas, and then producing it, until the dismantling and disposing of the infrastructure. The cycle also shows that many initial investments are required before an oil or gas field creates income.

Prospecting: EBN carries out studies into new gas and oil sites, using regional knowledge and seismic surveys.

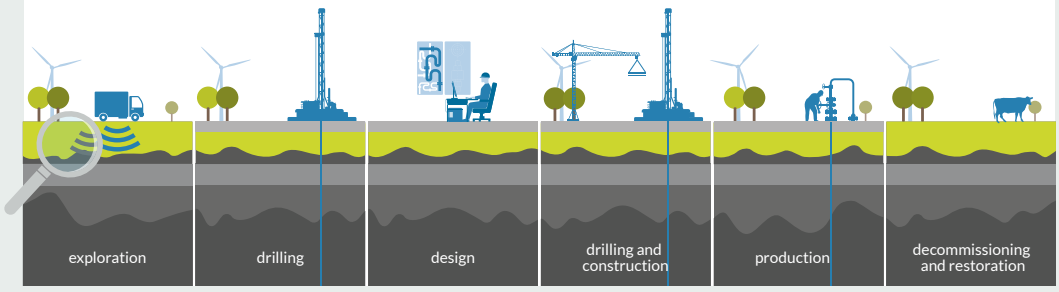
Start of exploration: along with licence holders, we test potential gas or oil resources through exploratory drilling.

Construction: together with our partners, we develop profitable resources.

Gas production: the reserves are produced, providing their production is responsible and economically profitable.

From this phase onwards, there is usually a return on investment.

Life cycle of oil and gas fields



End of gas production: when a gas field has come to the end of its life, the wells are plugged permanently and the infrastructure is dismantled.

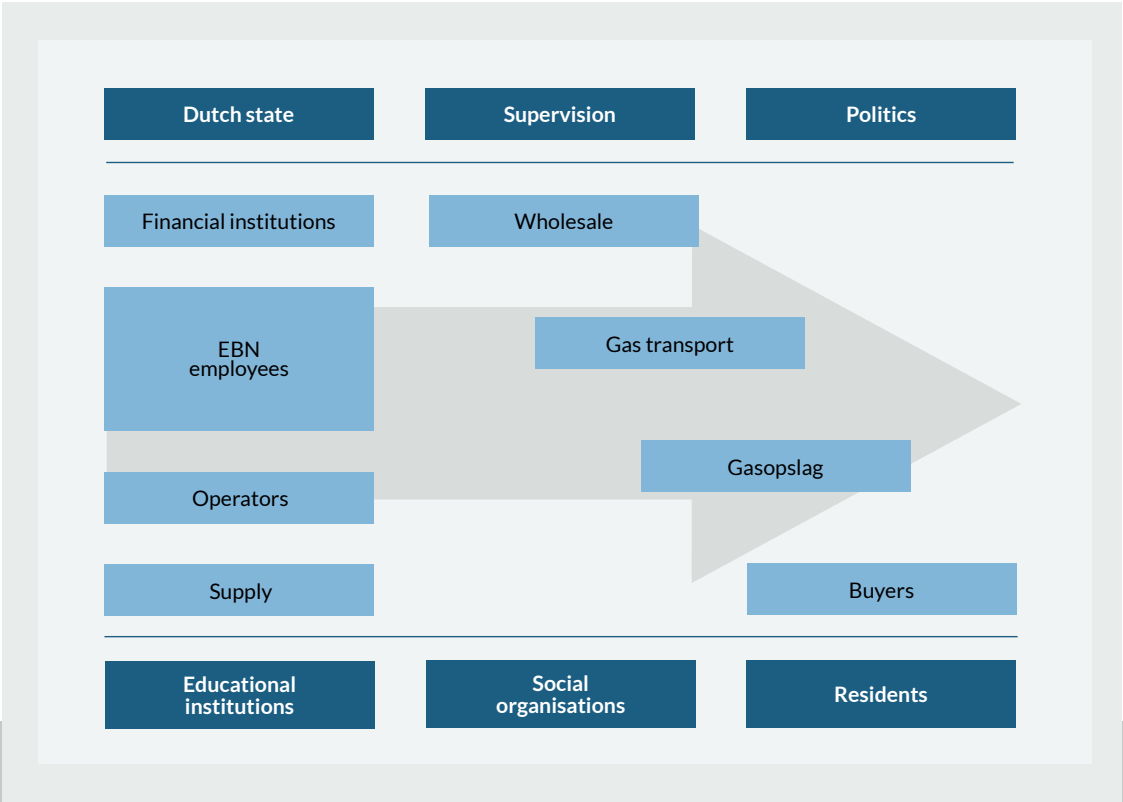
Restoration: the surroundings are restored to their former state.

2.6 Our stakeholders

As described in the paragraphs about our business model and the oil and gas chain, EBN impacts the activities in the industry both directly and indirectly. That is why the contacts with stakeholders in some cases take place one-on-one, and in other cases – such as with local residents – via other parties in our chain. EBN wants to report about issues that are relevant to both EBN and our stakeholders in a transparent manner.

Firstly, we provide an overview of EBN's stakeholders, which issues are important to them and how EBN dealt with them in 2015. We show how EBN shapes its interaction with these stakeholders and what issues were discussed in 2015. We also provide insight into how EBN plans to further shape its interaction with stakeholders.

EBN understands very well that its activities impact a large number of stakeholders and vice versa. But who exactly are our stakeholders? In line with the Global Reporting Initiative, we define stakeholders as entities or individuals that can be significantly affected by EBN's activities, products and services and whose actions can affect EBN's ability to successfully implement its strategies and achieve its objectives. On this basis, we have identified the following stakeholder groups.



We distinguish between direct and indirect influence: EBN has a direct influence on primary stakeholders and an indirect influence on secondary stakeholders.

Interaction and materiality

At the end of 2014, we held a dialogue with our most important stakeholders. The goal was to identify the issues that are important to both EBN and the stakeholders. These are material aspects or themes. The result of this dialogue served as input for a materiality matrix (see page 87). This matrix plots material issues that can only be attributed to EBN and issues that are specifically important for the core activities of the operators. This report will, therefore, not address all the material issues listed. We will limit ourselves to those issues on which we can exert the most influence.

In 2015, we discussed the role of EBN with regard to the 'support for gas production' issue with operators who, through their activities within the participations, interact with local stakeholders such as municipalities and residents. On the basis of the results and feedback, the Executive Board determined its strategy in this area.

EBN intends to report more broadly on material issues and to formulate goals. Every material issue is assigned to an 'owner' at EBN. The stakeholder dialogue and the insight into the relevant issues have increased our social awareness. We have decided to embed material issues in our policy. In 2015, we started with a strategic review, which will lead to the reformulation of EBN's mission and strategy in the second quarter of 2016.

Interaction with stakeholders in 2015

In daily practice, EBN interacts frequently with a part of the stakeholder groups. The Executive Board as well as a large number of employees is actively involved in the dialogue with stakeholders. Given our core activities, there was intensive contact with operators. We also maintain close contact with the shareholder/policy maker. There is incidental interaction with social organisations and local residents, especially via operators. The table below shows the nature of the interaction and the discussion points.

STAKEHOLDER	ORGANISATION	FORM OF INTERACTION	DISCUSSION POINTS
National government	Shareholder: Minister of Economic Affairs (Secretary-General)	Annual Shareholders Meeting Ad hoc	EBN annual report, quarterly report Corporate governance Current developments
	Policy maker: Minister of Economic Affairs (Director-General) Energy, Telecom and Competition	Mining Act, Gasgebouw, Strategic and Executive Meetings Ad hoc	Information to assess the feasibility with regard to proposed energy policy Cooperation Joint ventures Current developments
Supervisor	State Supervision of Mines	Ad hoc	Safety, abandonment of wells, efficient production
	Authority for Consumers and Markets	Ad hoc	Competition
Operators	Oil and gas companies operating in the Netherlands Branch organisation NOGEPA Foreign (non-) operators	Regular meetings (TCMs, OCMs) Processing of investment proposals Strategic meetings Informal contacts Workshops Conferences	Projects Cooperation Investments Cost management Reserves Public support Promotion of exploration potential in the Netherlands
Financial institutions	Financers Banks/money market funds	Ad hoc Annual meeting Very frequent contact	Financing need Credit conditions
	Credit rating agencies	Annual review meeting Ad hoc	Financial developments Expectations
Wholesale	GasTerra (gas buyer)	Regular meetings (CVG, Supervisory Board, Shareholders Meeting) Ad hoc	Sales prices Processing and transportation Liability Guarantees Public support
Gas transport	Gasunie/GTS	Regular meetings Ad hoc	Input conditions Public support
Gas storage	TAQA (Bergermeer)	Regular meetings (TCMs, OCMs) Ad hoc	Projects Cooperation Investments
	Gasgebouw (Norg, Grijpskerk, Alkmaar)	Regular meetings	Projects Cooperation Investments
Buyers	Oil/condensate: Oil and gas companies (midstream)	Ad hoc	Sales prices Processing and transportation Liability Guarantees
	Gas: Energy companies	Via wholesale (GasTerra)	Sales prices Processing and transportation Liability Guarantees
Supply	E&P service companies Branch organisation IRO	Project basis (Joint Industry Projects or JIPs) Workshops Conferences	Projects Cost management Dismantling

STAKEHOLDER	ORGANISATION	FORM OF INTERACTION	DISCUSSION POINTS
Residents	Local resident participations Interest groups	Via operators	Impact on surroundings of drilling and production sites Safety and possible damage Involvement in decision making Local concessions
Knowledge and training centres	Knowledge centres: CIEP, EAE, TNO	Management of TKI-Gas Supervisory Committee (EAE) Strategic Advisory Board (EAE) Regular meetings JIPs (TNO) Ad hoc	Cooperation TKI projects
	Training centres: Universities Training centres Students	Student conference MSc Internships EBN JIPSs (3 TUs, UU, VUA, RUG, Leeds, Durham) Veerstichting	Energy Transition (Energy Transition Scholarship) Career opportunities
Social organisations	Nature and environmental organisations	Springtij Incidental	The role of EBN Gas in the energy transition
	Various organisations: DomUnder, Geofort	Ad hoc	Subsurface information
Employees	HR	Interviews Surveys Consultation Coaching Ad hoc	Satisfaction Wellbeing Complaints Training and courses
	Works Council	Survey Ad hoc Regular meetings with director	OVV report Public debate ABDTOPConsult study Image of gas industry Change of director and Supervisory Board Relationship between EBN and Ministry of Economic Affairs WP&B Reporting Employee facilities Wellbeing

Specific points of attention

In 2015, we drew up a new proposition for natural gas with five parties that are involved in the gas value chain. This joint venture is called GILDE (Gas in a Long-term Sustainable Energy Future). It redefines the role of gas in the energy transition. This project will be developed further in 2016.

The 'EBN Verduurzaamt' project ('EBN becomes more sustainable') was carried out inside EBN.

EBN employees formed multi-disciplinary teams along five subthemes to develop ideas on possible improvements in the area of sustainability. The results of this interaction were incorporated in EBN's new strategy.

In February 2015, the Dutch Safety Board (OVV) issued the report 'Earthquake risks in Groningen'. In it, the OVV noted EBN's role in the context of its position in the Gasgebouw. The OVV concluded that EBN did not sufficiently take safety considerations into account in its decision making within the Management Board. Since 2013, EBN has expressed support within this board for studies into risks and necessary measures. Moreover, in 2015 we agreed with NAM that we would be closely involved in preparing production plans, so that we ourselves could form a better insight into the safety aspects. We also emphasised the importance of the appointment of the National Coordinator Groningen, who assumed his duties in June 2015.

At the end of November 2015, during the COP21 conference in Paris, there was a demonstration in front of the EBN building. With their action the demonstrators wanted to draw attention to the issue of climate change and EBN's role in the production of gas and oil.

In January 2016, the government published 'Energierapport –Transitie naar Duurzaam' (Energy Report - Transition to Sustainability'). The government is striving (in an international context) towards a low CO_2 energy supply that is safe, reliable and affordable. In this, it focuses on all low CO_2 technologies such as wind, solar, maritime energy, biomass, collection and storage of CO_2 and own gas. The government states in the report: "As long as the Netherlands continues to need gas, safe gas production at socially acceptable costs in the Netherlands contributes to this independence in the area of energy supply." See also page 39.

Continuation of interaction with stakeholders

We intend to draw up a more detailed plan in 2016 of how we interact with stakeholders. In this connection, we will have in-depth discussions with stakeholders about the issues that are important to them and their expectations with regard to EBN's role. An updated materiality matrix will subsequently provide EBN with more insight into material issues.

At the start of 2016, new workgroups were set up in which employees from various disciplines are working on material issues of strategic importance to EBN. These are:
1. Energy transition and support;
2. Sustainability in the chain;
3. Dismantling and reuse of infrastructure.

The workgroups began their work in 2016. Their goals and actions will be formulated along the three issues. One of the tasks of the workgroups is to analyse EBN's chain responsibility. We will evaluate the extent of our social responsibility and discuss it with the relevant stakeholders.

2.7 Most important results for 2015

In 2015, EBN's sales amounted to EUR 4.8 billion (2014: EUR 6.6 billion), with a net profit of EUR 0.4 billion (2014: EUR 1.6 billion). Sales were considerably lower, due to lower production from the Groningen field and lower gas and oil prices.

EBN's share in the total gas production amounted to over 21.8 billion Nm^3. In 2014, this was 27.5 billion Nm^3. Total gas production from the Dutch small fields amounted to 22.4 billion Nm^3. EBN's share in these small fields was 9.7 billion Nm^3 (2014: 10.5 billion Nm^3).

Investment levels fell to EUR 564 million (2014: EUR 765 million). The larger investments in 2015 concerned new field developments (specifically L06-B and A18-A, with respectively Wintershall and Petrogas as operator), as well as extra production wells in existing fields and exploration drillings to discover new resources.

The number of joint ventures in exploration and production fell slightly in comparison with 2014 from 203 to 200. In 2015, a total of 30 drillings were carried out (5 onshore, 25 offshore).

Key figures

MAIN TOPICS IN FIGURES	2015	2014
number of joint ventures	200	203
of which in exploration	48	55
sales, EBN share (billion Nm^3)	21	27
sales	4.766	6.598
net result	450	1.614
payments to the State	2.134	4.874
investments	564	765
depreciations and impairments	1.217	595

SOCIAL	2015	2014
number of employees	80	77
absenteeism due to illness	3,8%	2,3%

ENVIRONMENT	2015	2014
CO_2 emissions	814 Kton	787 Kton
methane emissions	5,7 Kton	5,8 Kton
energy consumption	20,2 PJ	20,3 PJ

HIGHLIGHTED: GILDE

‘The time for gas by design is now’

In EBN's strategy, the emphasis is increasingly on sustainability. Gas will play an important role in the energy transition. That is also a reason why EBN participates in the GILDE project: Gas in a Long-term Sustainable Energy Future. In this project, parties in the sector (Gasunie, GasTerra, Shell/Nam, Nogepa and Stichting Energiedialoog Nederland) work on a future vision on gas. Communication Manager Marcel Hoenderdos: 'We are convinced that a tailored gas supply is essential in this.'

The project was started in the spring of 2014. According to Marcel Hoenderdos, Communication & Public Affairs Manager at EBN and closely involved in GILDE, the time was more than right for this. 'Because of recent developments - think of the earthquakes in Groningen, the opposition against the production of shale gas and the concerns about the climate - there was an increasingly strong need for a sector-wide vision on a new role of gas in the energy supply. That vision must direct and align with the social demand for a reliable and safe energy supply.'

GILDE started as a dialogue and research project. Parties in the gas sector together came up with ideas about the changing role of gas, which they will test afterwards, also outside the energy industry. Hoenderdos: 'We have tried to open the doors and to be open to signals from the outside world. To be honest, this has not always been easy, but it is undeniable that we have taken major steps.'

The result of the first phase of GILDE was a so-called proposition. It states how the role of gas can change in the coming decades. From "gas by default" to "gas by design". "Or to a "tailored-gas supply", as we called it,' says Hoenderdos. 'Gas is not the solution for everything. In some cases, for example in the built environment, gas will have to take a step backwards. But we believe that gas in general fulfils an important role in the energy transition. Gas is not the solution for our energy issues, but can serve very well as enabler in the making our energy supply more sustainable. Where possible, we want to work in partnerships. This is perhaps the essence of GILDE.'

Marcel Hoenderdos

Manager communication & public affairs

EBN has included in its strategy that it attaches a lot of importance to sustainability and its social role. The environment changes, and that requires action and response. And especially realism. Hoenderdos: "To explain again how good and clean gas is and how it contributes to prosperity is not only not-effective, but it is counterproductive. We must show that the attitude of the industry is changing. That in the meantime we are way past the stage of just saying "gas is good". But we must prove this, we must first convince everybody that we ourselves are "good"'.

Hoenderdos believes it is 'inspiring' to work with people from within and outside the sector on the position of gas in the coming decades. 'What I myself hope, and what I believe in as well, is that we can contribute to combatting climate change.'

***Jan Paul van Soest,** Partner at De Gemeynt Coöperatie*

'The industry has to reinvent itself'

My green friends regularly call me to account: why do you work with the gas industry? Should we not get rid of gas as soon as possible? In my opinion, we must get rid of the CO_2 emissions of our energy system as fast as possible. The gas sector can help in this. At first, gas was an obvious choice, but this is now no longer the case because of the earthquakes and climate change. The challenge for the gas industry is to reinvent itself, and to develop new business models and partnerships that are the answer to current concerns and wishes. For example, by also developing geothermal energy and savings in the end consumption. By helping to reduce the carbon footprint fossil share of the energy mix (currently 94%!). If the industry makes a case for such routes, the transition can speed up.

Report from the Executive Board

3.1 Vision

EBN is aware of the concerns that prevail in society about global warming and the specific role fossil fuels play in causing it. EBN intends to play an active role on the road to a sustainable CO_2-neutral energy supply. Natural gas contributes greatly to achieving such a sustainable energy supply. Gas is a preferred partner for sustainable energy carriers. Various scenarios show that the climate goals can be comfortably achieved with a substantial share of (natural) gas in the energy mix. A tailored gas supply is the basic principle there.

According to the Energy Agreement, the share of sustainably produced energy will reach 16% by 2023. The remaining 84% of the energy requirement will have to come from other sources. The goal is to make all energy in the Netherlands CO_2-neutral by 2050. Until 2050 (the transition period), gas can be used as the cleanest fossil fuel. Gas has the lowest CO_2 emissions of all fossil fuels. Natural gas can also be deployed flexibly, allowing it to meet irregular energy demands. It is expected that the demand for Dutch gas will remain reasonably stable in the coming years. To be able to continue to meet this demand as a country, the relative importance of the so-called small fields increases, especially now that the production at the Groningen field has been reduced.

The easily recoverable resources have already been extracted or are in production. However, many challenges will still arise in the case of the resources that are more difficult to recover. In order to be able to use these reserves profitably, a study must be carried out into new methods and continued investment is required from operators in the Netherlands.

EBN is committed to achieving this in close cooperation with its partners.

The returns on the production of Dutch gas remain in general positive, despite the decreased gas prices and increased costs.

3.1.1. SWOT

STRENGTH	WEAKNESSES
- Trusted partner in the industry - Qualified personnel - Positive company culture (Great Place to Work) - Relatively small organisation with financial strength - Overview and knowledge of the entire E&P industry - Possession of high-quality data - Facilitates knowledge exchange and integration - Stimulates exploration and production activities by publishing internal studies	- Successes are not sufficiently propagated - Too inwardly focussed, not very well known - Stakeholders not yet sufficiently involved in decision making - Internal cooperation can be improved - Many portfolios assigned to individual employees create a large workload

OPPORTUNITIES	THREATS
- Conduct subsurface energy policy with Ministry of Economic Affairs - Make more use of NOV management - Management role in abandonment - Encourage new operators to invest - Role in stakeholder dialogue about Dutch gas - Boost for cost reductions and low cost development	- Low oil and gas prices - Dwindling support for E&P onshore - Earthquakes or other natural disasters - Few new resources - Disappearance of infrastructure - Decrease of net profit and credit rating - Worsening financial position of operators - Takeover of GasTerra market share by other player - Cybercrime, unavailable IT systems

3.2 Mission

As described in sections 'Relevant Developments' and 'Vision', the world around us is changing. We must and want to keep up with these changes and are adapting our mission and strategy accordingly. In late 2015, the Executive Board started revising the strategy. This process will be finalised in the first half of 2016.

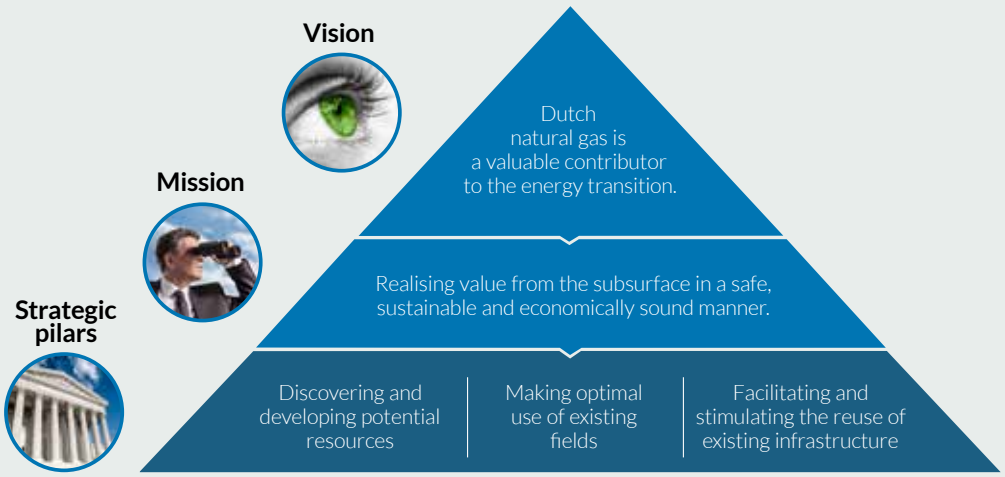
Our new, revised mission is to create value from the subsurface in a safe, sustainable and economically responsible manner.

The social impact of gas production and sustainability will be given a more prominent place in our new mission and the revised strategy.

3.3 Strategy

We are aware that we must pay more attention to regaining support for gas production, to cementing the role of gas in the energy transition and to making our chain sustainable. These issues are highlighted in our revised strategy. The sustainable component is therefore becoming more important. Sustainability plays an important role during the entire life cycle of a gas field. We want to show that our operators manage the subsurface potential in a responsible manner during the entire life cycle; the focus there is on the production and the dismantling phase. When operators leave the field, it is also our joint obligation to make sure that this is done in the most sustainable manner and with respect for nature.

Vision, Mission and Strategy



1) Exploring and developing subsurface potential

EBN aims to explore and develop new fields and to stimulate the exploration and production of gas that is difficult to recover. The latter concerns the gas that can only be found in permeable rocks, such as tight gas and gas in almost depleted fields. These kinds of resources, however, are extremely complex and demand greater efforts and more creativity from geophysicists, geologists and reservoir engineers. In recent years, EBN has started research projects in both of the focus areas, usually in partnership with third parties. The coming years will show whether these projects will produce large amounts of gas or oil.

2) Stimulating operators to optimally exploit fields

We want to stimulate operators to continue to invest in gas production from existing small fields and new ones that are still to be explored. We contribute to an optimal investment climate by gaining and exchanging knowledge about the potential in the Netherlands and about new exploration technologies. Using NOV management, we want to manage the participations in a professional way, with sustainability high on the agenda.

3) Dismantling and reuse of infrastructure

Apart from the need to continue to invest in the exploration and production, the abandonment of fields that have reached the end of their useful life and the reuse of the associated infrastructure are increasingly relevant themes. Studies are being conducted into the biodiversity under and around our platforms. A joint effort to develop and to reduce the potential in a safe and sustainable manner also plays an extremely important role in securing support for our activities. In the coming years, EBN will continue to make efforts to give this sustainable component too the attention it deserves and to integrate it in the strategy.

3.4 Roadmaps and Top Consortium for Knowledge and Innovation (TKI)

To be able to use the Dutch subsurface optimally, EBN carries out studies into new oil and gas resources on the Dutch part of the Continental Shelf. This way, EBN wants to encourage the E&P industry to develop activities here. In its studies, EBN identifies possible oil or gas resources, studies new production methods, or takes a closer look at the production behaviour of (small) fields. The studies are carried out in four different areas: Exploration, Tight Gas, Mature Fields and Infrastructure. A multi-year goal and action plan have been set out in the so-called roadmaps for all areas.

3.4.1 Exploration

The Exploration Roadmap is aimed at identifying new prospects and generating additional knowledge about the subsurface that can lead to better and more exploration in the Netherlands. The exploration study of the D, E, F, A and B blocks (DEFAB) dominated our exploration activities in 2015. The DEFAB blocks are located in the northern part of the Continental Shelf. This study was focused on the Zechstein limestone. A second study concerned sandstone reservoirs in the Trias layer. Triassic sandstone is widespread in the Dutch subsurface and forms the main stone for gas reservoirs.

EBN took part in the Palaeozoic studies of the Exploration Task Force (ETF), organized in the United Kingdom. We hope that this will help us to better understand and promote the border area between the Netherlands and the United Kingdom. The Chalk Formation Evaluation project studies and integrates the results of a study into exploration and appraisal wells in the Chalk (limestone rock), which were recently drilled by various operators.

In order to share the gained knowledge as much as possible with the industry, EBN presented the study results at various conferences and in workshops in 2015. EBN is working together with universities, including Durham University, on international joint venture projects in the area of exploration.
EBN also participates in various joint ventures in the Netherlands.

3.4.2 Tight Gas

Many gas fields in the Netherlands have low productivity due to the naturally low permeability of the reservoir rock, that is, the extent to which the reservoir rock allows the available gas or oil to permeate. This permeability of the rock determines the development potential of oil and gas resources. These productivity limits are studied in the Tight Gas roadmap.

In late December 2015, the Netherlands had around 58 'stranded fields' that were never taken into production due to productivity problems. EBN estimates that this represents a gas volume of over 72 billion Nm^3. Future explorations will probably also be affected by this issue in certain areas, meaning that the tight gas volume may rise to way above 200 billion Nm^3. Research projects aimed at achieving a better understanding of the spatial expansion of the physical characteristics of low-permeable reservoir rock form an important part of the Tight Gas roadmap. The aim is to be able to exploit this type of reservoirs more efficiently in the future.

The ITF-PETGAS (Petrophysics of Tight Gas) project, launched by the university of Leeds in 2008, has progressed the furthest. The primary goal of this project is to create an Atlas of the Petrophysical Properties of Tight Gas Sands. Even with a relatively limited set of borehole measurements, it must be possible to draw a relevant conclusion about the future production behaviour of low-permeable reservoirs. Given this project's great economic importance, several large Dutch operators are taking part in it. Among them are Engie, Wintershall and NAM. Foreign operators, such as British Gas and BP, are also taking part in the project. EBN also invites other operators with a tight gas portfolio to take an active part.

A second important project initiated in 2015 is a joint study with TNO. The goal of this project is to better predict volumes and productivity. To draw the attention of the industry to the actual knowledge about the added value of stimulation methods to improve productivity, EBN, together with a technology provider, organised a workshop about fracking. Approximately 100 experts from the gas industry in the Netherlands attended the workshop. With the results of such studies and workshops, EBN hopes

to improve the safety, applicability and effectiveness of these methods and be able to develop resources that are more difficult to produce safely and economically.

3.4.3 Mature Fields

The Almost Depleted Fields, End of Field Life roadmap was included in the new Mature Fields raodmap. The purpose of this roadmap is to maximise the production from our existing small fields, both onshore and offshore.

A gas field is 'mature' when the production volume has begun to decrease or when half of the gas volume has been produced. There are various methods and techniques to extend the life of the older gas wells and to maximise the earnings. The roadmap used to focus specifically on the almost depleted fields, now it is also being studied how production can be maximised in the earlier phases.

Strategic challenges for the Mature Fields roadmap are the maximisation of the recovery factor in mature and almost depleted fields. The recovery factor is the amount of gas that can be produced compared with the volume of gas that was originally present in the reservoir. EBN also studies the application of innovative production methods with a low oil price and the reduction of operational costs.

EBN is promoting knowledge exchange between operators. Several projects were carried out in 2015 to this end. The Production Information Analysis project was launched internally. The goal was to produce a better overview of historical production data and thus to generate more knowledge about the production behaviour of small fields. EBN also participated in several projects in the Top Consortium for Knowledge and Innovation (TKI) with partners from the industry. For example, EBN took part in projects on salt precipitation in wells, the application of foaming agents in gas wells, water treatment and real-time production optimisations.

3.4.4 Infrastructure

More and more of the newly discovered gas fields are small or 'marginal'. That is why the cheaper development and innovation in the area of infrastructure is becoming more important. Moreover, the gas transit from the existing installations is decreasing and the operational costs are increasing. All this jeopardises the continuation of the economic production. EBN held a two-day workshop on 'low cost development & maintenance' in June. The operators and the service industry exchanged information and applications about the minimisation of the existing facilities and platforms, such as leaving out the crane, the helideck and accommodation for employees, and the (cost) efficient use of vessels with 'wave compensated equipment' to replace these facilities.

The economic useful life of installations was revised, and the INFRASIM model which was developed internally for this purpose was expanded further. This helps us comfortably perform and compare different scenarios for changes in, for example, the costs and the gas price and determine the impact on the economic useful life of installations. These insights are used to advise the shareholder, for analyses for EBN's annual 'Focus on Dutch Gas' report, analyses about the impact of the economic production on changed environmental laws and

internal studies. The model provides clarity about the disappearance of the infrastructure. EBN continues to study the future of the existing platforms in the North Sea.

On the basis of the Infrastructure roadmap, we have also addressed the issue of the abandonment of wells and platforms after the fields have been depleted. Because of the low oil and gas prices, this theme now features more prominently on EBN's agenda and on the agenda of its joint venture partners. Because EBN bears around 40% of the costs for these activities, it is important that all alternatives be thoroughly researched. Proper cooperation between the Dutch operators is essential in this. Alternative applications are also being studied.

3.4.5 Top Consortium for Knowledge and Innovation (TKI)

For the fourth consecutive year, EBN took part in the Top Consortium for Knowledge and Innovation (TKI) as part of the innovation contract for gas (TKI gas). EBN participates in the Upstream Gas programme line, which addresses the following themes: New Fields, Mature Fields and Tough Gas. In 2015, EBN participated in seven projects. The objective of these projects is to find innovative solutions for the optimal production of gas from the Dutch subsurface. Participating parties are the industry, knowledge institutions and universities.

3.5 Relevant developments

3.5.1 Global developments

Developments in the industry

The oil and gas industry is in dire straits because of the extremely low oil prices. This leads to lower investments in the exploration and production of oil and gas, and lower returns on investments. We also see postponements or cancellation of investments. The earnings from oil and gas are falling. Meanwhile, large oil companies have written off billions of euros on their investments and are forced to reduce costs. The Dutch exploration and production activities are also significantly impacted by these developments.

Low coal and CO_2 prices

In Northwest Europe – including the Netherlands – energy companies are suffering the impact of the low oil and gas prices. Several modern gas plants were shut down because the electricity produced by them was no longer profitable compared with electricity from coal plants. Coal prices are low because the US is exporting its surplus to Europe. In addition, the low price of CO_2 emission allowances means that they do not have a sufficient correcting economic effect and, as a result, more polluting coal plants continue to operate. Various countries in northwest Europe, including the Netherlands, are taking steps to shut down coal plants in the coming years.

Paris Agreement on Climate Change

At the 2015 United Nations Climate Change Conference (COP21) in Paris, 196 countries reached a unanimous agreement about the measures that must be taken to combat climate change and its detrimental consequences. The Paris Agreement aims to limit global warming to 2 degrees Celsius, and preferably to 1.5 degrees by the end of this century. The Agreement has far-reaching consequences for the energy policy of the signatory countries. They have committed themselves to report on the progress in the implementation of their sustainability plans by 2018. The net CO_2 emissions must be brought to zero starting from 2051. This means that the fossil industry has only 35 years left to reach this goal.

Financial markets respond to sustainability risks

The financial markets are starting to include climate and environmental risks in their considerations. Large institutional investors, including Dutch pension funds, have announced a change in their investment policy: They will strive for a CO_2 reduction in their investment portfolio. This will, in the first instance, affect the fossil industry and therefore the oil and gas companies too.

3.5.2 Developments in the Netherlands

Energy Agreement

The Dutch government has concluded an Energy Agreement with various stakeholders. This agreement is currently being implemented. The goal is to have 14% of the consumed energy come from sustainable sources by 2020, and 16% by 2023. The efforts are focuses on sustainable wind energy, onshore and offshore. It has been agreed that the Netherlands will have operational wind power of 4,450 MW offshore and 6,000 MW onshore by 2023. The government is also aiming to decrease the final energy consumption by 1.5% on average per year. This must produce a saving of 100 petajoule in the final energy consumption of the Netherlands by 2020.

The 14% goal will be quite a challenge, as noted in the first interim report of the PBL Netherlands Environmental Assessment Agency and the Energy Research Centre of the Netherlands (ECN). These efforts suffered a setback when, in December 2015, the Senate rejected the 'Stroom' bill (new electricity and gas legislation), which regulates the transport of offshore wind power. As a result, the construction of large offshore wind parks was delayed by six months.

Fossil fuels will remain an important part of the energy consumption until 2050, even though the agreement focuses on a reduction of 80-95% of the CO_2 emissions by that year. Gas plants continue to play an important role on the northwest European electricity market. The opportunity to exploit the existing gas plants in the Netherlands more profitably will be boosted if the House of Representatives' motion to shut down five coal plants in the short term is implemented.

Energy Report

In mid January 2016, the government issued the 'Energy Report - Transition to Sustainability'. This report provides a comprehensive view of the future energy supply of the Netherlands. The government focuses on three starting points for the transition to sustainable energy: 1) focus on CO_2 reduction; 2) capitalising on economic opportunities offered by the energy transition, and 3) integration of energy in spatial policy.

The government strives (in an international context) towards a low CO_2 energy supply that is safe, reliable and affordable. In this, it focuses on all low CO_2 technologies such as wind, solar, maritime energy, biomass, collection and storage of CO_2 and own gas. The government states in the report: 'As long as the Netherlands needs gas, safe gas production against socially acceptable costs in the Netherlands contributes to our independence in the area of energy supply.'

The energy dialogue, from April 2016 until the summer, will provide input for the policy agenda that will be presented in the autumn of 2016.

Earthquakes in Groningen

The concerns about the safety of the gas production in Groningen have been widely recognised and acknowledged. Dozens of earthquakes were recorded in the area in 2015; the strongest one was recorded on 30 September at Hellum. It had a strength of 3.1 on the Richter Scale. In accordance with a ruling by the court, the government has taken several measures to improve the damage settlements of homes and other buildings and to prevent future damage. In the centre of the earthquake area around Loppersum, production at five production sites has decreased by 80% to a maximum of 3 billion Nm^3. The government has also adjusted the production volume downward.

Despite the adjusted production ceilings for the Groningen field, the residents of the province of Groningen are not yet satisfied that this measure will be sufficient. They still fear for their safety. The government's policy is aimed at achieving a balance between the supply guarantee and responsible gas production with the safety of the residents being seen as the top priority.

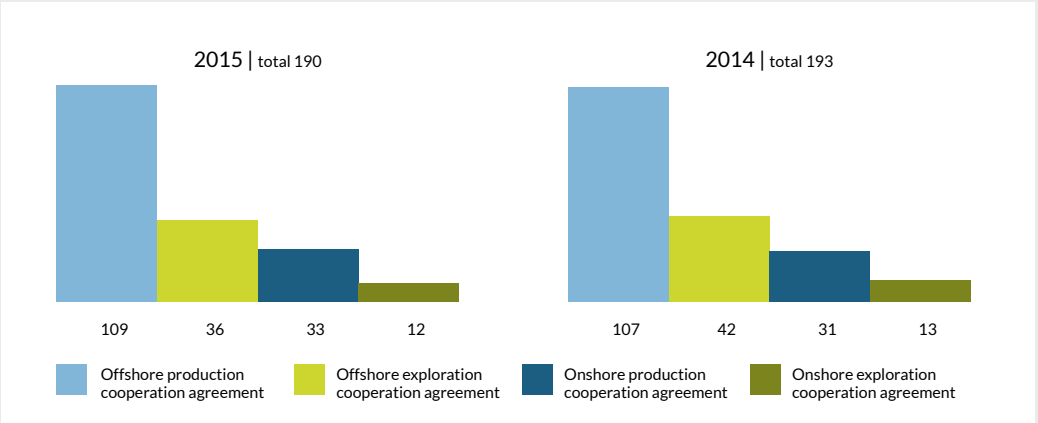
3.6 Results for 2015

Joint ventures for exploration and production

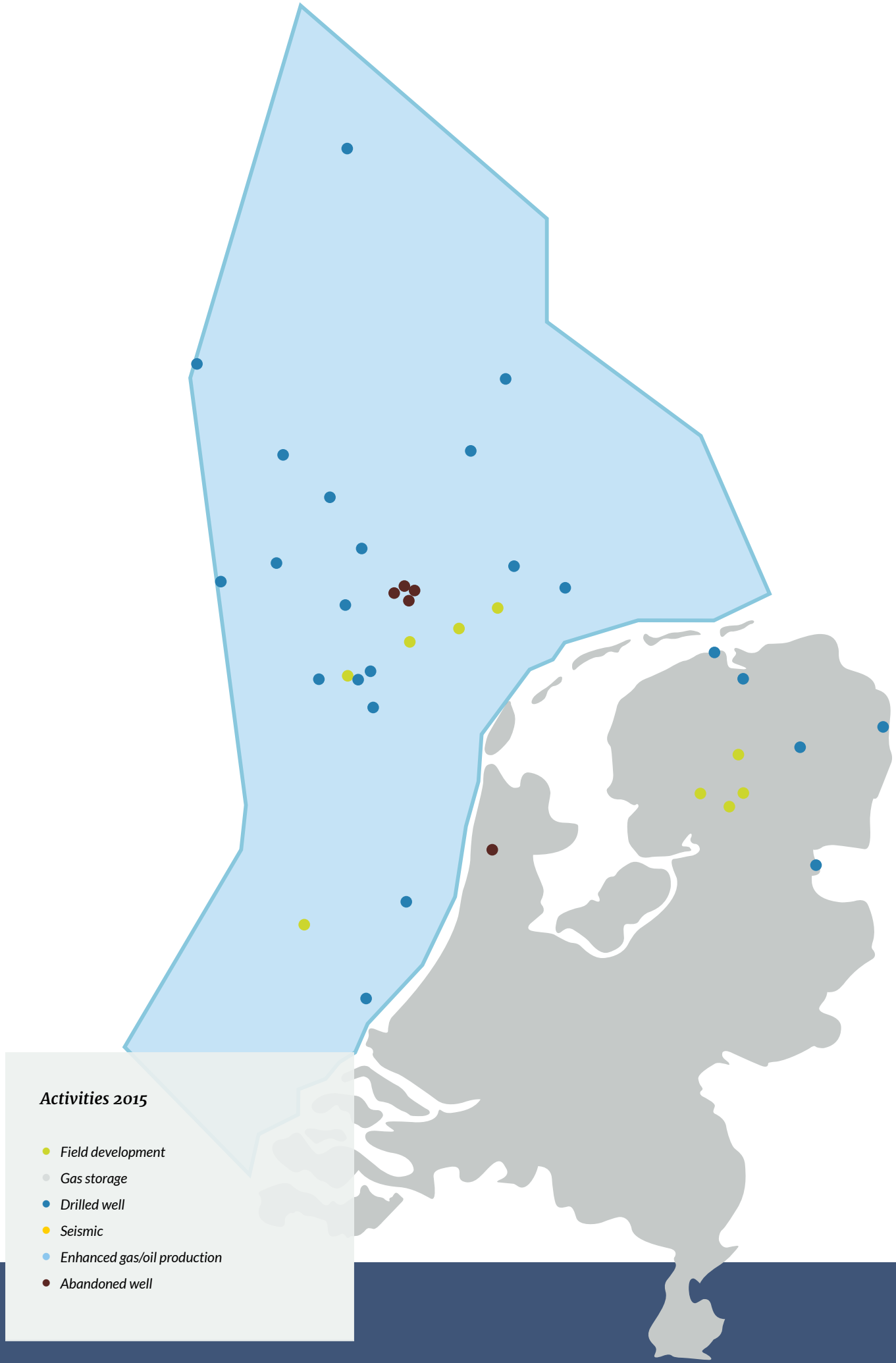
As at 31 December 2015, EBN was participating in 200 joint ventures in total (31 December 2014: 203). This concerns 190 joint ventures in exploration or production activities. We are also participating in five pipelines (including gas purification facilities), four gas storage facilities and the gas wholesaler GasTerra B.V.

The actual exploration or production of oil or gas is carried out by one of the joint licence holders, the so-called operator. Oil and gas companies apply for a licence for the exploration or production of oil or gas. When the licence is granted, EBN usually takes a 40% interest in these activities.

Although the total number of joint ventures in exploration or production activities fell only slightly, there were many changes in 2015. Sixteen new joint ventures in exploration or production activities were set up: Eight of these joint ventures were created due to new activities. The other eight were created through combining or dividing the existing licences. In 2015, 19 joint ventures in exploration or production activities were terminated. Five joint ventures were terminated due to combining or dividing the licence. The majority (13) were terminated because the licence was relinquished or not renewed. One exploration licence was converted into a production licence.



Number of participations at year-end


Activities 2015
Field development
Gas storage
Drilled well
Seismic
Enhanced gas/oil production
Abandoned well

Drillings

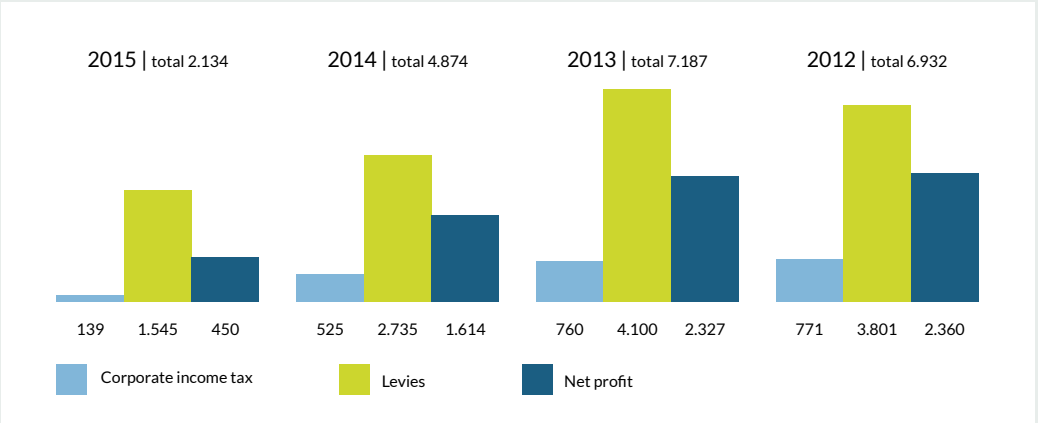
Our plan was to perform 33 drillings in 2015, of which 30 were realised: 15 exploration and appraisal wells and 15 production wells. Three drillings were postponed till 2016 because of lower investment willingness on the part of operators due to the low oil and gas prices or postponed licencing procedures. The 30 drillings that went ahead resulted in the discovery of gas in 23 cases and oil in one case. Three drillings resulted in no discoveries. In another three drillings, the gas that was found cannot be produced profitably. Of the 30 drillings, 25 were carried out offshore and 5 onshore.

Production

Following the earthquakes in the province of Groningen and the resulting unsafe situation, the Minister of Economic Affairs decided in 2015 to further lower the ceiling of the gas production from the Groningen field. As a result, the production fell from 42.3 billion Nm^3 in 2014 to 28.1 billion Nm^3 in 2015. The small fields in which EBN participates produced 22.4 billion Nm^3 (2014: 24 billion Nm^3).

The gas stocks produced during the winter months from the underground gas storages Norg, Grijpskerk and Alkmaar are usually injected back into the storages during the summer months. However, in 2015 the Minister granted a one-time permission to produce 3 billion Nm^3 from the Norg gas storage. This one-time arrangement was intended to relieve the production from the Groningen field. That is why, this year, 2.2 billion Nm^3 less was injected than was produced there during the winter months. The total gas production for 2015 amounts to more than 52.5 billion Nm^3 (including one-time production from the gas storages). In 2015, EBN's share in the gas production totalled 21.8 billion Nm^3 (2014: 27.5 billion). The oil production totalled 0.42 million Sm^3 (standard cubic meter), against 0.46 million Sm^3 in 2014.

The production from small fields was higher than expected in 2015. In 2014, the production fell by 8%, in 2015 by 6.5%. The share of the small fields in the total gas production (45%) has never been this big.



Payments to the State

Reserves

In 2015, the Dutch gas reserves decreased by 44 billion Nm^3 to 840 billion Nm^3. EBN's share in these gas reserves totals 339.6 billion Nm^3.

Oil and gas portfolio

The Netherlands has a significant potential of small (oil and) gas fields, both offshore and onshore.
In total, EBN participates in the production of gas (and to a lesser extent of oil) from approximately 240 small Dutch fields. 2015 was a successful year for field development: 12 new fields were taken into production. The new fields are the result of exploration efforts in recent years.

Seismic surveys

No seismic shootings were performed in the Netherlands in 2015.

Investments and divestments

The investments in production and storage licences fell by 27% from EUR 765 million in 2014 to EUR 564 million in 2015. This development is a cause for concern: It is important to continue to develop fields and to add new reserves to maintain production at a reasonable level. Without sufficient investment, gas production from small fields will diminish considerably. Given the fact that EBN in 2014 still made significant investments in gas storage but a lot less in 2015, the reduction of the investment level excluding gas storage is smaller: 7%. This downward trend seems to be persisting in 2016.

Sales

Gas and gas storage capacity

In 2015, the lower gas price had a big impact on our sales figures. Because of the mild winters of the past two years, the gas prices in 2015 were approximately 10% lower than in 2014: on average 19.7 EUR/MWh. The prices on the Title Transfer Facility (TTF), a virtual market for gas in northwest Europe, peaked in February at over 24.2 EUR/MWh, but fell during the remainder of the year. On the last trading day of 2015, the price was at that year's low of 14.5 EUR/MWh.

In line with the market, the weighted average realised sales price for the EBN gas portfolio came to 20.8 EUR/MWh, 10% lower than in 2014. Total sales fell by 21% to over 21 billion Nm^3. Apart from a reduced demand for gas, this was mainly caused by the production restrictions on the Groningen field and the declining production from small fields (-6.5%).

In September 2015, gas storage capacity from the Bergermeer underground gas storage was again auctioned off. The volume auctioned was 5 TWh (0.5 billion Nm^3). For this volume auctioned a preliminary sales price was set between 1.8 and 1.9 EUR/MWh.

Oil, condensate and LPG

The price of crude oil increased slightly at the beginning of May (EUR 59 per barrel), but after that it gradually fell to the annual low of EUR 33 per barrel. This is mainly due to the excess supply on the global market and the disappointing demand from Asia. The average price for a barrel of Dated Brent was EUR 47 in 2015, about 36% less than the previous year.

The weighted average realised sales price for our oil, condensate and LPG portfolio came to over EUR 45 per barrel, which is 39% less than in 2014. The difference with the price of a barrel of Dated Brent is due to a high share of condensate in the total sales. This product is usually sold at a reduced price. Total sales of oil and condensate in 2015 came to over 4 million barrels, 5% less than in 2014. This decrease in oil sales by the inclusion of the Schoonebeek oil field was not compensated by additional sales from condensate-rich gas fields.

Financial result

The annual sales for 2015 fell by 28% to EUR 4.7 billion, compared with EUR 6.6 billion in 2014. The decline in sales was mainly caused by lower gas sales (22%) and lower prices (9%). The realised sales prices for oil and condensate were also lower than in 2014.

The net profit amounted to EUR 0.5 billion. Operational costs amounted to EUR 1.4 billion (2014: EUR 1,1 billion). Depreciations, including impairments, amounted to EUR 1.2 billion (2014: 0.6 billion). Total payments to the Dutch State, including levies, amounted to EUR 2.1 billion (2014: EUR 4.9 billion).

The fact that the financial results are fully paid to the shareholder each year, annually results in a low numerical solvency ratio. On the other hand, there are significant and robust annual positive cash flows from the business activities that are higher than the investment expenditures. As a result, every year, and as expected in 2016 too, EBN has generated a significant free cash flow, resulting in solvency on the balance sheet date being considered excellent. This is also expressed in the long-term credit ratings, being Aaa at Moody's and AA+ at Standard & Poor's.

The balance of cash and cash equivalents at 31 December 2015 was EUR 661 million (2014: 126 million). Because of this position and due to the significant free cash flows that are also expected for 2016, EBN is able to comfortably meet its outstanding current financial obligations.

A payment of CHF 350 million (EUR 323 million) must be made on a non-current loan in October

2016. This is included under current liabilities. We expect to be able to make this repayment in 2016 in full from the free cash flow, without requiring refinancing with a new non-current loan. EBN has a commercial paper programme of EUR 2 billion. EBN also has a committed revolving credit line with three renowned banks, which allows EBN to withdraw up to EUR 400 million for general business purposes. Neither facility had been used at year-end 2015. Because of this, the liquidity position is excellent, which is also expressed in the short-term credit ratings, being P-1 at Moody's and A-1+ at Standard & Poor's.

Sustainability

The report about EBN's non-financial performances will be developed further in 2016. We classify the significant indicators that were selected with the materiality analysis under a number of themes. Subsequently, for each theme we will formulate relevant goals that will steer the various indicators, in part generically and in part specifically. This all will result in a proposal for a sustainability plan for the industry. We will discuss the selected themes and the associated goals with our stakeholders: Our goal is to align EBN's sustainability plan with the expectations of our stakeholders.

We will also continue to report on our progress through the Operational Performance Indicators (OPI) document. This document tracks the industry's performance indicators in the area of sustainability. The OPI report is published every summer and can be found on EBN's website. For the sake of completeness, please, find below an overview of the most important OPIs for 2014.

More information

For an overview of the most important issues for EBN and its chain partners and the associated GRI indicators, we refer you to the GRI-table on our website at https://www.ebn.nl/ebn-publicaties/overige-publicaties/

Operational performance indicators	**2014**	**2013**
energy consumption	20,2 PJ	20,3 PJ
energy efficiency improvement (result vs. goal)	8,9 vs 15,1 %	6,3 vs 15,1 %
energy use as percentage of the energetic hydrocarbon production	2,26%	1,90%
CO_2 emissions	814 Kton	787 Kton
methane emissions	5,7 Kton	5,8 Kton
production water discharges	3,4 mln m^3	3,2 mln m^3
number of incidental discharges	36	16
volume of incidental discharges	6,2 ton	2,0 ton
fatal accidents	0	2
industrial accidents leeding to absenteeism	22	20
industrial accidents not leading to absenteeism	24	19

3.7 The people of EBN

EBN is facing new challenges. Technological advances, developments in the E&P market and our social function all contribute to a challenging environment for employees working in all the disciplines. We can see this reflected in inspiring projects, thorough analyses, innovative ideas and a big commitment of the employees. EBN continues to motivate them as much as possible. We do this, for example, by organizing work in project teams, coordinating goals clearly, and focusing on our mission and strategy.

Where possible, EBN offers its employees opportunities for growth, both in terms of content and in terms of their position within the organisation. The results of an employee satisfaction survey (Great Place to Work) show that this is appreciated: satisfaction increased by 13% to 84% compared with the same survey in 2013.

Training and development

In an organisation that is strongly focused on working with partners, the knowledge level of its employees plays a crucial role. The development of the specialised knowledge and skills of the employees is a fixed component in the HR annual cycle and receives a lot of attention. We organise inspiring, knowledge-intensive and challenging courses and training – to suit both individual and collective needs. We also maintain a high level of knowledge development with our employees participating in or contributing to seminars and conferences. Working in project teams also promotes active sharing of knowledge. EBN occasionally seconds its employees to an operator or the Ministry of Economic Affairs for a period of three to six months. This helps our employees gain operational knowledge and develop a better understanding of the culture and interests of other stakeholders. This also contributes to their personal development. They can also share new insights and knowledge with their colleagues, with due observance of confidentiality.

Training and development occupy a prominent place in EBN's culture. It is no coincidence that EBN's core value is 'we learn continuously'. The average level of education of the employees is in line with the level of the activities and tasks they perform. 72% of our staff are academically qualified, 8% have completed higher vocational training and 20% have completed a secondary vocational training. The total number of training days in 2015 was 537, with each employee receiving on average 54 hours of training (including seminars, workshops, conferences).

Subject	Goal	Result in 2015
Total absenteeism (short-term, medium-term, long-term)	EBN strives for a total absenteeism rate (short-term, medium-term, long-term) of less than 3%.	In 2015, the absenteeism rate was 3.8%
Short-term and medium-term absenteeism	The short-term and medium-term absenteeism rate is less than 2.5%.	The short-term and medium-term absenteeism rate was 1.1% in 2015.
Staff turnover	EBN is aiming to achieve a staff turnover rate of less than 10%.	In 2015, the turnover rate was 8.75%.
Career guidance	All employees have an annual performance and development appraisal meeting.	In 2015, all employees had a performance and development appraisal meeting
Diversity	EBN strives to have a gender-balanced workforce. Thereby, EBN continues to aim for a man-woman ratio of 65/35%.	33.8% of the workforce is female

Workforce

In 2015, the number of employees increased by three to 80 (74.5 FTE). In addition, we hired 3.7 FTE employees in permanent posts. We let go of seven employees and hired 10 new employees. In 2015, the 8.75% staff turnover rate remained below the goal of the previous years (<10%). In 2015, one management position became available (in addition to the position of a director), which was filled with an internal candidate in accordance with our policy to fill such position where possible with employees from our organisation. The average age of our employees rose slightly from 42.6 to 43.2 years. The expected slight growth in turnover remained very low in 2015. Given the developments in the market and the age structure of our personnel, a slight growth is inspected in the turnover of employees for 2016.

EBN actively invests in traineeships: a three-year traineeship program helps young graduates gain wide-ranging knowledge and experience in the oil and gas industry. EBN also provides graduation assignments and internship places. In 2015, we once again created the opportunity for interns (13) to write their thesis. It is particularly important now when our industry is going through difficult times that we maintain focus on exploration and production.

Terms of employment

Our terms of employment have been drawn up in consultation with the Works Council. EBN occupies a special position within the E&P sector. EBN rewards its employees with excellent fringe benefits, such as enabling them to have a good balance between work and private life, flexible working hours, sports facilities and workplace surveys. We conclude specific performance agreements at every job level so that every employee can optimally contribute to EBN's strategic goals and annual targets. EBN is a member of the ABP pension fund.

Absenteeism through illness

Long-term absenteeism has a big impact on a small organisation. EBN actively strives for a total absenteeism rate (short-term, medium-term, long-term) of less than 3%. This target was not reached in 2015. The absenteeism rate was 3.8%, with an average absenteeism frequency of 0.9%. The short-term and medium-term absenteeism rate was 1.1%, which was well below the target of less than 2.5%.

Career guidance

Our target with regard to career guidance is to hold a performance and development appraisal meeting with each and every employee. This target was reached. Employees with a long-term illness and employees who were hired in the last quarter are not included in this measurement.

Diversity

EBN strives to have a diverse and gender-balanced workforce. In total, 33.8% of our employees are female. Of the employees from grade 10 upwards and/or in a management position, 21.3% are female. As at the end of 2015, there were no women in the Executive Board or the Supervisory Board. A female supervisory director was appointed with effect from 1 January 2016. In the coming years, EBN will con-

tinue to aim for a ratio of 65% men to 35% women. Every new job vacancy allows EBN to actively implement this goal, which it does. In the framework of the Participation Act, we hired one disabled young person in a support role. We have not yet reached the government's target of 5% of the workforce consisting of young people with an functional disability. This is due to the size of the company and the high average level of education required for most positions. EBN carefully looks at positions suitable for young people with an functional disability and, if such a person is hired, intends to give him or her the necessary support.

Employee participation

In 2015, the Works Council met four times with the director. The main points on the agenda of the first meeting were the report about gas production in Groningen by the Dutch Safety Board, the general social discussion concerning gas production and the study by ABDTOPConsult. The second meeting specifically discussed the reputation of the industry and the associated GILDE-project. The management of EBN by the Ministry of Economic Affairs was also discussed. The most important topic discussed at the third meeting was the forthcoming departure of CEO Jan Dirk Bokhoven and its consequences for EBN. His (temporary) successor was, of course, also discussed. The findings of the steering committee that looked at the implementation of the recommendations of ABDTOPConsult were also on the agenda. The last meeting in 2015 was held with interim CEO Jan Boekelman.

The Work Plan & Budget for 2016 and EBN's financial position was discussed, as well as the progress made in the hiring of two members of the Supervisory Board and the relationship between EBN and the Ministry of Economic Affairs.

Apart from these regular meetings between the director and the Works Council, two consultation meetings were held, attended by the chairman of the Supervisory Board. During the first of these meetings, the forthcoming departure of Jan Dirk Bokhoven and the procedure for hiring his successor were the main topics of discussion. It also discussed the shareholder's vision with regard to EBN and its strategy. The second meeting specifically discussed EBN's future strategy in the changing financial and social circumstances and the vision of the shareholder, Supervisory Board and the director in this regard. The progress made in the hiring of a new CEO and two new supervisory directors was also discussed.

3.8 Outlook and action plans for 2016

Exploration

In 2016, 11 exploration and appraisal wells will be commenced or drilled, nine of which will be completed in the same year.

Production

Ten production wells will be commenced or drilled, nine of which will be completed in 2016.

Technical plans

In 2016, the technical plans will also focus on stimulating new exploration and supporting and stimulating new production technologies. In addition, extra emphasis will be placed on the improvement and integration of our database. EBN's unique data position and its knowledge of the subsurface that such a position creates can be used to ensure the optimal and sustainable use of the subsurface in a broader sense.

In 2016, our main projects will be:

- The Exploration Motor: continuing the study into the exploration potential in less studied areas, such as the offshore DEFAB and GM blocks;
- Sharing knowledge of geo-drilling events: in 2016, an information system will become operational. Operators will be able to use this system to efficiently generate an overview of geo-drilling events that help with designing a new well. Geo-drilling events are incidents with a geological cause that have led to a delay in the drilling process and which could possibly have resulted in a dangerous situation (geo hazard). Examples are formations with a high drilling resistance or rock with abnormally high pore pressures.

Investment climate

In the Energy Report, the Minister of Economic Affairs has pointed out the importance of the use of the remaining gas reserves. A stable and attractive investment climate and more effective production methods will contribute to the continued success of the small field policy.

‘Public interest, private effectiveness’

Peter de Vries is Treasurer at EBN: 'The position of EBN in the joint ventures offers a good combination of safeguarding public interest and private effectiveness. From this position, we strive for maximum financial returns for Dutch society in a safe and responsible manner, without the State itself having to invest and finance.'

On behalf of the State, EBN directly participates in the exploration and production of gas and oil from the Dutch subsurface. Why is this the case? Peter de Vries explains this: 'We want to ensure that the Netherlands derives maximum financial benefit from the Dutch gas and oil resources. The Dutch government generates a large part of the gas income through EBN, in addition to tax gains from the licence holder. The income EBN generates are paid in full to the State via dividends, taxes and levies.

About half of the total Dutch gas earnings from small fields and Groningen goes via EBN.' Peter de Vries: 'With the EBN-participation and by tax assessments, Dutch society ultimately receives 67% of the total gross profit from the gas production from small fields in the Netherlands. Without EBN's participation, and thus only by tax assessments, this would be – with the current tax rates on E&P activities – no more than 45%.

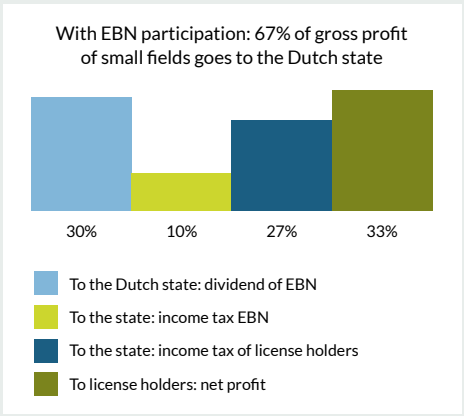
EBN usually participates for 40% in the exploration and production of gas and oil. For the licence holders who explore and develop gas and oil in the Netherlands, this means that they work with a stable, reliable party with financial power. EBN then takes 40% of the investments for its own account and the licence holders will therefore not have to supply this part of the financial outlay. EBN's participation often also offers a welcome spreading of the risk. For example, if no gas is found during an exploration drilling, the costs are shared with us. On the other hand, if gas is found, then 40% of the gas (or the earnings from such) are, of course, for EBN – and ultimately for the State.

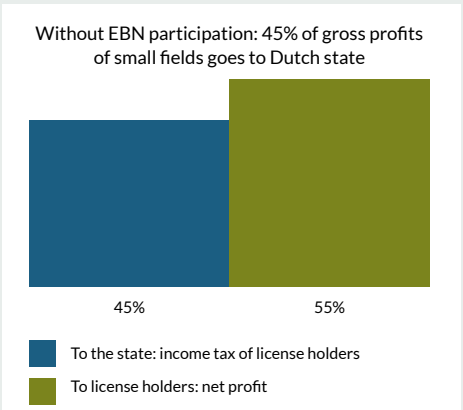
EBN's annual investments are very significant. However, the State itself does not have to borrow anything. EBN finances its activities independently on the capital market, mainly through the issue of bond loans. The confidence of the capital market in EBN is high, we are a creditworthy party. This is also emphasised in our credit ratings from credit rating agencies Moody's and Standard & Poor's. The loans that EBN concludes do not increase the national debt nor do they put pressure the national budget.

Peter de Vries

Treasurer

As a result, investment decisions can be made on the basis of business risk-return considerations. EBN uses efficiency requirements for all investments, which are comparable in height with the requirements other commercial market parties impose on these activities. An optimal financial return is always one of EBN's objectives. 'In my work I deal on a daily basis with adding value for the Netherlands; that is very motivating', says Peter, 'With the money the Dutch government receives in this manner we can do good things in the Netherlands.'





***Bas Bakker,** Executive Director Senior Relationship Banking at Rabobank*

'A shared ambition'

As a cooperative and socially oriented financial provider, Rabobank shares the ambition with EBN to contribute in a professional manner to an efficient, sustainable and safe energy infrastructure in the Netherlands. EBN is a perfect example of a successful and long-term public-private joint venture between the State and the industry which makes a substantial contribution to the prosperity and the energy supply security in the Netherlands.

EBN realises this, for example, by working to maintain the added value of gas production for the Netherlands and creating a healthy investment climate, including the expertise that is required for this. This successful model could be a good example for other relevant technologies and markets in the context of the continuing Dutch energy transition. The model safeguards a balanced distribution of socialisation of risks and the privatisation of profits.

Report by the Supervisory Board

4.1 General

The Supervisory Board has the job of supervising the policy of the Executive Board and the general state of affairs within EBN. In this report, the Supervisory Board explains how it has implemented its methods of supervision and advised the Executive Board.

On the basis of the state participation memorandum, EBN applies the Corporate Governance Code where relevant. EBN endorses the code's principle that transparency towards stakeholders is crucial, and applied the principles of the code where possible and relevant. EBN thus follows the government policy for state participations. The section on Corporate Governance and Risk Management in this annual report addresses the application of the Corporate Governance Code in more detail.

4.2 Composition of the Supervisory Board

A number of changes were made to the composition of the Supervisory Board in 2015.

As of 3 February 2015, the Minister of Economic Affairs has appointed Mr Weck as proposed by the Supervisory Board. Mr Weck, as usual, has been appointed for a period of four years. Mr Weck worked at various ministries (as director-general of the Civil Service, director-general of Telecommunications and Post, director-general of Aviation, and deputy secretary-general of the Ministry of Economic Affairs).

During the General Shareholders' Meeting of 16 April 2015, Mr Zwitserloot stepped down due to an unforeseen conflict of his commissionership at EBN with another commissionership. Since 18 April 2013, Mr Zwitserloot was connected to the company as member of the Supervisory Board, as a member of the Audit Committee and as chairman of the Remuneration Committee/Selection and Appointment Committee. With his knowledge and experience of the oil and gas industry, Mr Zwitserloot made a large contribution to the functioning of the Supervisory

Retirement schedule	DATE OF FIRST APPOINTMENT	YEAR OF 1ST REAPPOINTMENT	YEAR OF 2ND REAPPOINTMENT	END OF TERM
Mr. H.M.C.M. van Oorschot	1 January 2006	2010	2015	2018
Drs. A.H.P. Gratama van Andel	1 January 2006	2009	2013	2017
Ir. R.G.M. Zwitserloot	18 April 2013	-	-	16 April 2015
Mr J.W. Weck	3 February 2015	-	-	2019
Prof. Mr. E.M. Kneppers-Heijnert	1 January 2016	-	-	2020
Ir. J.G. Huijskes	1 January 2016	-	-	2020

Board. The Supervisory Board and the Executive Board are very grateful to Mr Zwitserloot for his involvement in the company and the way in which he performed his commissionership.

In connection with the departure of Mr Zwitserloot, the shareholder has asked the Supervisory Board to update the profile from 2006 so that the position can be filled based on that. In consultation with the shareholder and EBN, the Supervisory Board has prepared a profile sketch which was approved by the shareholder at the end of June 2015 in accordance with EBN's Articles of Association. With the revision of the profile, the size of the Supervisory Board was also discussed and this has led to a profile sketch with five profiles, two of which are vacancies (an 'oil and gas industry' profile and an 'HRM/communication' profile). The profile sketch is also published on EBN's website: https://www.ebn.nl/ebn-over/rvc/.

The profile sketch indicates the required characteristics of the individual members and the collective Supervisory Board. The Supervisory Board must be composed in such a way that the members can operate independently and critically in relation to each other, the Executive Board and each partial interest. In composing the Supervisory Board, account is taken of the nature of EBN's activities, its mission and objectives, the Supervisory Board's terms of reference and the expertise of the other Supervisory Board members.

In late 2015, the Supervisory Board made a nomination for the two vacancies that arose. Starting on 1 January 2016, the General Shareholders' Meeting appointed Mrs Kneppers-Heijnert and Mr Huijskes as supervisory directors. Mrs Kneppers-Heijnert is a professor of business studies at the University of Groningen and was a member of the Dutch Senate (Eerste Kamer) for the VVD. Mrs Kneppers-Heijnert was nominated for the 'HRM/communication' profile. Mr Huijskes works at OMV, an oil and gas company with Austria as its home base, and previously worked at Shell. Mr Huijskes was nominated for the 'knowledge of the oil and gas industry' profile.
The chairman of the Supervisory Board, Mr Van Oorschot, is the primary contact person for EBN's Executive Board. The entire Supervisory Board has a joint responsibility. All members of the Supervisory Board are also members of the Audit Committee and the Remuneration Committee/Selection and Appointment Committee. The table below shows the memberships and chairmanships of the Supervisory Board and the committees In 2015, all commissioners were frequently present at the meetings of the Supervisory Board.

	SUPERVISORY BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE/ SELECTION AND APPOINTMENT COMMITTEE
Mr. H.M.C.M. van Oorschot	Chairman	Member	Member
Drs. A.H.P. Gratama van Andel	Member	Chairman	Member
Mr. J.W. Weck	Member	Member	Chairman
Prof. Mr. E.M. Kneppers-Heijnert	Member	Member	Member
Ir. J.G. Huijskes	Member	Member	Member

The members of the Supervisory Board do not maintain any other business relationships with the company. The Supervisory Board has not noted any conflict of interest between the company and the members of the Supervisory Board. The Supervisory Board meets the independence criteria as referred to in the Corporate Governance Code.

The personal details, the current ancillary functions of the members of the Supervisory Board and the retirement schedule are published on the company's website, under Corporate Governance - Supervisory Board (https://www.ebn.nl/ebn-over/rvc/). The current retirement schedule is listed above.

4.3 Composition of the Executive Board

On 1 November 2015, Jan Dirk Bokhoven stepped down from his role as chairman of the Executive Board. Mr Bokhoven joined EBN in 2001 and worked as its CEO for eight years. The Supervisory Board thanks Mr Bokhoven for his contribution to the professional and decisive organisation EBN has become. From 1 November 2015, the Supervisory Board has appointed Jan Boekelman as acting CEO. The Supervisory Board was informed about the further division of the work of Mr Bokhoven over the three members of the Executive Board, including Mr Boekelman as acting CEO.

MEMBER OF THE EXECUTIVE BOARD	AGE	TASK	APPOINTMENT TERM	ADDITIONAL JOBS
J.W. van Hoogstraten	51	CEO	1 March 2016- 1 March 2020	Member of the Supervisory Board of GasTerra B.V. Member of the Board of Delegated Commissioners of GasTerra B.V. Member of the Advisory Board of Clingendael International Energy Programme Member of the Supervisory Committee of Energy Academy Europe
A.J. Boekelman	56	Finance Director, acting CEO	From 2011 1 November 2015 – 1 March 2016	Chairman Audit Committee GasTerra B.V. Executive Board member of the World Economic Council Treasurer of the Board of the Chimbo Foundation Member of the Executive Board of Cappella Amsterdam
B.C. Scheffers	52	Technology Director	From 2011	Member of the Board of the TKI Gas Foundation Member of the Supervisory Board of Stichting Delft Aardwarmte Project Member of the Advisory Board of TNO Energy Member of the Social Advisory Board of earth sciences studies at the University of Utrecht Member of the Strategic Advisory Board of the Energy Academy Europe
T.W. Starink	56	Asset Management Director	From 2011	Member of the KVGN Executive Board
J.D. Bokhoven	58	CEO	2007- 1 November 2015	/

The Executive Board regulation has been amended in some parts due to the resignation of the chairman. The Supervisory Board has approved this amended regulation.

In consultation with the shareholder, the Supervisory Board has started a procedure to recruit a successor. This resulted in the appointment of Jan Willem van Hoogstraten as CEO on 1 March 2016.

In the Corporate Governance section of this annual report, the composition and division of tasks of the Executive Board or the team of directors will be addressed in more detail.

4.4 Meetings of the Supervisory Board

The Supervisory Board met four times in 2015. In addition to the Supervisory Board, members of EBN's team of directors also attended. The external accountant was also present at the first meeting. That was the meeting at which the financial statements and the external accountant's annual report regarding the administrative organisation and internal auditing were discussed.

In 2015, the Supervisory Board attended one consultation meeting with the Executive Board and the Works Council. In addition to this consultation meeting, there were various contacts with the Works Council, among other things about the resignation of Mr Bokhoven and the profile for a new director.

In 2015, the chairman of the Supervisory Board and the chairman of the team of directors held a strategic meeting with the director-general of Energy, Telecom and Competition, and other Ministry employees. The strategic discussions focused on exchanging and aligning information about strategic issues and developments in the field of energy policy in general. The (policy) goals and priorities of the Ministry and EBN for the coming year were also discussed at this meeting. The Supervisory Board attaches great value to a good relationship with the Ministry, and the informal visits to the Ministry are important to maintaining a good relationship.

4.5 Approvals by the Supervisory Board

In March, the Supervisory Board accepted the positive advice from the Audit Committee about the 2015 financial statement, and advised the shareholder to accept the 2015 financial statement and to grant discharge to the Executive Board for the policy and the supervision that was conducted.

The Supervisory Board approved all the relevant decisions of the Executive Board, including two budget increases of Wintershall for the development of the L6-B gas field and a change in EBN's procurement scheme. The amended procuration regulation was filed with the Chamber of Commerce after approval.

In the last meeting of 2015, the Supervisory Board approved the work plan and budget for 2016 for EBN and EBN Capital B.V. and the associated financing plan.

4.6 Cooperation between EBN and the Ministry of Economic Affairs

In 2014, the Minister of Economic Affairs had research conducted into the future of the governance of the Gasgebouw and EBN by ABDTOPConsult. In October 2014, the Minister sent the ABDTOPConsult report with a cover letter to the House of Representatives.

As far as EBN is concerned, one of ABDTOPConsult's conclusions was that it fulfils a useful role. The participation with shared risk by the State, for example, is an incentive for oil and gas companies to exploit small fields. ABDTOPConsult is, however, of the opinion that EBN should take more account in its activities of the fact that it is a policy participation and an instrument for carrying out government policy. ABDTOPConsult advises the Ministry to make better use of the existing possibilities for steering EBN.

The Ministry subsequently started a project to implement the recommendations. EBN took part in the project group that was established for that purpose.

The Supervisory Board noted with interest the conclusions and recommendations of the project group, and participated in the steering committee of this project via the chairman of the Supervisory Board. In the meetings of the Supervisory Board, EBN has informed the Supervisory Board about the progress in this project group and about the cooperation with the Ministry of Economic Affairs in general. The Supervisory Board itself is also in direct contact with employees of the Ministry.

The project group completed its final report in April 2015. The conclusions and recommendations were

established together and focus, among other things, on the importance of a proper meeting structure and proactive information exchange, each from its own role. An evaluation of the cooperation will take place in 2016.

4.7 Strategy of EBN

In late 2015, the Executive Board met with the Supervisory Board to further review the long-term strategy. By the end of the year, a start was made to revise EBN's strategy. It is expected that the revision will be completed in the coming months.

4.8 Financing

In 2015, EBN concluded a long-term financing agreement (a stand-by facility agreement with three banks) at the request of rating agencies. The Supervisory Board approved this. This transaction was not part of EBN's financing plan, so a request for approval was submitted for this.

4.9 Relevant developments

On the basis of quarterly reports, the Executive Board informed the Supervisory Board about the relevant developments within EBN. These quarterly reports are distributed in advance of the quarterly meetings. In these meetings, the Supervisory Board pays attention to at least social developments, the production of gas, oil and condensate in the relevant quarter, the recent price developments and the development of the turnover and net profits. In its quarterly reports, EBN also gives an overview of investment levels. And the quarterly reports also deal with the developments in EBN's joint ventures.

In 2015, the energy policy and its future amendments were also discussed regularly. The House of Representatives regularly discusses the energy policy and sustainability. After the Energy Agreement, the advice of the Council for the Environment and Infrastructure (RLI) for reaching a fully sustainable energy supply by 2050 was published. The advice of RLI is a cornerstone for the Energy Report, which reflects the vision of the government on the energy supply in the Netherlands with attention for specific issues and dilemmas during a transition to a fully sustainable energy supply by 2050.

Another theme that is regularly discussed in the Supervisory Board is the decreasing support in society for gas production and the role of various players. This is also a regularly recurring subject in talks between the Ministry of Economic Affairs and EBN. A number of issues are explained in further detail below.

4.9.1 Earthquakes in Groningen

In all the meetings in 2015, the Supervisory Board was informed about the developments in Groningen, including recent earthquakes, damage reports and damage settlements by NAM, and the preparations for the 2016 production plan. The government decision to adjust the maximum allowable production from the Groningen field was addressed, as well as a 'study of a different approach to gas production'. In this study, the Ministry investigated whether it was possible to come to a so-called reversal of the gas system whereby as much gas as possible from sources other than the Groningen field is used to meet the demand for low-calorific gas.

Mr Dessens was present at the meetings in September and December of 2015. Mr Dessens is the chairman of the Supervisory Board and chairman of the Board of Delegated Supervisory Directors of GasTerra. In the September meeting, the outline memorandum of GasTerra was discussed, and in the December meeting GasTerra's business plan for 2015 was discussed. In both meetings, Mr Dessens gave a detailed explanation and answered questions from the Supervisory Board.

4.9.2. Schoonebeek

The production from this oil field was also less positive than expected in 2015. The Supervisory Board took note of a number of technical problems (leaks in a pipeline that serves to drain water) and of NAM's proposed approach for solving these problems.

4.9.3 Evaluation of the Executive Board and self-evaluation

In 2015, the Supervisory Board discussed the functioning of the Executive Board. At least once a year and without the presence of EBN's Executive Board, the Supervisory Board discusses its own functioning, the relationship to the Executive Board and the composition and assessment of the Executive Board. In this meeting, the training of new commissioners as well as the training need of the current commissioners is discussed. This self-evaluation took place in the first half of 2015, by means of anonymous surveys.

4.9.4 Meetings of the Audit Committee

The tasks and methods of the Audit Committee are set out in the Supervisory Board's regulations for the Audit Committee. The Audit Committee's tasks include supervising, auditing and advising the Executive Board on the functioning of internal risk management and control systems and supervising the company's disclosure.

The Audit Committee met twice in 2015. In addition to the members of the Audit Committee, the chairman of the Executive Board and the Finance Director also attended these meetings.

In the first meeting, the Audit Committee reviewed, amongst other issues, the annual report, the financial statements and the auditor's report for 2014. In connection with the auditor's report for 2014, the external auditor from EY also attended this meeting. The auditor's report was discussed at length with the auditor. After discussing the financial statements and the annual report, the Audit Committee advised the Supervisory Board to approve the annual report for 2014.

In the first meeting, the Audit Committee also discussed the financial statements of EBN Capital. The results of this company are consolidated in the EBN financial statement. In addition, EBN's dividend policy and the internal audit plan for 2015 were discussed. In 2014, audits were carried out in the following areas: gas to cash process, asset (NOV) management cycle, and management of external projects by the technical department. The results

of the audits were discussed. In 2015, the following audits were conducted: performance management, the payment process and the ICT system security.

In the second meeting of 2015, the Audit Committee focused on the following issues: the evaluation of the external accountant, the procurement process for an accountant from financial year 2016, the dividend policy, the post investment review carried out by EBN and the weighted average cost of capital (WACC). The assessment by the accountant was positive, whereby in addition to the statutory activities the joint-venture audits were also assessed by the accountant. The assessment was subsequently also discussed with the shareholder's representatives.

On the basis of the post investment review, the Audit Committee gained insight into the realised value of a number of selected projects regarding the expected value at the time of the investment decisions. The value of the portfolio is to a large extent determined by the factors price and volume, which EBN cannot influence. In its contact with the operators, EBN focuses on limiting the CAPEX/the height of the investments and the prevention of cost exceedances. The post investment review is repeated annually, and as a result provides insight into the profitability of EBN's portfolio.

Finally, the Audit Committee discussed the WACC (weighted average cost of capital) in the second meeting. For determining the economic value of investment projects, EBN uses a return requirement that is based on the WACC. The WACC is determined annually and the result thereof is discussed with the Audit Committee.

Contracting of accountant

Given the fact that the contract was given to the accountant through the 2015 financial year, EBN carried out a European procurement procedure for the selection of a new accountant. The Audit Committee was informed about the start of this procedure at the September meeting. After interviews and presentations, EBN presented its preferred candidate via the chairman of the Audit Committee. The Supervisory Board has accepted this candidate and subsequently submitted a nomination to the shareholder, after which the shareholder has given PricewaterhouseCoopers Accountants N.V. the contract to carry out the audit of EBN's financial statement for the financial years 2016-2019 with a renewal option of one year. The Supervisory Board thanks EY for the work in the past years. The contacts with EY were always courteous and professional. The Audit Committee specifically thanks EY for the explanation of the audit of the financial statement in the meetings of the Audit Committees. Also thanks to the keen observations of EY and the in-depth knowledge of the oil and gas industry, EBN has improved many aspects of its operations.

EBN's credit rating

In 2015, EBN informed the Supervisory Board about the credit rating of EBN by Moody's and Standard & Poor's. Moody's set EBN's credit rating at Aaa/P-1 on 20 July 2015, and Standard & Poor's at AA+/A-1 on 30 June 2015, both with a 'stable' outlook.

Declaration of the Executive Board

The Supervisory Board asked the Executive Board to provide the Supervisory Board with a declaration for 2015 to support the usual reports to the

Executive Board. The Executive Board issued that declaration, which serves to support provision III.1.8 of the Corporate Governance Code. In accordance with this provision, the Supervisory Board discussed the following issues with the Executive Board: the company's strategy and primary risks and the results of the Executive Board's evaluation of the structure and functioning of the internal risk management and control systems. The primary risks were discussed in the first meeting of the Audit Committee on the basis of a strategic risk analysis. This issue is discussed in more detail in the section Corporate Governance and Risk Management.

4.10 Meetings of the Remuneration Committee/Selection and Appointment Committee

The tasks and methods of the Remuneration Committee/Selection and Appointment Committee are set out in the "Supervisory Board's regulations for the Remuneration Committee/Selection and Appointment Committee'. This committee's tasks include presenting proposals to the Supervisory Board for the remuneration policy to be implemented by the Executive Board – to be established by the Annual General Meeting of Shareholders, proposing the remuneration of the Executive Board and compiling a remuneration report.

The Remuneration Committee/Selection and Appointment Committee met three times in 2015. The committee has discussed and adopted the realised EBN-targets over the year 2014. The committee also discussed the Executive Board's functioning and set the short-term variable remuneration for the Executive Board for 2014.

Remuneration policy for 2015

In 2007, the Annual General Meeting of Shareholders appointed Mr Bokhoven as the chairman of EBN's Executive Board. From 2011 until November 2015, Mr Bokhoven was EBN's sole statutory director. The nomination for appointment was made by the Supervisory Board. On the basis of EBN's Articles of Association, the Annual General Meeting of Shareholders sets the remuneration policy, and the Supervisory Board subsequently sets the remuneration and further terms of employment. After due consideration, and taking account of the discussions held, the Supervisory Board set the remuneration. The Supervisory Board determines any annual increase in remuneration.

Also on request of the shareholder and as a result of developments in the policy regarding state owned companies, the Supervisory Board in 2015 had an intensive discussion on the future remuneration policy. The setting of the remuneration policy by the shareholder took place in the first half of 2016. This will be reported in the 2016 annual report.
The situation in 2015 is described below.

Remuneration structure in 2015

The remuneration of the Executive Board is structured as follows:

- A fixed part;
- A variable part, depending on long-term, short-term and personal goals;
- The employer's pension contribution.

No shares, options or other share-based remuneration components were granted to the Executive Board.

Variable remuneration in 2015

The variable remuneration of the Executive Board consists of two parts: annual variable remuneration depending on achieving the goals set for that year and long-term variable remuneration paid every three years on the basis of achieving goals set for that period. The goals are agreed by the Supervisory Board and the Executive Board at the beginning of the year or 3-year period concerned, after it has been discussed by the Remuneration Committee/ Selection and Appointment Committee.

The variable remuneration of the Executive Board is dependent on achieving goals in the short term (added economic value, exploration and realised projects, achieved production level of small fields, budget and wellbeing of employees and a number of specific personal goals) and the long term (activity level, cost development, development of the organisation). The maximum variable remuneration amounts to 30% or 15%, respectively, of the basic annual remuneration. Payment of the variable remuneration takes place after the Annual General Meeting of Shareholders has adopted the financial statements for the year applicable to the goals.

Remuneration in 2015

The remuneration of the Executive Board is given on page 130 of the financial statement, under other information of the company financial statements.

4.11 Financial statements

The Supervisory Board reviewed the annual report, the financial statements and the report by the auditors EY. The Supervisory Board can accept these and recommends that the General Meeting of Shareholders should adopt the financial statements accordingly. The Supervisory Board advises the Annual General Meeting of Shareholders to discharge the executive board of responsibility in respect of the policy it has implemented and the Supervisory Board of responsibility in respect of its supervision.

Supervisory Board, Utrecht, 17 March 2016

Mr H.M.C.M. van Oorschot (chairman)
Mr A.H.P. Gratama van Andel
Mr J. Huijskes
Mrs E.M. Kneppers-Heijnert
Mr J.W. Weck

‘It is motivating to work on our public task’

For the exploration and production of gas in the Netherlands, EBN works closely with oil companies. As a so-called non-operator, EBN invests with an interest of generally 40%, and EBN uses its knowledge of the deep subsurface and production techniques for the joint ventures it enters into.

Eric van Ewijk is one of the three Asset Managers at EBN. Together with fellow asset managers, he is responsible for encouraging and managing the operators EBN works with. He does this by means of non-operated-venture (NOV) management. Eric van Ewijk explains: 'In the Netherlands, we have stocks of oil and especially gas. These stocks belong to Dutch society. EBN was established in order to ensure that all the Dutch people profit from the production of these minerals. We invest with them and in this way we generate income for the Dutch State. We believe it is important to achieve the maximum for Dutch society, in a responsible and safe manner. Thus through NOV-management, we try to manage our participations in a safe, sustainable and economically responsible manner.' For this Eric has a multidisciplinary team at his disposal, which includes business controllers, earth scientists, reservoir & facility engineers and attorneys.

EBN currently works together with fourteen operators. Each year, a number of operators is reviewed for updating the NOV-management. 'We look at their strengths and weaknesses. Where can we use this operator as an example for others, and what are the points of improvement? Based on our many analyses, we determine where we can help and where we must focus our attention on in the future. What should the operator work on?' This is followed by an action plan with key issues. The analysis results and our conclusions are shared with the operator. 'For example, sometimes it seems that one operator has higher costs than other operators. We look at how these costs can be reduced.'

When carrying out the NOV-management, EBN uses its unique helicopter view of the E&P sector. "We invest in almost all exploration and production of oil and gas in the Netherlands. Operators have their licence area in which they perform studies, explore and produce. They are often not very familiar with what falls outside that area, that is where the competitor is. But we do have this information.' Within the possibilities of the agreed confidentiality, EBN distributes a lot of knowledge about the Dutch subsurface. 'We carry out regional studies whereby we use our knowledge to outline a comprehensive picture of a large area. This can give an operator new ideas.' In this way, EBN encourages exploration in the Netherlands.

EBN also shares ideas in other areas to encourage operators. If an operator with a very small platform manages to develop a field in a cheaper manner, EBN encourages other operators in comparable situations

Eric van Ewijk

Asset Manager

to think about this as well. In 2015, EBN organised a two-day workshop themed 'low cost development & maintenance'. EBN brought suppliers and operators together to think about efficiency and economic designs.

Eric van Ewijk believes that it is very important that EBN and the operators actively work on continuing to develop the Dutch subsurface in a responsible and sustainable manner: 'I believe that it must be possible to restore trust and support for gas production. We can then profit from our energy resources in the energy transition, not only EBN and its partners but especially the Dutch citizens. It is motivating to also work on EBN's public task. You are part of the community and you must therefore also give something back.'

***Ruud Bos**, managing director at ENGIE E&P Nederland B.V.*

'A valuable partner'

Since the first production in 1975 from the L10-A platform, ENGIE E&P Nederland B.V. has worked intensively with EBN as a non-operated partner. We believe EBN is a valuable partner that contributes constructively in the exploration and development of new fields. EBN plays an active role during the exploration phase of a licence as well as during the production phase in order to operate our platforms as safe and efficient as possible. This way, we as an operator and EBN as a partner, ensure together that we find and produce as many reserves as possible in a safe and efficient manner. For this purpose, we have intensive and structural discussions with EBN, whereby EBN's input with the versatile knowledge of NOV management provides a positive contribution to the optimisation of our activities. EBN is a full partner, with whom we determine our strategy to find, develop, produce and operate our gas and oil fields as well as possible.

Corporate Governance

Shareholder

General

EBN is a private company with limited liability with the Dutch State as it sole shareholder. Management of the shares is in the hands of the Ministry of Economic Affairs. EBN is also a policy participation; shareholder status and the role of policymaker are vested in the same ministry.

EBN's authorised capital is EUR 128,137,500 and is divided into 284,750 ordinary shares with a nominal value of EUR 450 per share.

The shareholder appoints the director of the Executive Board and the members of the Supervisory Board of EBN. The shareholder appoints the Executive Board on the basis of a recommendation by the Supervisory Board. The Minister of Economic Affairs has to approve that recommendation beforehand. The shareholder appoints a Supervisory Director on the basis of a recommendation by the Supervisory Board. The shareholder appoints a chairman from the members of the Supervisory Board.

EBN's Articles of Association also state that the Executive Board requires prior approval by the Supervisory Board or the shareholder for certain decisions. Concerning the approval of the Supervisory Board, please refer to page 60. The shareholder's approval is required for the following:

- entering into or terminating any sustainable collaboration or investment with a value exceeding EUR 200 million
- closing the business, or winding up the company or a subsidiary or important division of the business;
- decisions by the Executive Board about a major change to the identity or character of the company, including acceptance or divestment of a substantial participation in the capital of another company and the transfer of the business to a third party;
- exercising the voting right on shares in a subsidiary.

Shareholders' meeting

The annual shareholders' meeting was held in April 2015. The chairman of the Executive Board, the Finance Director and the full Supervisory Board attended this shareholders' meeting.

At least the following topics are on the agenda of the annual shareholders' meeting:

- Review of the written annual report by the Executive Board on issues concerning the company and its management;
- Adoption of the financial statements and determination of the profit appropriation;
- Discharging the Executive Board of its responsibility for its management over the past financial year;
- Discharging the Supervisory Board of its responsibility for supervision over the past financial year.

These topics were discussed during the shareholders' meeting. The financial statements were adopted and the Executive Board and the Supervisory Board were discharged of their responsibility.

Informal consultation

In addition to the shareholders' meeting, the ministry also regularly conferred informally with EBN's Finance Director: four times in 2015. The objective of this informal consultation is to provide the shareholder with all the relevant financial information the shareholder needs to exercise his authority. Providing relevant information is one of the Executive Board's obligations.

The policymaker is also regularly consulted on an informal basis. There are fixed consultation times, such as the strategic consultation, the executive consultation and the mining and gas production consultation. In these fixed consultation meetings, information is exchanged on developments within the two organisations, any changes to the energy policy and relevant developments in EBN's tasks and activities. In addition to members of the team of directors, other EBN employees also attend these meetings. The chairman of the Supervisory Board is present at the strategic consultation.

Supervisory Board

The Supervisory Board is responsible for supervising the Executive Board's policy and the general course of affairs within EBN and advises the Executive Board when necessary and desired. In turn, the Executive Board provides the Supervisory Board with all necessary and relevant information to enable it to execute its tasks and responsibilities. EBN's Articles of Association also state that the Executive Board requires prior approval by the Supervisory Board or the shareholder for certain decisions, for example when:

- Establishing and amending the operating budget and the investment and financing plan;
- Appointing proxyholders;
- Making investments and/or disinvestments;
- Conducting other legal transactions to the value of more than EUR 50 million.

Equal distribution of the seats on the Supervisory Board

The composition of the Supervisory Board was changed in 2015 by the appointment of Mr Weck as of 3 February 2015, the resignation of Mr Zwitserloot as of 16 April 2015 and the appointment of Mrs Kneppers-Heijnert and Mr Huijskes as of 1 January 2016. With the appointment of Mrs Kneppers-Heijnert, the percentage of female commissioners is 20%. As soon as a new vacancy is created that is not filled by reappointment, the Supervisory Board will take action to come to a division that aligns with Art. 2:276 of the Dutch Civil Code; this articles prescribes that the Supervisory Board consists for 30% of female commissioners. The report by the Supervisory Board can be found on page 56 of this annual report.

Executive Board

EBN's Executive Board comprises one statutory director. The Executive Board is responsible for general policy and strategy with the company's associated risk profile. The Executive Board is also responsible for achieving the company's objectives, the results achieved and the social aspects of business relevant to the company. Where necessary, the Executive Board submits decisions to the shareholder or the Supervisory Board for approval. It also ensures the proper functioning of the internal risk management and control system.

Team of directors

The Executive Board is assisted by three functional directors who, together with the statutory director, constitute the team of directors. The statutory director is chairman of the team of directors. The current team of Directors consists of: Mr Starink (Asset Management Director), Mr Scheffers (Technology Director) and Mr Boekelman (Finance Director). The organisation chart is shown on page 14.

Due to the resignation of Mr Bokhoven as statutory director as of 1 November 2015, the team of Directors temporarily consisted of three persons. In addition to his function of Finance Director, Mr Boekelman temporarily filled the position of CEO. The Supervisory Board appointed Mr Boekelman in this position as of 1 November 2015. As of 1 March 2016, at the nomination of the Supervisory Board, Jan Willem van Hoogstraten was appointed as CEO by the shareholders.

The Executive Board regulations state how the tasks are distributed among the team of directors. The team of directors functions on the basis of joint responsibility. Within that joint responsibility, the tasks are divided into functional areas. This specific task division is set down in writing. The division of tasks was temporarily changed due to the resignation of Mr Bokhoven and the appointment of Mr Boekelman as acting CEO (in the period from 1 November 2015 until 1 March 2016).

Each member of the team of directors is responsible for preparing policy matters and decisions in his or her own operational area. After decision making within the team of directors, the members of the team of directors ensure the prompt implementation of the decisions made. In principle, the team of directors meets every second week.

In the annual report, the Executive Board gives a description of the primary risks related to EBN's strategy, the structure and functioning of the internal risk management and control systems with regard to those risks, and any significant shortcomings detected in the internal risk management and control systems during the financial year. The Executive Board also indicates what significant changes were implemented and what significant improvements were proposed. For this description, please refer to page 75.

Remuneration

The shareholder determines the policy on the Executive Board's remuneration. The Supervisory Board determines the actual remuneration of the individual members of the Executive Board within the framework of that policy, including the variable remuneration. The Executive Board's remuneration is explained in the report by the Supervisory Board.

Ancillary positions of the Executive Board members

Until 1 November 2015 Mr Bokhoven was member of the Supervisory Board of GasTerra and member of the Delegate Supervisory Board of GasTerra. In addition, until 1 November 2015 he was a member of the Board of Beheer Maatschap Groningen. These jobs were taken over by Mr Starink, Asset Management Director, as of 1 November 2015. Mr Boekelman is a member of the Audit Committee of GasTerra.

Conflicts of interest

EBN endorses principle II.3 of the Corporate Governance Code (see below Application of the Corporate Governance Code') that any form or appearance of conflict of interest between the company and the Executive Board must be avoided. The Articles of Association and the Executive Board Regulations include a regulation concerning (potential) conflicts of interest between the Executive Board and the company. Any (potential) conflicting interest of material significance must be reported immediately to the chairman of the Supervisory Board. No incidences were reported by the Executive Board in 2015.

External auditor

The shareholder is responsible for appointing the external auditors, with the Supervisory Board having a right of nomination. In 2011, EY were appointed to audit the financial statements for the years 2012, 2013 and 2014. In 2015, the provisional option was lifted, whereby EY was also appointed to audit the 2015 financial statements.

In 2015, EBN followed a European procurement procedure for the selection of an accountant for the years 2016, 2017 and 2018 (with a renewal option for 2019). At the proposal of the Supervisory Board, the shareholder has appointed PWC as accountant.

Application of the Dutch Corporate Governance Code

EBN attaches great value to a good corporate governance. For this reason, EBN voluntarily subjects itself to the principles and best practice provisions of the Dutch Corporate Governance Code (insofar as these apply to EBN). EBN thus follows the policy of the government with regard to state participations and the Code. The Dutch Corporate Governance Code and information about this can be found at: http://commissiecorporategovernance.nl. An EBN report outlines for each principle and best practice provision how it implements these. This implementation report can be found at: www.ebn.nl/ebn-over/corporate-governance/

5.1 Integrity

Code of Conduct, internal complaints board and confidant

The importance we attach to transparency and clarity externally also applies within the confines of our own organisation. That is why EBN has a Code of Conduct that is accessible and applicable to all employees. This provides a guideline for making personal choices and individual decisions. We also use the Code of Conduct to test the actual conduct of our company and our employees. In the event of internal complaints, employees can approach a confidant or the complaints board. In 2015, the complaints board did not receive or deal with any complaints. The confidant had discussions with three employees in 2015. The Code of Conduct is available at: www.ebn.nl/ebn-over/corporate-governance.

Integrity and the compliance with laws and regulations in the area of competition are important issues for EBN. On the basis of the internal materiality analysis in 2014, EBN took steps to set up a system for registering employees' questions about possible competition-restrictive behaviour by EBN and/or its operators in 2015. Our plan is to introduce this system to the organisation in 2016.

In 2015, EBN formulated its General Purchasing Terms and Conditions. These are declared applicable as much as possible to the goods or services that EBN purchases itself. These General Purchasing Terms and Conditions can be found on the website under https://www.ebn.nl/ebn-publicaties/legal/. If a supplier does not act in accordance with these General Purchasing Terms and Conditions, he will be called to account about this.

Regulations protecting whistleblowers

On the basis of the regulations protecting whistleblowers, employees can report any alleged abuse to the Executive Board or the Supervisory Board. EBN amended the regulations protecting whistleblowers in 2015 so that they are more in line with the model of the Dutch Labour Foundation. The amendments to the regulations protecting whistleblowers were discussed with the Supervisory Board.

No alleged incidences of abuse were reported in 2015. The current regulations protecting whistleblowers can be found at: www.ebn.nl/ebn-over/corporate-governance/

International conventions and guidelines

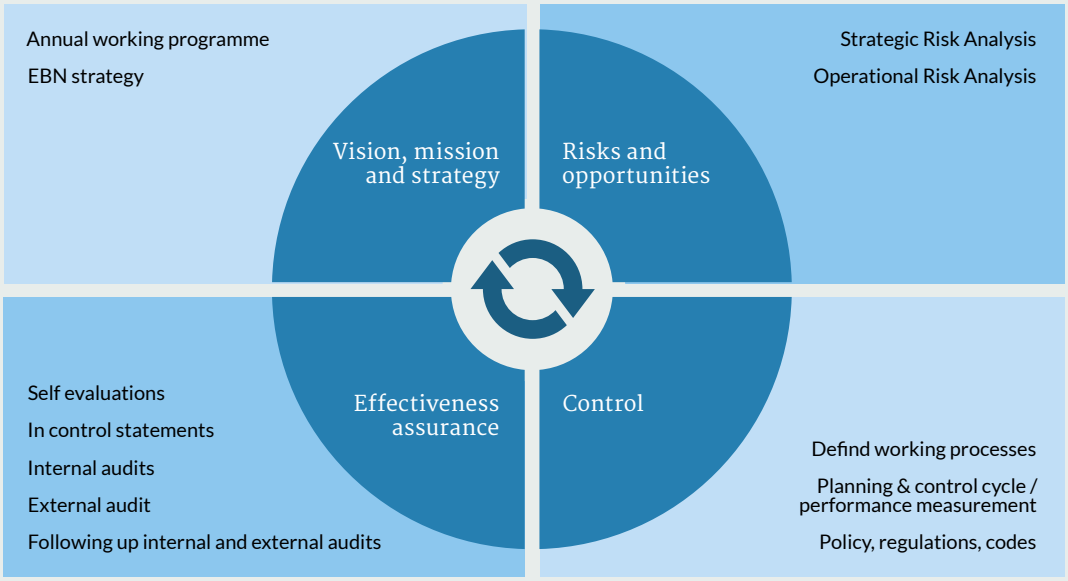
EBN as state participation naturally complies with conventions and guidelines the Dutch State approves, including the OESO guidelines for international companies and the UN Guiding Principles on Business and Human Rights.

5.2 Risk management

Risk management is an integral part of EBN's operational management. It enables our organisation to constantly maintain a good overview of the strategic and operational opportunities and risks, and respond effectively to them. Risk management within EBN is partly based on standardised processes and regulations that are integrated as far as possible into the company's regular business activities. When identifying these opportunities and risks, however, we do not rely solely on structural elements. We also devote constant, focused attention to the cultural aspects, such as risk awareness and integrity within our organisation.

Risk management structure

EBN uses a risk management system, the 'EBN Framework'. This framework consists of four different pillars, within which various activities are listed that are performed in conjunction.



EBN Framework with major elements for each individual pillar for risk management

The above illustration shows the 'EBN Framework'. The activities for each pillar indicate in which way the risk management system is embedded in the organisation. For example, annually planned strategy sessions ensure that the vision, mission and strategy remain up to date. Strategic and operational risk sessions ensure that there is sufficient focus on existing and new risks and opportunities. Risks are continuously managed based on the planning and control cycle and on the basis of established policies and (work) processes.

Within the planning and control cycle, EBN uses a performance management system which was implemented in 2013. We work with reports based on performance indicators that enable effective monitoring of the performances of the joint ventures, the internal technological roadmaps and the departments. The system is also used to monitor the progress of planned activities in these areas. At management level, the reports enable more effective monitoring and, where necessary, the adjustment of EBN's performances as a whole. The various reports are regularly discussed and deployed in various parts of the organisation.

The employees are the key success factor for a professional organization such as EBN. That is why there is a lot of attention for the human aspect by, for example, the active creation and safeguarding of a comfortable and safe work environment. By participating in the "place to work" survey twice a year, it can be monitored to what extent the satisfaction and motivation of the employees align with the goals and where an adjustment may be necessary. In 2015, a new corporate target framework was proposed as a management tool that will give employees extra motivation to realise our strategic goals.

Risk analysis and control measures in 2015

The same as every year, in 2015 the Executive Board carried out a strategic risk analysis of both the opportunities and the risks of achieving the objectives. Additional management measures were identified where necessary, in addition to the measures already in place. A qualitative estimate is made for all strategic risks as to the probability of their occurrence and their possible impact on the achievement of the goals. In the 2016 strategic risk analysis, which will take place as part of the revision of our strategy, the risk appetite will also be determined qualitatively, so that a better assessment can be made of what risks will be covered and accepted. The most important strategic risks and their management from the strategic risk analysis are discussed annually with the Audit Committee and the Supervisory Board. Each quarter, the outstanding actions to improve the level of control are discussed at the Executive Board meeting.

The operational risks were assessed again in 2015, by means of a risk assessment carried out by the departments within EBN. Operational risks were identified, and an assessment was made as to whether the departments were managing them sufficiently. This was done through open and informal sessions, in which the department manager carried out a self-evaluation of the most important control measures with his or her colleagues. The composition as well as the actual effect and effectiveness of these measures were discussed. Where necessary, specific actions were defined in order to improve the

level of control. The results of the self-evaluations were reported to the Executive Board, whereby the department managers issued an 'in-control-declaration' for 2015. The managers stated in this declaration that the most important risks in the respective area of responsibility were identified and whether or not they were managed sufficiently. On the basis of the observed risks and the effect of the control measures, annual improvements are made to the risk management system.

For example, on the basis of last year's strategic risk analysis, each department implemented new actions and the progress will be discussed quarterly with the team of directors from 2015 onwards.

Integral Management System (IMS)

The working processes, internal policy documents and internal regulations, such as the authorisation and power of attorney regulations and the Code of Conduct, have been included in an Integral Management System (IMS). Within the context of risk management, EBN makes these documents easily accessible to all employees on the EBN intranet.

Audits

In 2015, like every year, a number of internal audits were carried out. These are aimed at evaluating the quality and effectiveness of important working processes and/or a number of specific themes within those working processes.

In 2015, internal audits were performed on the payment process, on performance measurement within EBN and on the IT security. On the basis of the findings, actions were determined that are allocated to "owners". The findings of the audits are presented and explained to the Executive Board. The most important ones are also discussed with the Audit Committee of the Supervisory Board. The Executive Boards monitors the implementation of the actions on a quarterly basis.

As every year, in addition to the internal audits, in 2015 EBN deployed joint venture audits to conduct a financial audit of the costs charged on to our organisation within the context of the various joint ventures. The findings of the joint venture audits were discussed with the partners. Adjustments were made where necessary.

Financial markets

To achieve our strategic objectives, we depend on good access to the capital markets, effective currency and interest-rate risk management and the sound creditworthiness of our financial counterparts. Page 116 of the financial statements explains how the relevant risks are managed.

Risk profile

Each year, EBN does its utmost to achieve its strategic objectives for the short term and the long term. Naturally, it is inevitable that risks and uncertainties occur that affect the actual execution of these plans to some degree or other. The major and most topical risks are described below.

Risk: undesirable effects on health, safety, nature and the living environment

The operational activities executed by the operator for the joint ventures in which EBN participates entail potential inherent risks of disasters and other undesirable effects on health, safety and the environment or living environment. If these occur, they can lead to personal injury, damage to nature and the environment or to financial loss. The risk appetite for this type of risks is very small, which means that everything possible is done to reduce the risks to zero.

Control measures

Each year, dozens of earthquakes take place in the Netherlands, caused by gas production. Therefore, the government has decided to produce less gas to improve the safety and quality of life in Groningen. The reduction of the production ceiling went through several phases. On 23 June 2015, the government decided that the gas production for the second half of 2015 was to be restricted to 13.5 billion Nm^3. This would bring the total of gas production from the Groningen field in 2015 to 30 billion Nm^3. Subsequently, on 18 November, the Council of State adjusted this ceiling downward to 27 billion Nm^3 of gas for the 2015/2016 gas year. In a relatively cold year, a maximum of 33 billion Nm^3 of gas can be produced. For now, no gas may be produced in and around Loppersum, unless this is necessary for the supply security. The government has accepted the interim provision of the Council of State.

RISK	POTENTIAL EFFECT	PROBABILITY OF OCCURRENCE
(taking into account the current control measures)		
Volatile or structurally low oil and gas prices	high	high
Lack of support for gas production	high	high
Too few potential resources and disappearing infrastructure	high	medium
Undesired Safety, Health and Environmental Effects or disasters	high	low
Unfavourable investment climate	medium	medium
Unfavourable competition position of gas	medium	medium
Insufficient information security	medium	low
Insufficient knowledge and experience of EBN employees	medium	low

POTENTIAL EFFECT		PROBABILITY OF OCCURRENCE	
LOW	No material impact on the operation	Low	Unlikely that this will occur (chance < 10%)
MEDIUM	Noticeable impact on the operations, without consequences for EBN's activity level	Medium	Reasonable chance of this occurring between now and 5 years (10% > chance < 50%)
HIGH	Significant impact on the operations with possible consequences for EBN's activity level	High	High probability of this occurring between now and 5 years (chance > 50%)

In the coming years, efforts will be made for the further reduction of the dependency on gas from Groningen. Before October 2016, the government wants to take a decision about gas production in the long term. At the same time, efforts are made to further increase the safety and liveability of Groningen and to strengthen the economic perspective. The National Coordinator for Groningen heads these efforts.

EBN encourages the operators to use as safe a process as possible, while minimising any possible effects on the living environment. Specific HSE issues are not discussed with the operators. When damage does occur, we encourage the operator to rectify it as quickly and efficiently as possible. We believe it is important for interested parties to be informed pro-actively, factually and transparently of specific activities and any possible HSE effects. We therefore encourage operators to communicate transparently on these issues. This issue will be embedded in the revision of our strategy.

Risk: low prices, insufficient potential resources, investment climate

If oil or gas prices are very volatile or low for a longer period, oil and gas companies will have less means available for funding all their planned projects. In addition, fewer future projects will be able to meet the minimum yield requirements and the fields currently in production will became loss-making earlier. There is therefore a risk of the level of gas and oil production lagging behind ambitions and produced reserves being insufficiently replenished. This carries a significant financial risk. In order to avoid this, we must, along with our partners, focus more on cost savings. The risk appetite for this type of risks is in line with what is considered a normal business risk. Any negative consequences are eliminated as much as possible by taking control measures, but because prices and the total investment climate cannot or hardly be influenced, it is an acceptable residual risk.

Dilemma

If there are insufficient exploration opportunities in the Netherlands for oil and gas companies or if the Dutch investment climate is seen as unfavourable for the exploration and production of oil and gas, the oil and gas companies will shift their priorities to countries where they can realise better returns on their investment.

This means that the Netherlands would be unable to attract enough new investors and, consequently, there would be less investment in Dutch gas and oil production in general and in the application of new, innovative techniques, in particular. Moreover, without new investments, the existing infrastructure would be removed prematurely. For offshore gas production, however, it is essential for critical infrastructure to be retained as long as possible to facilitate the development of new fields. There is a risk of the level of gas and oil production lagging behind ambitions and produced reserves being insufficiently replenished.

Control measures

EEBN attempts to ensure sufficient seismic shooting, based on new technologies. We use targeted research to identify and chart new E&P opportunities and resources in the Netherlands and bring them to the attention of oil and gas companies. EBN actively encourages oil and gas companies to turn resources into reserves wherever possible. EBN will investigate the possibilities for further optimisation of the investment climate and commit itself to capitalising on them, together with the government, the sector and knowledge institutions.

We will also actively draw national and international attention to the opportunities for exploration and production of gas and oil in the Netherlands. Our aim is to increase the dynamics in the sector and attract appropriate newcomers.

Risk and dilemma: lack of support

EBN is aware of the importance of support for the production of hydrocarbons in the Netherlands as part of a good and attractive mining climate. For the exploration and production of oil and gas, sufficient support from society is essential to continue to be able to realise the ambitions for the gas production and replacement of reserves in the Netherlands. In the absence of support, the (financial) impact on EBN is significant. The risk appetite for this type of risks is, just as with abovementioned risk, in line with what is considered a normal business risk. Because the support is only partially influenced by EBN, this is an acceptable residual risk.

Control measures

The role of operators is very important in this: they must involve stakeholders in a timely and correct manner and must inform them about the production activities. New operators can also face big challenges. Actions by every individual operator influence the industry as a whole, and also influence the perception of the general public. That is why EBN encourages operators to involve stakeholders in the decision making, and to communicate in a transparent manner about the exploration and production activities. The support issue is also embedded in the revision of our strategy.

Declaration by the Executive Board

The Executive Board is responsible for adequate internal risk management systems and for assessing their effectiveness. The actual company performances are periodically compared with the approved plans and budgets in the financial year and discussed during the Executive Board meeting. The Executive Board declares that the systems for the financial reporting risks functioned properly during the year under review and have provided a reasonable degree of certainty that the financial reporting contains no material inaccuracies.

Investments and divestments

The investments in the production and storage licences fell by 26% from EUR 765 million in 2014 to EUR 564 million in 2015. The reduction of the investment level is a worrisome development: it is important to continue to develop fields and to add new reserves in order to maintain production as much as possible. Without sufficient investment, gas production from small fields will diminish considerably. Given the fact that EBN in 2014 still made significant investments in gas storage but a lot less in 2015, the reduction of the investment level excluding gas storage is smaller: 7%.

The consequences of the current low oil and gas prices and the associated lower activity level are also visible in the investment budget for 2016. This amounts to almost EUR 420 million and is again significantly lower than in the previous year. In addition to a decrease of the budgeted investment in E&P projects, mainly due to fewer wells, for 2016 less expenditure is planned for the large gas storages such as Norg and Bergermeer.

Nineteen joint ventures in exploration or production activities were terminated in 2015. Five of those were terminated due to joining or combining the licence. The majority (13) were terminated because the licence was relinquished or because the licence was not renewed. One exploration licence was converted into a production licence.

Appendices

About this report

In this annual report over the 2015 financial year, EBN accounts for its financial and non-financial performance. The report is intended for all stakeholders that are directly or indirectly involved in our activities. In the Stakeholders section, we discuss in more depth whom we consider among our stakeholders, and in which way we discuss relevant issues with them.

Reporting policy

EBN reports annually on its financial performance in accordance with IFRS and on its social and sustainability performances in accordance with the applicable guidelines of the Global Reporting Initiative (GRI). This enables us to also offer the transparency our shareholder desires and clarify our social role. To continue complying with the GRI guidelines, EBN bases its reporting since the 2014 report on the GRI G4 guidelines at the Core application level. We also make use of the Oil and Gas Sector Supplement.

The annual report is set up as an integral report, whereby we note that we are going through a development on this point. In this integral annual report for 2015, a value creation model has been included for the first time, based on six capitals from the IR framework of the International Integrated Reporting Council. This model enables us to show the coherency of our strategy, risks, environmental factors, results and the resulting social impact.

Reporting process

The reporting process is structured as follows:

1. Strategic review - Executive Board
2. Risk analysis - departments
3. Materiality analysis - internal and external stakeholders
4. Determination of material topics - Executive Board
5. Determination of control framework - Executive Board
6. Check of validation process/data - internal audit
7. Data collection - subject owners/departments
8. Preparation of synopsis - annual report committee
9. Approval of synopsis - Executive Board
10. Reporting - annual report committee
11. Assurance - external auditor

The process with regard to the non-financial part of the annual report was as follows. At the beginning of December 2015, a kick-off meeting took place. EBN's annual report committee informed involved employees about the planning of the report, the required information and the theme. Subsequently, data collection took place by means of an internal request. Employees involved were asked to provide information for the report. At the same time the theme of the annual report was developed in the form of four interviews with employees. These were presented to external stakeholders for a response (reflection). A synopsis prepared by the annual report committee was approved by the Executive Board in December 2015. After the internal request, which ran until January 2016, the annual report was written. The Executive Board as well as the shareholder had the opportunity to provide input at various times.

The annual report was reviewed by an external accountant for Assurance. The annual report was then presented to the Supervisory Board. Finally, during the General Shareholders' Meeting the report (financial and non-financial part) was adopted definitely.

Materiality analysis

The IR framework as well as the G4 guidelines require an organisation to find out which (material) aspects it is most important to report on from a social point of view. For this process, GRI expressly requests that the reporting organisation consider where in the chain certain aspects occur and what influence it has on them. For EBN, this means looking at the materiality of aspects for our own organisation, but also at our role and influence with regard to operators and customers.

In the business model on page 15, we provide a description of EBN's core activities and our place in the oil and gas chain. In the Stakeholders section, we show with a graphic which stakeholders we deal with. The latter is important to understand what material aspects EBN can influence directly or indirectly.

As a significant part of EBN's operations is the financial participation in oil and gas activities and trading in hydrocarbons, the material aspects of these activities should be included in EBN's reporting. However, we do note in this that EBN is the non-executive party in the oil and gas production; these are the oil companies that we work with.

Internal testing

For the internal analysis, which forms the basis of the materiality analysis in this report, the following steps have been taken in which employees were expressly involved:

- Identification of the relevant aspects:
- Other issues resulting in a longlist of issues

This was carried out on the basis of knowledge of the sector and the G4 guidelines and the sector supplement for the oil and gas industry.
GRI requests that the materiality of the aspects included in the longlist is determined. This was done by assessing each aspect for:

- its importance to EBN according to major stakeholders
- its importance to EBN on the basis of the following criteria:
  - The degree of influence EBN has on the aspect
  - The degree to which the aspect is relevant to EBN's success.

The results are shown in the materiality matrix on page 87. The importance of an issue for stakeholders and for EBN is weighed up in the matrix.

External testing

The findings of this internal materiality analysis were tested in late December 2014. There was no testing done in 2015. However, there has been frequent contact with our stakeholders in various other ways. For more information about this, please refer to page 22 in this report (Our stakeholders).

Choice of issues

In this report we at least address the topics that have high priority for stakeholders as well as for EBN. Compared to 2014, we have added some issues that were of 'medium priority'. Dismantling and disposing of old infrastructure continues to be considered as 'high priority' and it is now part of our strategy (decommissioning and restoration). Environmental management has been added as an important issue, given the current discussions around gas production and the importance of increasing the support for its usefulness and the necessity. An efficient chain has been added as a high priority issue, because this is essential for the continued investment appetite of operators. Training and education of employees is essential for our knowledge-intensive organisation; that is why this issue receives the high priority it deserves. We do not consider diversity a high priority, but something obvious to report on. This results in the following selection of issues:

CHOICE OF ISSUES	PRIORITIES	REPORTED ON	PAGE
Economic performance	EBN State of the Netherlands	Most important results Results for 2015 Outlook and action plans	26 41 51
Indirect impact of the economic performance	Society	Our business model	15
Oil and gas reserves	EBN Operators State of the Netherlands	Results for 2015	41
Compliance with environmental legislation	Operators	GRI-Index About this report	www.ebn.nl 82
Health and safety (also of local communities)	EBN Operators Local residents	Foreword Interaction with stakeholders Operational Performance Indicators	
Non-compliance with competition regulations	EBN Operators	Corporate Governance	70
Environmental management	EBN Operators Local residents	About this report Interaction with stakeholders	82 22
Dismantling and disposing of old infrastructure	EBN Operators State of the Netherlands	Strategy	34
Efficiency in production chain	Operators EBN Local residents	Our business model	15
Training and education of employees	EBN EBN employees	The people of EBN	48
Diversity	Employees	The people of EBN	48

The changes in the important issues are not yet reflected in the materiality matrix, because we are going to test these with our stakeholders in 2016.

The materiality matrix also lists issues that primarily relate to the activities of the operators and which EBN cannot or can only partially influence. We report about most of the social and environmental aspects in a separate report about Operational Performance Indicators which we will publish on our website.

To report in line with G4, the conclusion is that a number of aspects and indicators need to be added to these annual reports. We want to do this in the 2016 financial year. We give a detailed overview of these in the GRI index (which can be found on our website).

Tasks and responsibilities

In 2015, we started with securing the responsibilities for G4 required aspects, indicators and objectives in our organisation. The Executive Board bears the ultimate responsibility for all material aspects that impact the strategy and EBN's social policy. The Executive Board has allocated the responsibility for the implementation of the policy and the data collection for each issue to various departments. This process will be completed in 2016.

The report about EBN's non-financial performance will be developed further in 2016. We classify the significant indicators that were selected with the materiality analysis under a number of themes. Subsequently, for each theme we will formulate relevant goals that will steer the various indicators, in part generically and in part specifically. This all will result in a sustainability plan which is prepared in close consultation with the industry. It remains our goal to create clarity with our partners about the interest of reporting in accordance with the GRI-G4 guidelines.

Scope

EBN only has activities in the Netherlands.
The (indirect) economic performances concern EBN and its share in participations. We account for this in the Results for 2015 section and in the Financial Statements.
The social performance primarily concerns EBN. These performances are described in more detail in the section entitled The people of EBN.

The environmental performances regarding emissions, energy consumption, waste, dumping and compliance mainly concern our participations, (given the limited size of our organisation, EBN's environmental performance is not material); they are related to the performance of the entire industry active on Dutch soil. The environmental reports by the individual operators, formulated annually in the context of the Ministry of Economic Affairs' Declaration of Intent, Execution of Environmental Policy Oil and Gas Producing Industry constitute a guideline. The Dutch operators add the environmental and energy performances, in the electronic Environmental Annual Report. These data form the basis for the performance as presented in this report and the EBN Operational Performance Indicators 2004-2014 report. This report is prepared annually on behalf of EBN by the Netherlands Enterprise Agency (RVO). The issue of dismantling and disposing of old infrastructure is something that EBN does report on.

The social performance concerns the efforts of EBN

and its chain partners in the area of environmental management, influencing of the public opinion and health and safety of the local environment. We address this in more detail in this report.

Frameworks, measuring methods and definitions

All performances described follow specific frameworks. The relationship of certain indicators with the annual gas and oil production is evident and, for a number of indicators, the relationship with the number of drillings is obvious. However, frameworks are also defined by laws and regulations. These frameworks are described in further detail where relevant. The results provide an overview of EBN's share (unless otherwise specified) in the performances of the entire oil and gas production industry.

EBN's share is calculated as EBN's percentage of the total gas, condensate and oil production in the Dutch gas, condensate and oil production in the environmental-technical and economic performances. For the social performances that specifically concern the activities of operators, the share of the entire industry (100 percent) is presented, as it is irrelevant to mention EBN's share in these.

Dutch production of gas, oil and condensate comprises the fiscally reported gas, oil and condensate production figures reported by the operators. The injection and production volumes of gas in the gas storage facility are seen as internal company activities. The gas is fiscally reported the moment it is delivered to third parties.

The energy consumption of drilling activities is not included, but the CO_2 and CH4 emissions from drilling activities are.

There were no changes to the measuring methods and definitions in the reporting year. For more information, please refer to the report entitled EBN Operational Performance Indicators 2004-2014 which was published on our website in July 2015.

Assurance of non-financial information

EBN has asked Ernst & Young Accountants LLP to review the non-financial information in the sections Foreword, About EBN and Report of the Executive Board in the annual report over 2015, and to give a statement about this with a limited degree of certainly. You can find the assurance report on page 132.

Disclaimer

In this report, we report on efforts and achievements with regard to the objectives in 2015. We also present our plans and vision for the future.
This future-oriented information is characterised by words such as continue, want, aim, predict, expect, target, objective, vision, planning, ambition, scenario, resolution and forecast. Inherent to future expectations is that the outcome is subject to risks and uncertainties and their achievement is therefore not assured.

GRI-index

You can find the GRI-index on our website.

Materiality matrix

Financial statements

General

EBN B.V. ('EBN'), having its registered office in Utrecht, the Netherlands, was incorporated on 2 January 1973 in Maastricht. All shares in EBN are held by the Dutch State.

EBN focuses on oil and gas exploration and production activities in the Netherlands and the Dutch territorial waters. In addition, EBN participates in underground gas storages and in transport and gas processing facilities.

The executive board has prepared and, by resolution of 17 March 2016, formally approved the financial statements of EBN for the 2015 financial year. The financial statements were subsequently submitted to the Supervisory Board. Pursuant to Article 20.2 of the articles of association, the Supervisory Board also provides a preliminary recommendation to the shareholders. The financial statements were then submitted to the General Meeting of Shareholders on 8 April 2016, where they were adopted and subsequently published.

Please note that this is a copy of the Dutch version of the financial statements. The Dutch version prevails. The consolidated financial statements of EBN have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable on 31 December 2015 and as endorsed by the European Union and with Part 9, Book 2 of the Dutch Civil Code.

EBN's company profit and loss account has been presented in a condensed manner in accordance with article 402, Part 9, Book 2 of the Dutch Civil Code.

Basis for consolidation

The consolidated financial statements comprise the financial statements of EBN and the entities over which EBN has control. EBN has control over a subsidiary if EBN is able to determine the subsidiary's financial policy and corporate policy in order to obtain benefit from its activities. The subsidiary's financial statements are prepared on the basis of the same principles as EBN's. All transactions, balances, assets and liabilities within the group are eliminated on consolidation. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal as appropriate.

EBN Capital B.V. (EBN Capital) is EBN's sole subsidiary.

Joint arrangements

EBN conducts its activities through partnerships, which are set out in contractual arrangements (agreements of cooperation or joint operating agreements). EBN has assessed the control, voting rights, duties and obligations that arise from these agreements. The conclusion is that, except for NGT-Extensie, EBN has joint control with one or more partners in the agreements. Together with the other parties in the joint agreements, EBN has rights to the assets and is liable for the obligations related to the agreements. In EBN's financial statements, EBN's interest in the joint operations is recorded in financial statements by including the assets, liabilities, income and expenditure for its share.

For the NGT-Extensie partnership, EBN does not have joint control as referred to in IFRS 11, as a result of which its interest is incorporated in accordance with IAS 28. Because facts and circumstances (among other things because of the control in case

of decision making) lead to the conclusion that EBN has a significant influence over NGT-Extensie, the NGT-Extensie is incorporated according to the net asset value and is presented as associate company.

The most important joint operations, based on the carrying amount of property, plant and equipment, are as follows:

NAME	INTEREST	OPERATOR	OPERATOR'S PLACE OF BUSINESS
Groningen	40%	NAM	Assen
JDA Unit	40%	NAM	Assen
K04/K05	50%	Total	The Hague
UGS Norg	40%	NAM	Assen
Noord Friesland	40%	NAM	Assen
Gasstorage Bergermeer	40%	TAQA	The Hague
A&B Unit	47%	Petrogas	Voorburg
Schoonebeek	40%	NAM	Assen
L04/L05	40%	ENGIE	Zoetermeer
L09ab	50%	NAM	Assen
K18-G Unit	40%	Wintershall	Rijswijk
K06/L07	49%	Total	The Hague
Drenthe	40%	NAM	Assen
K02/K03	50%	ENGIE	Zoetermeer
Q13a	40%	ENGIE	Zoetermeer

Associate Companies

EBN has a 40% participation in GasTerra B.V. ('GasTerra'). GasTerra is based in Groningen and its core activity is purchasing and selling natural gas.

EBN also has a 45% participation in NOGAT B.V. ('NOGAT'), based in Zoetermeer, with its main activity of gas transport from the North Sea.

In accordance with IFRS 11 and IAS 28, the 12% interest of EBN in the NGT-Extensie partnership is incorporated in accordance with the net asset value method and presented as associate company. NGT-Extensie is based in Zoetermeer and its main activity is the transport of natural gas from the North Sea.

Key accounting estimates and judgements

Estimates and judgements are made in the preparation of the financial statements. These have consequences for the amounts reported for assets and liabilities, income and expenditure items and the related reporting of contingent assets and liabilities at the date of the financial statements. Results can be influenced by such estimates and judgements. The paragraphs below give an explanation of the matters that management considers most important and which, due to intrinsic uncertainties, are often the most difficult to estimate.

Decommissioning and restoration costs

The provision for decommissioning and restoration costs is based on information from operators. EBN evaluates this information on the basis of its own knowledge and experience and amends it where necessary. The final decommissioning and restoration costs are uncertain and cost estimations may vary as a result of numerous factors, such as market prices, changes in legal requirements, new decommissioning techniques or experience. The anticipated timing and scope of the costs can change as a result of, for example, changes in gas and oil reserves and changes to legal and regulatory requirements and their interpretation. Significant estimates and judgements are made

when establishing the provision for decommissioning and restoration costs. Substantial revisions of the provision can therefore influence future results.

Reserves

The Unit of Production (UOP) depreciation is based on the EBN estimates of gas and oil reserves and production profiles. EBN determines the gas and oil reserves in accordance with the definitions laid down by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE) in the Petroleum Resources Management System 2007 (PRMS) and the new guidelines from 2011. In general, the reserves used for the depreciation are based on EBN's current estimates of proven and probable developed reserves (PRMS category 1) and the associated production profiles. Estimates of reserves are, by definition, inaccurate and based on interpretations that can, over time, change, on the basis of new information obtained from drilling new wells, reservoir production behaviour and changes in economic factors (such as price expectations). This may result in upward or downward revisions to the reserves. Changes in reserves have an effect on future depreciation and the realisable value of production assets.

Earthquake-related costs

The provision for earthquake-related costs in the province of Groningen is based on information from the operator, public information and EBN's information and insights. This provision relates primarily to damage repairs, structural reinforcement of buildings and compensation measures. The ultimate amount of the costs depends, among other things, on the scope of the damages and recommendations and/or appraisal reports from experts, and thus may deviate from the currently expected costs.

Realisable value

The calculation of the realisable value of assets is partly based on estimates of the reserves, production profiles, future selling prices, operational costs, exploration potential, expected future investments and the discount rate. Future events can have an impact on these forecasts and estimations and, as a result, realisable values may change.

Summary of significant accounting policies

The financial statements have been prepared in accordance with the historical cost convention and on a 'going concern' basis, unless stated otherwise.

Translation of foreign currencies

The euro is EBN's operating and reporting currency. Commercial transactions and borrowings in foreign currencies are converted at the spot exchange rates as applicable on the transaction dates. Balance sheet items denominated in foreign currencies are converted at the spot exchange rates applying on the balance sheet date. Differences in exchange rates resulting from settlement of these transactions and conversion of balance sheet items are charged to the profit for the year.

Current versus non-current assets and liabilities

An asset is classed as current if it is expected to be realised within 12 months of the balance sheet date. A liability or debt is classified as current if it will be settled within 12 months of the balance sheet date.

Property, plant and equipment

Property, plant and equipment are valued at purchase value minus depreciation and any impairment losses. Replacement investments are capitalised in accordance with the IAS 16 general capitalisation criteria.

The estimated costs of the decommissioning, dismantling and removal of platforms and other installations are capitalised as part of the purchase value of the tangible asset in question.

A tangible asset is no longer included in the balance sheet once it is disposed of or when no future economic benefit is expected from its continued use or if the licence is relinquished or sold. Any profit or loss ensuing from the asset that is no longer included in the balance sheet is incorporated into the result.

Exploration and evaluation assets

Expenditures as listed below are capitalised as part of the exploration and evaluation assets: acquisition of exploration licences, exploration drilling including test, sampling and activities related to evaluating the technical and commercial possibilities for extracting hydrocarbons. If an exploration well turns out to be dry, the costs incurred are charged to the consolidated statement of comprehensive income.

The costs of the following are not capitalised: topographical, geological, geochemical and geophysical surveys (unless they are related to existing and proven reserves).

Exploration and evaluation costs included in the balance sheet for more than 12 months are charged to consolidated statement of comprehensive income under writing off dry wells, unless:

- they are located in an area where significant capital expenditure is required before production can commence, or
- commercially recoverable quantities have been found, or
- further exploration or appraisal activities are taking place, i.e. additional exploration wells are being drilled or there are firm plans to do this in the near future.

EBN regularly evaluates, on the basis of the above criteria, whether it is still appropriate to capitalise expenses relating to exploration drilling and whether the drilling

activities can be continued. Exploration wells that have been on the balance sheet for more than 12 months are re-evaluated to determine whether any facts or circumstances have changed and whether the above criteria still apply.

Exploration and evaluation costs under construction and investments under construction are re-categorised to production, transport and storage facilities or drilling from the start of production or commissioning.

'EBN's reimbursements'

Reimbursements paid to partners - mainly exploration costs and interest payments relating to proven reserves - are capitalised and depreciated on the basis of the Unit of Production method (see next section for more information).

Depreciation

Property, plant and equipment for gas and oil production are depreciated on the basis of the Unit of Production (UOP) method. In general, this method is based on EBN's estimations of the proven and probable developed reserves and production profiles in accordance with the definitions laid down by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE) in the Petroleum Resources Management System 2007 (PRMS) and its new 2011 guidelines.

The UOP percentages for the financial year show the ratio between the year's production and the proven and probable developed reserves (PRMS category 1) at the beginning of the year. These proven reserves are determined by increasing the reserves as established at the end of the financial year with the production for the year.

The remaining property, plant and equipment items are depreciated on a straight line basis over their estimated useful life. Twenty years is taken as the initial basis for main transport pipelines and thirty years for facilities for underground storage of natural gas. A ten-year useful life applies to industrial buildings. Land is not depreciated.

The estimated useful life of property, plant and equipment is tested each year based on the pattern of future use. If changes occur, the depreciation method is adjusted in order to reflect the adjusted useful life and the associated future usage pattern. The effect thereof is incorporated in the profit and loss statements of the current and/or future periods (prospective).

Borrowing costs ('construction interest')

Financing costs for projects exceeding EUR 100 million are capitalised. The interest rate used for the financial year is based on the average interest rate applicable to non-current borrowings in the past financial year.

Associate companies

An associate company is an interest in an entity on which EBN can exert significant influence, but over which it cannot exercise decisive control.

Associate companies are recognised in accordance with the equity method. This means that EBN's share in an associate company is recognised as EBN's share in the net assets of this entity, less any impairment.

EBN's share in the profit or loss of the associate company is charged to consolidated statement of comprehensive income.

If EBN's share in the loss of an associate company exceeds the carrying amount of that associate company, including any other receivables, the carrying amount is reduced to nil.
No further losses are accounted for unless EBN has assumed responsibility for the associate company through a guarantee or other commitments. Unrealised gains and losses on transactions with associate companies are eliminated in proportion to EBN's share in these associates.

Impairment

An assessment is made on the balance sheet date as to whether the carrying amount of a non-current asset (property, plant and equipment or associate) exceeds its recoverable amount (higher of fair value less cost to sell and value in use). If so, the value of the asset will be deemed to be impaired.

If an asset does not generate sufficient independent cash flow, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Typically, EBN's cash-generating unit is a sales contract. The estimated future cash flows are discounted at a rate before taxes, on the basis of the market interest rate, plus a mark-up for the asset's specific risks. EBN uses the WACC (Weighted Average Cost of Capital) for this calculation. This is 6% for midstream activities (2014: 6%) and 8% for exploration and production activities (2014: 8%), after tax. A discount rate before tax is also determined, on the basis of an iterative method.

If the recoverable amount of an asset is lower than the carrying amount, the carrying amount will be reduced to the recoverable amount. Impairment can be reversed, either wholly or partially, in the event of a change in the estimate that is of significance for determining the recoverable amount. Impairment is presented as a separate item in the consolidated statement of comprehensive income.

Inventories

Inventories of gas stored underground and materials and equipment are recognised at average purchase prices or lower net realisable values. Inventories of above-ground condensate and oil are recognised at their net realisable values at the year-end.

Receivables

Receivables are recognised at amortised cost less any correction for bad and doubtful debts. On first recognition, receivables are presented at fair value.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, bank balances and deposits at banks with a remaining term to maturity of less than three months. Amounts owed to banks are presented as current liabilities.

Shareholder's equity

EBN's shareholder's equity consists of share capital and any dividend declared. The Dutch State is EBN's sole shareholder. The dividend payable to this shareholder is recognised as a liability in the period for which it is due, in accordance with EBN's articles of association. An exception to this rule is made for the proposed final dividend, which does not become a liability until it has been approved by the General Meeting of Shareholders.

Provisions

Provisions are recognised in the balance sheet if the following conditions are satisfied:

- there is a present legal or constructive obligation as a result of a past event, and
- it is probable that cash outflow will be required to settle the present obligation, and
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by calculating the present value of the forecast cash flows at a discount rate before tax.

Once the present value has been calculated, any increase in provisions as a result of the passing of time is presented as interest expense. The provision for deferred tax liabilities is not discounted.

The provision for decommissioning and restoration costs is designed to cover the expected estimated costs of decommissioning, dismantling, and land restoration on the basis of present requirements, technology and costs estimates. The amount of this provision is based on information provided to EBN by the operators. Any changes in estimates will, after EBN has made its own assessment, result in a corresponding change in the capitalised decommissioning and restoration costs of the relevant property, plant and equipment.

The provision for ground subsidence is designed to cover certain additional liabilities arising during the production phase.

The provision for earthquake-related costs in the province of Groningen mainly relates to damage repairs, structural reinforcements of buildings and compensation measures. The amount of this provision is based on information from the operator, public information and EBN's information and insights.

Liabilities

Borrowings are recognised at amortised cost. On first recognition, such items are presented at fair value less costs. Borrowings in foreign currencies are converted at the exchange rates applicable on the balance sheet date. Premiums or discounts on borrowings are amortised during the term to maturity of the loan concerned. Interest expense is charged to the result in the period to which it pertains, using the effective interest rate method.

Pensions

EBN's pension obligations are managed by Stichting Pensioenfonds ABP (ABP).

In line with the IFRS, this scheme can be classified as a defined contribution scheme of multiple employers, because the pension fund is unable to provide the information required to determine and specify EBN's share in the underlying pension obligations, fund investments and costs of the scheme in a consistent and reliable manner.

The pension contribution is a percentage of the premium base. The premium base is the pensionable income minus a franchise. The premiums are determined by ABP in accordance with the relevant applicable regulations in the way as described in the Actuarial and Operating Memorandum ("ABTN") and at a cost-covering level.

If ABP has a lower policy coverage level than 128%, then there is a shortfall. In this case, ABP must prepare and submit a recovery plan to the supervisor (DNB). This recovery plan must show that the financial position will improve within a maximum of 12 years with the coverage level back above 128%. Any adjustment of pension premiums (surcharge) as a result of this recovery plan is applied prospectively and within a certain bandwidth.

ABP's coverage level at 31 December 2015 was 97.2% (2014: 104.7%). Based on the recovery plan (July 2015) and the premium decision (November 2015), a premium surcharge of 1% was proposed for 2016. This premium surcharge is in principle valid for five years.

Contingent assets and liabilities

Contingent assets and liabilities are not included in the balance sheet.

Emission rights

As a result of its interests in the various joint operations, EBN must comply with legislation designed to reduce greenhouse gas emissions. The operator trades the emission rights on behalf of the partners in the joint operations.

The operator reserves emission rights in order to be able to satisfy delivery obligations. These rights are not recognised in the balance sheet. Income is reported when the operator sells EBN's share in surplus emission rights. If the operator has to purchase additional emission rights, EBN records an expense item to the extent of its share.

Sales

Sales from the sale of gas, oil and condensate are accounted for at the time of delivery, which is when ownership of and the risks associated with the delivered goods pass to the buyer.

Revenues from oil and gas production generated from assets in which EBN participates with other producers are accounted for in proportion to EBN's relative interest in these assets.

Financial income and expense

Interest income and interest expense are recognised on the basis of the effective interest rate method. Interest expense also includes interest accrued on provisions.

Share of profit from associates

The share in the profit from associates is recognised as the share of the profit for the year under review corresponding with EBN's interest, after deduction of taxes.

Taxes

Taxes on profits are determined in accordance with the balance sheet method. Tax liabilities are specified in the consolidated statement of comprehensive income except if they relate to an item included in other comprehensive income.

Current tax expenses are taxes that are expected to be payable on the taxable profit for the year, based on the tax rates applying on the balance sheet date, net of any adjustments for taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognised on the basis of the expected fiscal consequences of temporary differences between the fiscal and commercial values of assets and liabilities related to the provision for soil subsidence and decommissioning and restoration costs. Deferred tax assets and liabilities are calculated on the basis of the tax rates that are applicable or materially determined on the balance sheet date, and in accordance with the tax regulations expected to apply when the specific deferred assets and liabilities are settled.

Financial derivatives

Financial derivatives are recognised at fair value on initial recognition and then at the current fair value prevailing on each subsequent balance sheet date. The current fair value is calculated with the appraisal model of Reuters, using yields from Reuters. Any resultant gains or losses are charged to comprehensive income. EBN does not apply hedge accounting.

For further information on the calculation of the fair values, see page 123 (Fair value of financial instruments).

Derivatives which serve to hedge long-term instruments (and thus themselves are also long-term) are classified under the fixed financial assets or long-term liabilities. Until 2014, all derivative positions were classified as current. In order to safeguard a consistent presentation, the classification of the comparative figures has been adjusted. For further information with regard to the impact on the related balance sheet position, please refer to 123.

International Financial Reporting Standards (IFRS)

New and amended IFRS standards and IFRIC interpretations that came into force as of the financial year 2015 have been incorporated:

- Annual Improvements Cycle - 2011-2013
- IFRIC 21 Levies

The implementation of these standards has no significant impact on the financial statements.

The following standards, amendments to standards and interpretations that have not yet come into force or have not been endorsed by the European Union are not yet applied by EBN:

- IFRS 9 Financial Instruments
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15
- IFRS 16 Leases
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative
- Amendments to IFRS 7 Statement of Cash Flows – Disclosure Initiative
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs - 2010-2012 Cycle
- Annual Improvements to IFRSs - 2012-2014 Cycle

EBN is investigating the consequences of these standards, amendments to standards and these interpretations.

On the basis of the provisional results, EBN does not expect the application of these new standards, amendments to standards or new IFRIC interpretations to have any material consequences for the company's financial statements in future financial years.

Consolidated statement of comprehensive income

in EUR million

	NOTE		2015		2014
sales	2		**4,766**		6,598
levies	3	**1,545**		2,735	
operational costs	4	**1,420**		1,095	
impairments	5	**660**		-	
depreciation and amortisation	5	**557**		595	
operating expenses			**4,182**		4,425
operating profit			**584**		2,173
financial income	6		**239**		142
financial expense	6		**-271**		-214
share of profit from associates	7		**37**		38
pre-tax profit			**589**		2,139
taxes	8		**-139**		-525
net profit	9		**450**		1,614
other comprehensive income			**-**		-
total comprehensive income			**450**		1,614

Consolidated balance sheet

in EUR million

ASSETS	NOTE	YEAR END 2015	YEAR END 2014	LIABILITIES	NOTE	YEAR END 2015	YEAR END 2014
non-current assets				**shareholder's equity**	15		
property, plant and equipment	10	**3,860**	4,324	share capital		**128**	128
associates	11	**109**	110	retained earnings		**56**	71
derivatives	20	**206**	84				
		4,175	4,518			**184**	199
				non-current liabilities			
				provisions	16	**3,174**	2,549
				deferred tax liabilities	8	**44**	76
				borrowings	17	**1,239**	1,408
				derivatives	20	**-**	14
				other	18	**17**	17
						4,474	4,064
current assets				**current liabilities**			
inventories	12	**33**	22	borrowings	17	**888**	644
receivables	13	**860**	997	tax liabilities		**1**	2
tax receivables		**69**	1	trade accounts payable	19	**88**	230
derivatives	20	**30**	-	other	19	**193**	525
cash and cash equivalents	14	**661**	126				
		1,653	1,146			**1,170**	1,401
total		**5,828**	5,664	**total**		**5,828**	5,664

Consolidated statement of changes in shareholder's equity

in EUR million	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
balance at 1 January 2014	**128**	**91**	**200**
net profit	-	1,614	1,614
other comprehensive income	-	-	-
total comprehensive income	-	1,614	1,614
final dividend 2013	-	-91	-91
interim dividend	-	-1,543	-1,543
balance at 31 December 2014	**128**	**71**	**199**
net profit	-	450	450
other comprehensive income	-	-	-
total comprehensive income	-	450	450
final dividend 2014	-	-71	-71
interim dividend	-	-394	-394
balance at 31 December 2015	**128**	**56**	**184**

The retained profit at year-end 2015 of EUR 56 million represents the proposed final dividend. Total earnings per share for 2015 amounted to EUR 1,582, which was a decline of 72% in comparison to 2014.

Also see note 15.

Consolidated statement of cash flows

in EUR million		NOTE		2015		2014
Operating activities						
net profit from continuing activities				450		1,614
conversion to cash from operating activities						
- income from participations		11	-37		-38	
- depreciation and impairment		10	1,217		595	
- write off		10	115		102	
- changes in provisions (additions and interest accrued)		16	417		172	
- capitalised financing costs		10	-		-6	
- change fair value CCIRS		20	-165		-72	
- revaluation of borrowings	- charged to comprehensive income	17	171		34	
- other financial income and expense			23		33	
- taxes	- charged to comprehensive income	8	139		525	
- change in working capital	- inventories	12	-11		-6	
	- receivables	13	590		153	
	- other liabilities (excluding loans, debts to credit institutions and profit distribution)	19	-332		-386	
- withdrawal from provisions		16	-96		-59	
- interest	- received		21		40	
	- paid		-50		-72	
- value added tax	- paid		1		-	
- corporate tax	- received		428		84	
	- paid		-675		-672	
				1,756		427
Net cash from operating activities				2,206		2,041
Investing activities						
property, plant and equipment		10	-564		-765	
dividend received		11	38		38	
Net cash used in investing activities				-526		-727
Financing activities						
profit distribution		13,15 AND 19	-1,048		-1,711	
loans taken up		17	-		249	
loans repaid		17	-		-473	
cash flow at expiration CCIRS		17	-		107	
change in debts to credit institutions		17	-96		579	
settlement fee payment			-1		-	
Net cash from financing activities				-1,145		-1,249
Change in cash and cash equivalents				535		65
Balance cash and cash equivalents at 1 January				126		61
Balance cash and cash equivalents at 31 December				661		126

Notes to the consolidated financial statements

(1) General information

All amounts in these explanatory notes are in millions of euros unless otherwise stated.

Notes to the consolidated statement of comprehensive income

(2) Sales

EBN performs one main activity: the exploration for and production of natural gas and oil. All sales are realised in the Netherlands. The assets in which EBN participates are also located in the Netherlands. Information on the main debtors can be found in note 23.

Sales in 2015 from ordinary activities amounted to EUR 4,766 million, which was a decrease of EUR 1,832 million (28%) in comparison to 2014. The decline in sales was mainly caused by both lower gas sales (22%) and lower prices (9%).

(3 and 4) Levies and operational costs

in EUR million	2015	2014
G&G costs	20	35
Writing off (unsuccessful wells)	115	102
Other operational costs	1,285	958
total	**1,420**	**1,095**

Levies were EUR 1,190 million (44%) lower than in 2014. This item mainly comprises the special payments made to the Dutch State in respect of production from the Groningen field in 2015, i.e. the MOR (yield increase regulations) payments, amounting to EUR 1,490 million and the State's share of EUR 47 million.

The decrease in payments in 2015 resulted from lower sales prices and sales volumes applicable for Groningen.

Geological and geophysical (G & G) costs comprise the costs of geological, geochemical and geophysical surveys (including seismic studies).

The remaining operational costs mainly concern production and transport costs.

The operational costs include EUR 515 million (2014: EUR 149 million) for costs related to earthquakes in the province of Groningen (claims and other costs).

Total salary costs as presented under operational costs are as follows:

in EUR million	2015	2014
Gross salaries	8	7
Social securities	1	1
Pension costs	1	1
Other salary costs	1	-
total	**11**	**9**

The other salary costs concern a provision for claims related to pension transfer and termination of employment agreements.

For more information on EBN's workforce, please refer to the notes of explanation included in the annual report on page 48.

As at the balance sheet date, the company did not have any contractual obligations - other than the possibility of higher contributions in future - to pay additional amounts in the event of the pension fund being in deficit.

(5) Depreciation and amortisation

in EUR million	2015	2014
depreciation of property, plant and equipment	442	481
impairments	660	-
depreciation of property, plant and equipment due to decommissioning and restoration	115	114
total	**1,217**	**595**

As a result of the low gas and oil and capacity prices, downward adjustments of the reserves and budget overrun of a number of investment projects, EBN performed analyses to identify a possible impairment for a number of its upstream and midstream assets.
The recoverable amount is determined for the cash generating unit to which the asset belongs. Typically, EBN's cash-generating unit is a sales contract. In addition, 'hubs' (main platform and satellites) can be used as a cash generating unit. The recoverable amount is based on the value in use.

In general, future cash flows are estimated based on the most recent five-year plan and ditto price scenarios. For periods beyond the available projections, cash flows are extrapolated based on inflation.

The estimated future cash flows are discounted at a rate before taxes, on the basis of the WACC (Weighted Average Cost of Capital). This is 6% for midstream activities (2014: 6%) and 8% for exploration and production activities (2014: 8%) after tax. A discount rate before tax is also determined, on the basis of an iterative method.

For 10 cash generating units, the book value per 31 December 2015 of these assets (in total EUR 1,168 million) is reduced to the recoverable amount (in total EUR 508 million).

The amount of the impairment relates to two upstream oil assets (EUR 339 million), seven upstream gas assets (EUR 158 million) and one midstream asset (EUR 163 million).

The following table shows the sensitivity:

	PRICE		RESERVES		OPEX		DISCOUNT RATE	
in EUR million	-25%	+25%	-10%	+10%	-10%	+10%	-2%	+2%
upstream oil	430	248	375	302	313	363	301	367
upstream gas	222	107	187	137	138	182	156	162
midstream	264	97	N/A	N/A	141	183	147	172
total impairment	**916**	**452**	**562**	**439**	**592**	**728**	**604**	**701**

(6) Financial income and expense

in EUR million	**2015**	**2014**
interest income from cash and cash equivalents	-	3
interest income on derivatives	19	29
revaluation income on derivatives	213	97
revaluation income on other financial instruments	-	-
other financial income	7	13
total financial income	**239**	**142**
interest expenses on borrowings	-19	-29
interest expenses on derivatives	-28	-41
revaluation expenses on derivatives	-1	-
revaluation expenses on other financial instruments	-171	-87
interest expenses on discounted provisions	-51	-56
other financial expense	-1	-1
total other financial expense	**-271**	**-214**
net financing costs	**-32**	**-72**

The interest rate charges on derivatives were EUR 13 million lower than in 2014, due to the repayment of loans and partly refinancing of at the end of 2014 repaid loans at lower interest rates.

The balance of the revaluations on derivatives and other financial instruments primarily comprises the revaluation results on the non-current borrowings and the directly related cross currency interest rate swaps. In 2015, on balance, this produced a positive result of EUR 41 million (2014: EUR 10 million positive), of which EUR 213 million revaluation income on derivatives is part of the financial income, EUR 1 million revaluation expenses on derivatives and EUR 171 million revaluation expenses on other financial instruments are part of the financial expenses. The balance of the result on the revaluation of loans and associated derivatives is specifically the result of developments in the yield curves of the CHF, JPY and the EUR compared to each other.

The other financial income amounts to EUR 7 million (2014: 13 million). This EUR 7 million in 2015 concerns the obtained payment discount as a result of the early payment of the provisional assessment corporate tax 2015. The amount related to the acquired payment discount in 2014 amounted to EUR 8 million. Furthermore, the amount in 2014 consists of EUR 5 million capitalised borrowing costs, which must be considered as part of the interest expenses on borrowings.

(7) Result for associates

in EUR million	2015	2014
GasTerra B.V.	14	14
NOGAT B.V.	16	17
NGT-Extensie	7	7
total	**37**	**38**

(8) Tax

in EUR million	2015	2014
current tax expenses current year	170	542
adjustment previous year	1	-
deferred tax expenses arising from temporary differences	-32	-17
total	**139**	**525**

The effective tax rate was 25% in 2015, which was the same as in 2014 (25%). In 2015, the nominal rate for corporate tax in the Netherlands was 25% (2014: 25%).

The balance of deferred tax assets and liabilities declined by EUR 32 million as a result of the following changes:

in EUR million	2015	2014
balance at 1 January		
deferred tax assets	110	68
deferred tax liabilities	-186	-161
total	**-76**	**-93**
movements as a result of:		
- differences between commercial and fiscal valuation of property, plant and equipment	-7	-25
- differences between commercial and fiscal valuation of provisions	39	42
balance at 31 December	**-44**	**-76**
of which:		
- deferred tax assets	149	110
- deferred tax liabilities	-193	-186
movement in assets	39	42
movement in liabilities	-7	-25

Deferred tax assets and liabilities include future tax credits and liabilities arising from temporary differences between the amounts calculated in accordance with the commercial principles and those calculated in accordance with fiscal standards.

(9) Net profit

The net profit for 2015 from continuing operations was EUR 450 million, EUR 1,164 million (72%) lower than for 2014.

Notes to the consolidated balance sheet

(10) Property, plant and equipment

in EUR million	TOTAL	PRODUCTION, TRANSPORT AND STORAGE FACILITIES	DRILLING	REIMBURSEMENTS	CAPITALISATION OF DECOMMISSIONING AND RESTORATION COSTS	EXPLORATION AND EVALUATION ASSETS UNDER CONSTRUCTION	CAPITAL EXPENDITURE AND WELLS UNDER CONSTRUCTION
balance at 1 January 2014							
cumulative cost	13,796	6,774	3,483	1,453	1,358	108	620
cumulative depreciation and impairments	9,757	5,199	2,522	1,244	695	-	97
carrying amount at 1 January 2014	**4,039**	**1,575**	**961**	**209**	**663**	**108**	**523**
changes in 2014							
cost:							
- capital expenditure	765	150	111	9	-	145	350
- commissioning	-	572	190	-	-	-34	-728
- capitalisation of borrowing costs	6	-	-	-	-	-	6
- capitalisation of decommissioning and storage costs	211	-	-	-	211	-	-
- decommissioning	-3	-3	-	-	-	-	-
- write off dry wells	-102	-1	-41	-	-	-50	-10
depreciation and amortisation							
- depreciation and amortisation	-595	-260	-199	-22	-114	-	-
- impairments	-	-97	-	-	-	-	97
- decommissioning	3	3	-	-	-	-	-
	285	364	61	-13	97	61	-285
balance at 31 December 2014							
cumulative cost	14,673	7,492	3,743	1,462	1,569	169	238
cumulative depreciation and impairments	10,349	5,553	2,721	1,266	809	-	-
carrying amount at 31 December 2014	**4,324**	**1,939**	**1,022**	**196**	**760**	**169**	**238**
changes in 2015:							
cost:							
- capital expenditure	564	99	115	-	-	149	201
- commissioning	-	80	228	-	-	-93	-215
- capitalisation of borrowing costs	-	-	-	-	-	-	-
- capitalisation of decommissioning and storage costs	304	-	-	-	304	-	-
- decommissioning	-2	-2	-	-	-	-	-
- write off dry wells	-115	-	-	-	-	-110	-5
depreciation and amortisation:							
- depreciation and amortisation	-557	-225	-201	-16	-115	-	-
- impairments	-660	-337	-150	-145	-22	-	-6
- decommissioning	2	2	-	-	-	-	-
	-464	-383	-8	-161	167	-54	-25
balance at 31 December 2015							
cumulative cost	15,424	7,669	4,086	1,462	1,873	115	219
cumulative depreciation and impairments	11,564	6,113	3,072	1,427	946	-	6
carrying amount at 31 December 2015	**3,860**	**1,556**	**1,014**	**35**	**927**	**115**	**213**

At EUR 564 million, capital expenditure in 2015 was 26% lower than in 2014 (EUR 765 million). Onshore investments amounted to EUR 102 million (2014: EUR 290 million). Offshore investments amounted to EUR 462 million (2014: EUR 475 million).

In 2015, the increase in the capitalised decommissioning costs amounted to EUR 304 million (2014: EUR 211 million). For further explanation, please refer to note 16.

In 2015, there was an impairment of EUR 660 million (2014: EUR 0 million). For more details with regard to the impairment, please refer to the principles (page 94) and note 5.

The cumulative cost of the assets which have been fully depreciated but are still in use, amounted to EUR 864 million.

(11) Associates

EBN defines as associates its 40% participation in GasTerra, its 45% participation in NOGAT and the 12% participation in the NGT-Extensie.

Associates are recognised in accordance with the equity method. The profits are distributed annually.

in EUR million	GASTERRA	NOGAT	NGT-EXTENSIE	2015 TOTAL	GASTERRA	NOGAT	NGT-EXTENSIE	OTHER	2014 TOTAL
balance at 1 January	86	13	11	110	86	13	11	1	111
profit share	14	16	7	37	14	17	7	-	38
dividend received	-14	-16	-8	-38	-14	-17	-7	-	-38
dissolution cost companies	-	-	-	-	-	-	-	-1	-1
balance at 31 December	**86**	**13**	**10**	**109**	**86**	**13**	**11**	**-**	**110**

The following table shows summarised financial information on the GasTerra, NOGAT and NGT-Extensie associates on a 100% basis.

in EUR million		GASTERRA	NOGAT	NGT-EXTENSIE	2015 TOTAL	GASTERRA	NOGAT	NGT-EXTENSIE	2014 TOTAL
balance sheet total assets	current	2,326	39	-	2,365	3,739	48	-	3,787
	non-current	27	48	10	85	35	50	11	96
liabilities	current	2,137	2	1	2,140	3,558	9	1	3,568
	non-current	-	-		-	-	-	-	-
net sales		14,740	47	89	14,876	19,501	52	82	19,635
net profit		36	34	87	157	36	38	83	157

(12) Inventories

in EUR million	2015	2014
materials	26	7
gas	1	5
condensate and oil	6	10
total	**33**	**22**

(13) Receivables

in EUR million	2015	2014
accounts receivable from associates	124	175
other trade accounts receivable	256	810
total trade accounts receivable	380	985
accounts receivables from the Dutch State	453	-
other receivables and deferred items	27	12
total	**860**	**997**

Accounts receivable from associates refer to GasTerra, in which EBN has a 40% participation.
Trade accounts receivables fell by EUR 605 million, mainly as a result of early payments for the November sales and lower sales volumes in the fourth quarter of 2015 compared to the fourth quarter of 2014.

The receivable from the State concerns an offset on the monthly special profit payments that were paid in 2015.

For information on credit risks please refer to note 20.

(14) Cash and cash equivalents

The cash and cash equivalents consist of bank balances (EUR 112 million), bank deposits (EUR 389 million), investments in money market funds (EUR 115 million) and commercial paper (EUR 45 million). In 2014, the balance of cash and cash equivalents consisted of bank balances (EUR 46 million) and bank deposits (EUR 80 million).

(15) Shareholder's equity

in EUR million	2015	2014
balance at 1 January	**199**	**219**
total profit	450	1,614
final dividend previous year	-71	-91
interim dividend	-394	-1,543
balance at 31 December	**184**	**199**

Each month EBN pays the (provisional) dividend to the Ministry of Economic Affairs. These periodic payments largely determine EBN's balance sheet structure and result in a relatively low shareholders' equity. On the other hand, the company has a substantial cash flow throughout the year. In 2015, the authorised, issued and paid up share capital amounted to EUR 128 million (2014: EUR 128 million) and comprised 284,750 shares (2014: 284,750 shares), each with a nominal value of EUR 450. The declared interim dividend per share amounted to EUR 1,384 (2014: EUR 5,419).

The declared final dividend per share amounted to EUR 249 (2014: EUR 320).

The proposed final dividend of EUR 56 million (2014: EUR 71 million) will be paid out once the General Meeting of Shareholders has adopted the financial statements. This amount is the balance of the net profit at EUR 450 million and the interim dividend already paid out at EUR 394 million. The proposed final dividend has not been deducted from the shareholders' equity.

(16) Provisions

Provisions for decommissioning and restoration costs cover obligations with terms of 1 to 60 years. Provisions for ground subsidence also cover obligations with terms of 1 to 60 years. The provision for earthquake-related costs is expected to have a maturity of 1 to 5 years.

The provision for decommissioning and restoration costs is based on information from the operators and EBN's own analysis and is determined by estimating the costs on the basis of the current price level, without allowing for inflation, and stated at the present value with a real interest rate level of 0% (2014: 0.3%). The equivalent of the provision stated at the present value is recognised under property, plant and equipment and depreciated on the basis of the UOP method. Nominal interest is added to the provision at 1.97% (2014: 2.7%).

The provision for earthquake-related costs in the province of Groningen mainly relates to damage repairs, structural reinforcements of buildings and compensation measures. The amount of this provision is based on information from the operator, public information and EBN's information and insights.

The other provision concerns claims related to pension transfer and termination of employment agreements.

The total for provisions will be increased by EUR 625 million, which is the balance of the changes shown below:

in EUR million	DECOMMISSIONING AND RESTORATION	SUBSIDENCE	EARTHQUAKES	OTHER	TOTAL
balance at 1 January 2014	**2,091**	**100**	**34**	**-**	**2,225**
additions	-	4	112	-	116
withdrawals	-9	-1	-49	-	-59
revision	211	-	-	-	211
interest	56	-	-	-	56
balance at 31 December 2014	**2,349**	**103**	**97**	**-**	**2,549**
additions	-	5	360	1	366
withdrawals	-25	-2	-69	-	-96
revision	304	-	-	-	304
interest	51	-	-	-	51
balance at 31 December 2015	**2,679**	**106**	**388**	**1**	**3,174**

The increase in the provision for decommissioning and restoration costs at EUR 304 million is primarily caused by amending the discount rate to a real interest rate of 0% (2014: 0.3%). Additionally, the estimated costs for dismantling and removing installations have been updated by the increase in the estimated costs and new insight into the dates for ending production.

The increase of the provision for earthquake-related costs in the province of Groningen at EUR 360 million is mainly caused by including a provision for a number of structural reinforcements of buildings and compensation measures.

(17) Current and non-current borrowings

in EUR million	2015		2014	
	TOTAL	OF WHICH CURRENT	TOTAL	OF WHICH CURRENT
debenture loans	1,486	323	1,339	-
private loans	76	-	69	-
commercial paper	-	-	358	358
cash loans	446	446	286	286
collateral on derivatives	119	119	-	-
total	**2,127**	**888**	**2,052**	**644**

In 2015 no new bonds or private loans were issued , nor were repayments made thereon. No security has been provided for the outstanding borrowings. Clauses are included in the agreements of the debenture and private loans that restrict the security that can be demanded.

EBN has a commercial paper program of EUR 2,000 million. This is unchanged compared to 2014. At year-end 2015, no commercial paper is outstanding (2014: EUR 358 million, issued in US dollars).

The cash loans concern deposits GasTerra has placed with EBN. This is based on a Deposit and Loan Facility Agreement which EBN and Nederlandse Aardolie Maatschappij BV (NAM) entered into with GasTerra in 2014. Under this agreement, GasTerra can propose to EBN and NAM (as joint parties) placing a deposit with EBN and NAM for a period of 3 days to

3 months. GasTerra can also request a loan from EBN and NAM (as joint parties) for a similar term under this agreement.

The collateral on derivatives concerns cash deposited by banks for the difference between the market value of the respective portfolio and the threshold as agreed per bank. This deposited collateral is interest bearing and is netted under cash and cash equivalents and will not be used for commercial purposes.

Agreements about the exchange of collateral are recorded in Credit Support Annexes (CSAs) as annex to the International Swaps and Derivatives Association (ISDA) agreements with the respective banks. CSAs were concluded with all banks, except for one bank, and with one bank not all derivatives fall under the CSA.

On 18 August 2015, a committed revolving credit line was agreed to with three banks (ING Bank, BNP Paribas and Rabobank) for a period of 5 years. This facility offers EBN the possibility to make withdrawals and to use this to withdraw up to EUR 400 million in credit for general business purposes. This facility was not used in 2015. The interest expense over any used part of the credit line depends of the relevant Euribor rate that applies for the respective credit period, increased with a margin. Due to the provided facility, the banks are owed an annual commitment fee over the outstanding and unused part of the facility. No security is provided to the banks for this facility, and no financial ratio covenants are included.

Clauses are recorded in the respective agreement that restrict the provision of security. The facility includes an option not committed by the banks for EBN to extend the term twice by one year. The facility also has an option not committed by the banks for EBN to increase the facility with a maximum of EUR 100 million.

Non-current borrowings

Non-current borrowings, including those borrowings with a due date within one year, are composed as follows:

in EUR million					2015	2014
JPY	10.000 MLN	1.775%	PRIVATE LOAN	2007/2017	76	69
CHF	325 MLN	2.125%	DEBENTURE LOAN	2010/2020	300	270
CHF	125 MLN	2.125%	DEBENTURE LOAN	2010/2020	115	104
CHF	350 MLN	0.750%	DEBENTURE LOAN	2011/2016	323	291
CHF	150 MLN	1.625%	DEBENTURE LOAN	2011/2023	138	125
CHF	235 MLN	0.625%	DEBENTURE LOAN	2012/2019	217	195
CHF	125 MLN	1.125%	DEBENTURE LOAN	2012/2024	115	104
CHF	175 MLN	0.500%	DEBENTURE LOAN	2014/2022	162	146
CHF	125 MLN	0.875%	DEBENTURE LOAN	2014/2026	116	104
					1,562	**1,408**

The difference in the amounts of outstanding loans at the end of 2015 compared to 2014 only consists of exchange rate differences, which are incorporated in the profit and loss account under financial income and expenses (see note 6).

The principle sums of these borrowings and the associated interest expenses in foreign currency are fully converted to Euros via cross currency interest rate swaps. As a result, the rate effects on the non-current liabilities, such as those from the table appear, are neutralised.

The average interest percentage of all outstanding non-current borrowings per the end of the year, including the effects of the cross currency interest rate swaps, is 2.12% (2014: 2.15%). This decrease is the result of the lower market interest rate in 2015 compared to 2014. All cross currency interest rate swaps have fixed interest rates, except those associated with the JPY 2007/2017, CHF 2014/2022 and CHF 2014/2026 loans. At year-end 2015 (as well as at the end of 2014), 22% of the financing through the outstanding cross currency interest rate swaps has variable interest rates.

The following table lists the outstanding debenture loans and private loans in order of their maturity.

in EUR million	**2015**	**2014**
within 1 year	323	-
within 1 to 2 years	76	291
within 2 to 3 years	-	69
within 3 to 4 years	217	-
within 4 to 5 years	415	195
after 5 years	531	853
total	**1,562**	**1,408**

More than 74% of the outstanding non-current borrowings have remaining terms to maturity of more than three years. Borrowings with a due date within one year are presented under current liabilities.

(18) Other non-current liabilities

This concerns a debt of EUR 17 million (2014: 17 million) to the State, pursuant to a GasTerra stock dividend. At the time of the establishment of GasTerra (at the time Gasunie), part of the share capital was paid in cash, supplemented with stock dividend. For the distribution of the dividend of GasTerra a separate rule applies based whereupon the State as special dividend recipient receives 15/40 of the dividend that accrues to EBN. Via an agreement dated 23 January 1989, it has been agreed that this rule also applies to the aforementioned stock dividend.

The State is, therefore, entitled to 15/40 of the dividend payable to EBN by GasTerra in the event of GasTerra's liquidation. In line with the nature of the obligation a provision is included, as a result of the statutory equity of GasTerra this item does not change. The liabilities are not interest-bearing.

(19) Other current liabilities

This item can be specified as follows:

in EUR million	**2015**	**2014**
trade accounts payable	88	89
payments to the State	-	141
interest payments	22	22
levies	47	367
other liabilities	124	136
total	**281**	**755**

The decrease in levies is mainly due to the lower MOR obligation.

Policy to control financial risks

(20) Risk management

General

Next to the risks as mentioned as from pages 75, the main financial risks for EBN are liquidity risk, credit risk and market risk (consisting of interest rate risk and currency risk). EBN's financial policy focuses on limiting the effects of currency and interest rate fluctuations on assets and liabilities. EBN uses financial derivatives to manage interest and currency risks, specifically those relating to the funding of its operations. The company does not take any speculative positions with financial derivatives.

Capital management

EBN aims for continuous good access to the money and capital markets by means of, for example, prudent financing policy aimed at maintaining the short and long-term credit ratings at the highest possible levels. Capital expenditure decisions are evaluated on the basis of the expected return, allowing for EBN's weighted average cost of capital.

in EUR million	**2015**	**2014**
borrowings:		
non-current borrowings	1,239	1,408
current borrowings	888	644
total borrowings	2,127	2,052
cash and cash equivalents	-661	-126
financial derivatives	-236	-70
net liabilities (A)	1,230	1,856
shareholder's equity (B)	184	199
gearing ratio A/(A+B)*100%	**87%**	**90%**

Liquidity risk

EBN has a commercial paper program of EUR 2,000 million. EBN also has a committed revolving credit facility for EUR 400 million for a period of 5 years. For further information about this facility, please refer to note 17.

The following table shows the expected annual contract-based cash flows from repayments and interest payable on borrowings and the associated derivatives:

in EUR million			2015		2015	2014
	BORROWINGS	**INTEREST**	**PAYMENT AT REDEMPTION**	**CASH FLOW DERIVATIVES**	**TOTAL CASH OUT**	**TOTAL CASH OUT**
within 1 year	888	-28	-888	32	-884	-645
within 1 to 2 years	76	-21	-76	16	-81	-320
within 2 to 3 years	-	-21	-	-	-21	-83
within 3 to 4 years	217	-21	-217	21	-217	-22
within 4 to 5 years	415	-18	-415	99	-334	-218
after 5 years	531	-24	-531	53	-502	-837
total	**2,127**	**-133**	**-2,127**	**221**	**-2,039**	**-2,125**

in EUR million			2014		2014	2013
	BORROWINGS	**INTEREST**	**PAYMENT AT REDEMPTION**	**CASH FLOW DERIVATIVES**	**TOTAL CASH OUT**	**TOTAL CASH OUT**
within 1 year	644	-29	-644	28	-645	-472
within 1 to 2 years	291	-29	-291	-	-320	-28
within 2 to 3 years	69	-22	-69	8	-83	-319
within 3 to 4 years	-	-22	-	-	-22	-82
within 4 to 5 years	195	-22	-195	-1	-218	-21
after 5 years	853	-44	-853	60	-837	-803
total	**2,052**	**-168**	**-2,052**	**95**	**-2,125**	**-1,725**

Credit risk on investments and derivatives

The credit risk to which EBN is exposed consists mainly of the amount it has on deposit at credit institutions, investments in money market funds, commercial paper and the market value of outstanding financial derivatives. EBN limits the credit risk by only doing business with financial institutions with a high credit rating and by internally setting specific credit limits for each financial institution, based on the credit ratings of the respective institution. For investments in deposits and commercial paper, the minimum short-term rating is P-1 at Moody's, A-1 at Standard & Poor's or F1 at Fitch and a minimum long-term rating of A2 at Moody's and A at Standard & Poor's and Fitch. A minimum credit rating of Moody's Aaa and Standard & Poor's and Fitch AAA applies for money market funds.

If derivative transactions are carried out in the context of long-term financing, this is only done with a counterparty with a minimum of A2 Moody's or A Standard & Poor's and Fitch long-term rating with which EBN has entered into an 'International Swaps and Derivatives Association' (ISDA) agreement. Furthermore, to hedge the credit risk, agreements were made about the exchange of collateral, which are recorded in the Credit Support Annexes (CSAs) as attachment to the ISDA. Except for one bank, CSAs were concluded with all banks with which current derivatives were concluded. EBN did not suffer any credit losses in 2015.

For the cross currency interest rate swaps with a nominal value of EUR 1,070 million (CHF 1,310 million), Credit Support Annexes (CSAs) have been agreed with the relevant counterparties. For this, at year-end 2015, on balance a collateral was placed by banks with EBN for EUR 119 million (at the end of 2014: EUR 5 million on balance was deposited by EBN with banks). The collateral on derivatives concerns cash deposited by banks in the amount of the difference between the market value of the respective portfolio and the threshold agreement per bank. This collateral is interest bearing and is netted under cash and cash equivalents and will not be used for commercial purposes. The corresponding liability is included in current liabilities as part of borrowings. The maximum credit risk on the outstanding derivatives at the end of 2015 is EUR 117 million (EUR 236 million market value derivatives minus EUR 119 million collateral).

With the valuation of the derivatives, the credit risk on counterparties is taken into account in case of a positive market value and the credit risk of banks at EBN in case of a negative market value. If the market value of the total of derivatives per counterparty is positive, then a Credit Valuation Adjustment (CVA) is included in the valuation; if it is negative then a Debt Valuation Adjustment (DVA) is included (IFRS 13.48 portfolio exception). These adjustments are based on Credit Default Swap (CDS) spreads associated with the weighted average remaining term of the portfolio and the market value of the derivatives for each counterparty. Consequentlythe valuation of the derivatives has decreased by EUR 3.2 million (2014: EUR 1 million).

Credit risk on receivables

The credit risk on receivables from sales is low. EBN mainly sells to counterparties with a high credit rating. 33% of the sales are to GasTerra (long-term rating Standard & Poor's AA+) and 64% of the sales are to NAM (Joint Venture Shell S&P rating A+ and ExxonMobil S&P rating AAA). In 2014, 52% of the sales were to GasTerra and 43% of the sales to NAM. EBN monitors the credit rating of all buyers on a daily basis.

Interest rate risk

The goal of EBN's interest rate risk policy is to limit interest rate risks arising from the company's funding and next to achieving minimal net interest charges. In accordance with internal guidelines, a maximum of 60% of the non-current borrowings and financial derivatives shall have a variable interest rate. At year-end 2015, 22% (2014: 22%) of this non-current debt position was at a variable interest rate.

The analysis of the sensitivity of borrowings and the related financial derivatives to interest rate movements is based on a direct change of 1 percentage point in the interest rates for all currencies and maturities as at 31 December 2015. All other variables remain unchanged. A reduction of 1 percentage point in interest rates would result in an estimated decrease of EUR 34 million in net financing costs, based on the portfolio of financial instruments at 31 December 2015.

The following table shows the sensitivity of the fair value of the financial instruments to changes in interest rate as at 31 December 2015:

in EUR million

2015	CARRYING AMOUNT	FAIR VALUE	CHANGE FAIR VALUE +1%	CHANGE FAIR VALUE -1%
cash and cash equivalents	661	661	-	-
receivables	860	860	-	-
current borrowings	-888	-892	3	-3
other current liabilities	-281	-281	-	-
non-current borrowings	-1,239	-1,331	72	-78
cross currency swaps positive used for non-current borrowings	206	206	-31	34
cross currency swaps positive used for current borrowings	30	30	-	-
cross currency swaps negative used for non-current borrowings	-	-	-	-
cross currency swaps negative used for current borrowings	-	-	-	-
forward exchange contracts used for current borrowings	-	-	-	-
total	**-651**	**-747**	**44**	**-47**

in EUR million

2014	CARRYING AMOUNT	FAIR VALUE	CHANGE FAIR VALUE +1%	CHANGE FAIR VALUE -1%
cash and cash equivalents	126	126	-	-
receivables	997	997	-	-
current borrowings	-644	-644	-	-
other current liabilities	-757	-757	-	-
non-current borrowings	-1,408	-1,489	79	-86
cross currency swaps positive used for non-current borrowings	56	56	-5	5
cross currency swaps positive used for current borrowings	-	-	-	-
cross currency swaps negative used for non-current borrowings	-14	-14	-21	23
cross currency swaps negative used for current borrowings	-	-	-	-
forward exchange contracts used for current borrowings	28	28	-	-
total	**-1,616**	**-1,697**	**53**	**-58**

An increase of 1 percentage point in interest rates would result in an estimated increase of EUR 31 million in net financing costs. The main reason for these effects is that a change in the fair value of derivatives as a result of a change in interest rate is charged directly to the consolidated statement of comprehensive income.

Currency risk

EBN fully hedges currency risks arising from sales, purchases and borrowings at the time that the trade receivables or trade liabilities arise. At year-end 2015, there were no currency risks to be hedged (none at year-end 2014).

Currency risks on current borrowings in foreign currencies are hedged with forward exchange contracts. At year-end 2015 there were no forward exchange contracts relating to current borrowings issued in foreign currencies (year-end-2014: USD 435 million).

Currency risks on non-current borrowings in foreign currency are hedged with cross currency interest rate swaps (see note 17).

The analysis of the sensitivity of the net debt (including financial derivatives) to fluctuations in exchange rates against the euro is based on a 10% movement in all exchange rates in relation to the euro compared to their levels at 31 December 2015, with all other variables remaining unchanged. A change of +10% means that the euro weakens in relation to the foreign currencies. A change of -10% means that the euro strengthens in relation to the foreign currencies.

in EUR million

2015	CARRYING AMOUNT	FAIR VALUE	CHANGE FAIR VALUE +10%	CHANGE FAIR VALUE -10%
cash and cash equivalents	661	661	-	-
receivables	860	935	-	-
current borrowings	-888	-892	-36	30
other current liabilities	-281	-281	-	-
non-current borrowings	-1,239	-1,331	-150	122
cross currency swaps positive used for non-current borrowings	206	206	150	-122
cross currency swaps positive used for current borrowings	30	30	36	-30
cross currency swaps negative used for non-current borrowings	-	-	-	-
cross currency swaps negative used for current borrowings	-	-	-	-
forward exchange contracts used for current borrowings	-	-	-	-
total	**-651**	**-672**	**-**	**-**

in EUR million

2014	CARRYING AMOUNT	FAIR VALUE	CHANGE FAIR VALUE +10%	CHANGE FAIR VALUE -10%
cash and cash equivalents	126	126	-	-
receivables	997	997	-	-
current borrowings	-644	-644	-40	33
other current liabilities	-757	-757	-	-
non-current borrowings	-1,408	-1,489	-166	136
cross currency swaps positive used for non-current borrowings	56	56	79	-64
cross currency swaps positive used for current borrowings	-	-	-	-
cross currency swaps negative used for non-current borrowings	-14	-14	87	-72
cross currency swaps negative used for current borrowings	-	-	-	-
forward exchange contracts used for current borrowings	28	28	40	-33
total	**-1,616**	**-1,697**	**-**	**-**

Fair value of financial instruments

Derivatives which serve to hedge long-term instruments (and thus themselves are also long-term) are classified under the fixed financial assets or long-term liabilities. Until 2014, all derivative positions were classified as current. In order to safeguard a consistent presentation, the classification of the comparative figures has been adjusted.

Derivatives *in EUR million*	**2014** **AFTER CHANGE**	**2014** **BEFORE CHANGE**
non-current assets	84	
current assets		84
non-current liabilities	-14	
current liabilities		-14
total	70	70

The table below summarises the carrying amounts and estimated fair values of financial instruments:

in EUR million	**31 DECEMBER 2015**		**31 DECEMBER 2014**	
	CARRYING AMOUNT	**FAIR VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
assets				
current receivables	860	860	997	997
non-current financial derivatives	206	206	56	56
current financial derivatives	30	30	28	28
cash and cash equivalents	661	661	126	126
liabilities				
listed non-current borrowings	1,163	1,252	1,339	1,417
other non-current borrowings	76	79	69	72
listed current borrowings	323	327	-	-
other current borrowings	565	565	644	644
non-current financial derivatives	-	-	14	14
current financial derivatives	-	-	-	-
other current liabilities	281	281	757	757

The presented value of derivatives is a net presentation of the value of the derivatives per bank, based on the underlying ISDA agreements. At year-end 2015, all derivatives had a positive market value. At year-end 2014, the derivatives based on this net presentation had a positive market value of EUR 84 million and a negative value of EUR 14 million. The underlying valuation of all derivatives separately was in total EUR 102 million positive and EUR 32 million negative.

Fair values of listed non-current borrowings are based on published rates (level 1 according to IFRS), while other fair values are calculated on the basis of the market information available (level 2 according to IFRS). All financial assets and liabilities at fair values with changes in value recognised in comprehensive income of profit are classified at level 2. The system for valuing derivatives is assessed annually. It was not adjusted in 2015.

Current receivables, cash and cash equivalents and current liabilities are recognised at their carrying amounts. In view of the short term to maturity of these instruments, these amounts approximate their fair values.

The following table summarises the carrying amounts of financial derivatives, specified according to type and objective:

in EUR million	**ASSETS**	**LIABILITIES**	**TOTAL**
cross currency interest rate swaps	56	-14	42
forward currency contracts	28	-	28
total financial derivatives in relation to borrowings at 31 December 2014	**84**	**-14**	**70**
cross currency interest rate swaps	236	-	236
forward currency contracts	-	-	-
total financial derivatives in relation to borrowings at 31 December 2015	**236**	**-**	**236**

Other notes

(21) Contingencies

As indicated in the accounting principles with respect to the valuation of assets and liabilities and the determination of the profit, EBN participates in numerous joint operations. The basis for these joint operations is laid down in agreements of cooperation and Joint Operating Agreements, from which multi-year financial rights and obligations arise. The investment obligations at year-end 2015 projects amount to EUR 310 million and the majority of these obligations has a duration shorter than 1 year. At year-end 2014, the obligation amounted to 523 million.

Furthermore, as at 31 December 2015, EBN's (in)direct share in proven and probable gas reserves in fields in which EBN participates amounted to 340 billion Nm^3 GE (2014: 358 billion Nm^3 GE).

As is usual in the industry, the pricing of sales contracts is constantly renegotiated through, for example, the associate GasTerra. The results of these negotiations can have a significant positive or negative impact on EBN's results.

As a consequence of the Cabinet decision of 17 January 2014 regarding gas production in Groningen and the earthquakes caused hereby, future obligations have been created. These obligations primarily concern damage repair, preventive reinforcement of buildings and compensation measures to improve the safety and liveability of the earthquake area.

The Minister of Economic Affairs has promised that a total amount of EUR 1.2 billion will be made available for the 2014 - 2018 period.

A provision has been included for claims, reinforcement of buildings and compensation measures (see note 16). The implementation of the costs involved with structural reinforcements of buildings and compensation measures cannot always be estimated reliably, that is why a provision is only included if specific agreements are being negotiated. The total scope of the costs could therefore be higher. Based on its participation in the license Groningen, EBN will contribute 40% of these costs.

(22) Notes on the statement of cash flows

The statement of cash flows was prepared on the basis of the indirect method with a comparison made between the opening and closing balances. Movements not resulting in an inflow or outflow of cash were subsequently eliminated. Information on movements in the statement of cash flows can largely be derived from the statements of movements in the relevant balance sheet items.

(23) Related parties

GasTerra and EBN are Related parties. EBN has 68 (2014: 78) gas sales contracts with GasTerra.
Of the net sales of EUR 4,766 million, EUR 1,548 million was achieved through GasTerra (2014: EUR 6,598 million and EUR 3,445 million respectively). The receivables in 2015 include an amount of EUR 124 million (2014: EUR 175 million) for supplies to GasTerra.

Together with Nederlandse Aardolie Maatschappij BV (NAM), EBN has entered into a Deposit and Loan Facility Agreement with GasTerra. Under this agreement, GasTerra can propose to EBN and NAM (as joint parties) placing a sum of money with EBN and NAM for a period of from 3 days to 3 months as a fixed term deposit. GasTerra can also request a loan from EBN and NAM (as joint parties) for a similar term under this agreement. For further information, please refer to note 17.

The Dutch State, being the shareholder, can be regarded as an associated party. All levies, corporation taxes and net profits are paid to the State. More information can be found in notes 14, 15 and 19 in these financial statements.

(24) Key management

The total charge for remuneration, pensions and other salary costs of the key management (4 members of the team of Directors and 4 supervisory directors) amounted to EUR 1.0 million in 2015 (2014: EUR 1.2 million; 4 members of the team of Directors and 4 supervisory directors).

The total salary costs of the executive board can be specified as follows:

in EUR	**2015**	**2014**
regular remunerations	852,311	925,835
pensions	49,417	171,060
total	**901,728**	**1,096,895**

Periodic remunerations for 2015 as presented in the table above include compensations for the capping on the pension accrual.

The gross remuneration of the supervisory directors can be specified as follows:

in EUR	**2015**	**2014**
Mr. H.M.C.M. van Oorschot	24,500	25,619
Drs. A.H.P. Gratama van Andel	22,263	22,264
Ir. R.G.M. Zwitserloot (until 16 April 2015)	6,555	22,264
Ir. G.J. Kramer	-	6,555
Mr. J.W. Weck (from 3 February 2015)	18,214	-
Ir. J.G. Huijskes (from 1 January 2016)	-	-
Prof. Mr. E.M. Kneppers-Heijnert (from 1 January 2016)	-	-
total	**71,532**	**76,702**

The above remuneration does not include the employer's share of social premium and tax amounting to EUR 4,973 (2014: EUR 9,957).

(25) Events after the balance sheet date

There were no material events after the balance sheet date requiring further disclosure.

Utrecht, 17 March 2016

Executive board

J.W. van Hoogstraten

Supervisory Board

H.M.C.M. van Oorschot
A.H.P. Gratama van Andel
J.W. Weck
J.G. Huijskes
E.M. Kneppers-Heijnert

Company profit and loss account

in EUR million	2015	2014
income from participations	**-85**	**42**
other income after tax	535	1,572
net profit	**450**	**1,614**
other comprehensive income	-	-
total comprehensive income	**450**	**1,614**

Company balance sheet

in EUR million

ASSETS	NOTE	YEAR END 2015	YEAR END 2014	LIABILITIES	NOTE	YEAR END 2015	YEAR END 2014
non-current assets				**shareholder's equity**	15		
property, plant and equipment	10	**3,731**	4,035	share capital		**128**	128
financial fixed assets	A	**177**	344				
derivatives	20	**206**	84	retained earnings		**56**	71
		4,114	4,463			**184**	199
				non-current liabilities			
				provisions	16	**3,122**	2,500
				deferred tax liabilities	8	**51**	78
				borrowings	17	**1,239**	1,408
				derivatives	20	**-**	14
				other	18	**17**	17
						4,429	4,017
current assets				**current liabilities**			
inventories	12	**32**	17	borrowings	17	**888**	644
receivables	13	**860**	981	tax liabilities		**1**	2
tax receivables		**69**	1	trade accounts payable	19	**88**	230
derivatives	20	**30**	-	other	19	**176**	495
cash and cash equivalents	14	**661**	125				
		1,652	1,124			**1,153**	1,371
total		**5,766**	5,587	**total**		**5,766**	5,587

Notes to the company financial statements

General

EBN's separate financial statements are prepared in accordance with the principles for financial reporting generally accepted in the Netherlands and the legal stipulations regarding the financial statements as defined in Part 9, Book 2 of the Dutch Civil Code.

For the determination of the accounting principles applied for valuing assets and liabilities and the determination of the results of the separate financial statements, use has been made of the option presented in article 2:362, paragraph 8 of the Dutch Civil Code. The principles for the valuation of assets and liabilities and determining the result of the separate financial statements are therefore the same as those used in the consolidated financial statements. Participations where any significant influence is exerted on the commercial and financial policy are valued on the basis of the net asset value.

The consolidated financial statements have been formulated in accordance with the International Financial Reporting Standards (IFRS) as accepted within the European Union (EU-IFRS) and with Part 9, Book 2 of the Dutch Civil Code. For a description of the principles applied, please refer to pages 92 to 97.

The separate profit and loss account has been formulated in accordance with the limitations permitted pursuant to article 2:402 of the Dutch Civil Code.

A) Financial fixed assets

in EUR million			2015			2014
	ASSOCIATES	LOANS	TOTAL	ASSOCIATES	LOANS	TOTAL
balance at 1 January	**174**	**170**	**344**	**176**	**50**	**226**
movements in loans	-	-68	-68	-	120	120
profit share	-85	-	-85	42	-	42
dividend paid	-14	-	-14	-44	-	-44
balance at 31 December	**75**	**102**	**177**	**174**	**170**	**344**

The capital contribution in 2015 concerns the contribution from the 45% share participation of NOGAT BV.
The loans extended have been used for the investments in the Bergermeer gas storage.

Other notes

The associates in the separate balance sheet include the valuation of the 100% participation EBN Capital B.V., which is consolidated in the consolidated financial statements. The differences in the other items between the consolidated and separate financial statements mainly concern the balance sheet positions of EBN Capital. The primary balance sheet positions within EBN Capital are property, plant and equipment (EUR 129 million) and the provision for decommissioning and restoration costs (EUR 50 million).

In view of the minimal differences between the other balance sheet items shown in the consolidated and separate financial statements, for further information on these items please refer to the notes to the consolidated financial statements, which can be found on pages 104 to 126.

Securities

EBN has issued a liability statement for EBN Capital in compliance with article 2:403 of the Dutch Civil Code.

Fiscal unity

EBN forms a fiscal unity with EBN Capital for the purposes of corporation tax and value added tax. EBN and its subsidiary together form a fiscal unity and are jointly and severally responsible for the taxes payable by the fiscal unity.

Fees paid to external auditors

For 2015, the fees paid to Ernst & Young, which are included in the operational costs, amount to EUR 787,000 for audit services (statutory and joint venture audits) (2014: EUR 976,000) and EUR 104,000 for other services (2014: EUR 134,000).

Directors' remuneration

The remuneration of the directors of the company, is as follows:

in EUR	2015		2014
	FROM 01/11/2015 **A.J. BOEKELMAN**	UNTIL 31/10/2015 **J.D. BOKHOVEN**	**J.D. BOKHOVEN**
regular remunerations	27,685	252,883	272,424
variable remunerations	3,857		56,414
pensions	1,941	14,485	77,108
total	33,483	267,368	405,946

Periodic remunerations for 2015 as presented in the table above include compensations for the capping of the pension accrual.

The variable compensation is based on the realisation of the agreed targets over previous reporting years.

There are still discussions ongoing with regard to obligations resulting from the departure of the former director. Accordingly any potential costs have not been accounted for.

The amounts included in the table above are excluding crisis levy. No crisis levy is owed in 2015. The total crisis levy charged to the result for 2014 amounts to EUR 40,000, of which EUR 30,000 relates to the remuneration of the aforementioned director.

In 2015 remuneration paid to the Supervisory Board members amounted to EUR 0.1 million (2014: EUR 0.1 million). See note 24 for further details about the remuneration of the individual supervisory directors.

Utrecht, 17 March 2016

Executive board
J.W. van Hoogstraten

Supervisory Board
H.M.C.M. van Oorschot
A.H.P. Gratama van Andel
J.W. Weck
J.G. Huijskes
E.M. Kneppers-Heijnert

Other details

Profit appropriation

Profit appropriation takes place in accordance with what is defined in article 21 of the company's articles of association.
To the shareholder:

- part of the profit will be distributed annually as a special profit distribution;
- the remainder of the profit will be distributed as a dividend.

Events after the balance sheet date

For more information, please refer to note 25 of these financial statements.

Independent auditor’s report

To: the shareholder of EBN B.V.

Report on the financial statements

We have audited the accompanying financial statements 2015 of EBN B.V., Utrecht. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholder’s equity and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2015, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Executive Board’s responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Executive Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of EBN B.V. as at December 31, 2015 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 Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of EBN B.V. as at December 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report from the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report from the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 17 March 2016

Ernst & Young Accountants LLP
signed by J.J. Vernooij

Independent assurance-report

To: the shareholder of EBN B.V.

We have reviewed the non-financial information in the sections Foreword, About EBN and Report from the Executive Board as part of the 2015 Annual Report (hereinafter: the Report) of EBN B.V. in Utrecht (hereinafter: EBN). The report comprises a description of the policy, the activities, events and performance of EBN relating to sustainable development during 2015.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

References in the Report (to www.ebn.nl, external websites and other documents) are outside the scope of our assurance engagement.

Executive Board's responsibility

The Executive Board of EBN is responsible for the preparation of the Report in accordance with the Sustainability Reporting Guidelines G4 (option Core) of the Global Reporting Initiative (GRI) and the reporting criteria developed by EBN, including the identification of the stakeholders and the determination of material issues. The disclosures made by the Executive Board with respect to the scope of the Report and the reporting criteria are included in the section About this report.

Furthermore the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Dutch law, including Dutch Standard 3810N "Assurance Engagements relating to Sustainability Reports". This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the Report is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures regarding the information as included in the Report and evaluating the evidence obtained. Consequently a review engagement provides less assurance than an audit.

Procedures performed

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organization;
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management;
- Evaluating the application level in accordance with the Sustainability Reporting Guidelines G4 (option Core) of GRI;
- Evaluating the design and implementation of the systems and processes for data gathering and processing of information as presented in the Report;
- Interviewing management (or relevant staff) responsible for the sustainability strategy and policies;
- Interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- Evaluating internal and external documentation, in addition to interviews, to determine whether the information in the Report is reliable;
- Analytical review of data and trend explanations submitted for consolidation in the Report.

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

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph "Limitations in our scope", nothing has come to our attention that causes us to conclude that the non-financial information in the sections Foreword, About EBN and Report from the Executive Board as part of the 2015 Annual Report of EBN B.V., in all material respects, does not provide a reliable and appropriate presentation of the policy of EBN for sustainable development, or of the activities, events and performance of the organization relating to sustainable development during 2015, in accordance with the Sustainability Reporting Guidelines G4 (option Core) of GRI and reporting criteria developed by EBN as disclosed in the section About this report.

Rotterdam, 17 March 2016

Ernst & Young Accountants LLP
signed by H. Hollander

Key figures

in EUR million	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
number of EBN participations in joint ventures:										
- production licences onshore	33	31	29	27	24	23	22	21	20	14
- production licences offshore	109	107	106	101	101	103	103	100	95	85
- exploration licences	48	55	56	48	47	48	45	41	26	17
sales (bln m^3, 100%)	51	66	79	73	72	80	70	73	64	66
change in % compared to previous year (100%)	-22	-17	8	1	-10	14	-5	11	-3	-1
- sales Groningen (bln m^3, EBN share)	12	17	21	19	18	20	15	15	12	13
- sales small fields (bln m^3, EBN share)	9	10	11	11	12	13	14	15	15	15
total sales (bln m^3, EBN share)	21	27	32	30	30	33	29	30	27	28
average selling price of gas										
(€ -cents per m^3 35.17 MJ/m^3)	20,26	22,23	25,52	26,76	22,63	18,58	20,72	26,91	20,67	21,52
sales from:										
- continuing operations	4.766	6.598	8.809	8.528	7.103	6.486	6.387	8.698	6.090	6.264
- discontinued operations										
total sales	4.766	6.598	8.809	8.528	7.103	6.486	6.387	8.698	6.090	6.264
change from continuing operations in % compared to previous year	-28	-25	3	20	10	2	-27	43	-3	28
net profit from:										
- continuing operations	450	1.614	2.327	2.360	2.131	2.076	2.211	3.269	2.367	2.378
- discontinued operations										
total profit	450	1.614	2.327	2.360	2.131	2.076	2.211	3.269	2.367	2.378
net profit from continuing activities in % of sales	9	24	26	28	30	32	35	38	39	38
property, plant and equipment										
- capital expenditure onshore	102	290	275	202	228	224	238	129	277	146
- capital expenditure offshore	462	475	377	419	383	383	475	447	405	478
- decommissioning and restoration	304	211	178	-126	675	57	-163	93	137	273
total capital expenditure	868	976	830	495	1.286	664	550	669	819	896
depreciation	1.217	595	652	745	617	499	462	501	494	403
shareholders' equity	184	199	219	200	204	174	158	160	162	290
gearing ratio (%)	87	90	87	88	91	91	93	91	93	86
outside capital	5.644	5.465	5.309	5.565	5.684	5.146	4.520	5.386	4.664	3.902

Glossary and list of references

Fuel mix	Percentage of each fuel source in the total fuels used to generate energy.
CCS	Carbon capture and storage.
Cluster	Location from which multiple wells can be drilled.
Corporate Governance Code (old)	Code of Conduct for Companies listed on the stock exchange.
Corporate Governance Code (new)	The Dutch Corporate Governance Code of the Corporate Governance Code Monitoring Committee.
COSO	The Committee of Sponsoring Organizations of the Treadway Commission.
Dashboard	Overview of company-specific performance indicators.
Dinantian	The oldest era of the Carboniferous.
Energy mix	Proportion of energy used in the Netherlands from different sources of energy.
End-of-field-life	Gas or oil field in the final phase of production.
E&P	Exploration and Production.
EZ	Dutch Ministry of Economic Affairs.
Fallow Acreage Covenant	Covenant, signed on 31 August 2010, for stimulating the exploration for and production of oil and gas reserves and the storage of minerals in the Dutch part of the continental shelf, as agreed between the Minister of Economic Affairs, Agriculture and Innovation and mining companies with operations on the continental shelf.
Fracking	Technique by which fluid is injected under high pressure into stone containing gas, 'breaking' the stone so the gas can be extracted.
Gasgebouw	Public-private cooperation in the Groningen Partnership and GasTerra.
Gas Hub	The physical national and international gas infrastructure.
Gas resources	Subsurface gas resources that can be produced.
GE	Groningen equivalent (Nm^3 gas with a combustion value of 35.17 MJ at 0 degrees Celsius and 101.325 kPa).
Geothermal energy	Thermal energy generated and stored in the Earth.
HR	Human Resources.
ICT	Information and Communication Technologies.
IFRIC	International Financial Reporting Interpretations Committee.
IFRS	International Financial Reporting Standards.
IMS	Integral Management System.
JIP	Joint Industry Project.
Cushion gas	Gas that has to be present in a field or storage facility to maintain the pressure.
LNG	Liquefied natural gas.
Maatschap Groningen	Joint venture for managing the production of the Groningen field.
Mining Act	Dutch Act containing regulations governing the exploration for and production and storage of minerals.
MOR+SA	Additional revenue scheme for Groningen + State share.
CSR	Corporate Social Responsibility.

NAM	Nederlandse Aardolie Maatschappij (Dutch oil company in which Royal Dutch Shell and Exxon Mobil have equal shares).
Near-field exploration	Exploration for gas close to existing production locations.
Nm^3	Normal cubic metre – standardized volume unit for measuring natural gas.
NOGEPA	Netherlands Oil and Gas Exploration and Production Association.
NOV management	Non-operated venture management.
Operating partner	See operator.
Operator	Party in the production process that carries out production activities on behalf of the partners.
Gas Hub Discussion Platform	Discussion forum of the Dutch government, the gas industry and knowledge infrastructure organisations to discuss new initiatives and strategic issues concerning the physical national and international gas hub infrastructure.
OvS	Cooperation Agreement between EBN and licence holder(s).
Permeability	The degree to which a solid substance can be pervaded by other substances.
PRMS	Petroleum Resources Management System: international classification system describing the status and volumes of oil and gas resources.
Radial drilling	Radial drilling.
ROAD	Rotterdam Storage and Capture Demonstration Project.
Scorecard	Overview of department-specific performance indicators.
Shale gas	Gas held in tight reservoirs in shales that have insufficient permeability for the gas to flow easily to the well bore.
Shallow gas	Gas produced from relatively shallow reservoirs (< 800 meter depth, mostly unconsolidated).
Sm^3	Standard cubic meter.
SodM	State Supervision of Mines.
Spot market	Public financial market, in which surpluses are traded and shortages made up for immediate delivery and payment in the very short term.
State participation	Shareholder status of the Dutch State.
Stranded reserves or fields	Natural gas deposits that are technically or economically impractical to develop and produce at a particular time.
Tight gas	Gas produced from tight reservoirs in sandstones that have insufficient permeability for the gas to flow easily to the well bore.
TNO	Netherlands Organisation for Applied Science TNO.
Treasury	Management of a company's cash and cash equivalents.
Trias	The Trias is a geological period that lasted from ca. 252.2 to 201.3 million years ago.
TWh	Terawatt hour
VPB	Corporation tax.
WACC	Weighted Average Cost of Capital
Zechstein	The Zechstein or the Zechstein Group is a unit of rock layers in the substratum of large parts of Western and Central Europe.

Contact information

Did our annual report make you think,
give rise to questions or inspire you?
You can always contact us to ask
questions or to exchange views.

Visiting and postal address

EBN B.V.
Daalsesingel 1
3511 SV Utrecht

Telefoon: +31 (0)30 2339001
Fax: +31 (0)30 2339051
Mail: ebn.mail@ebn.nl

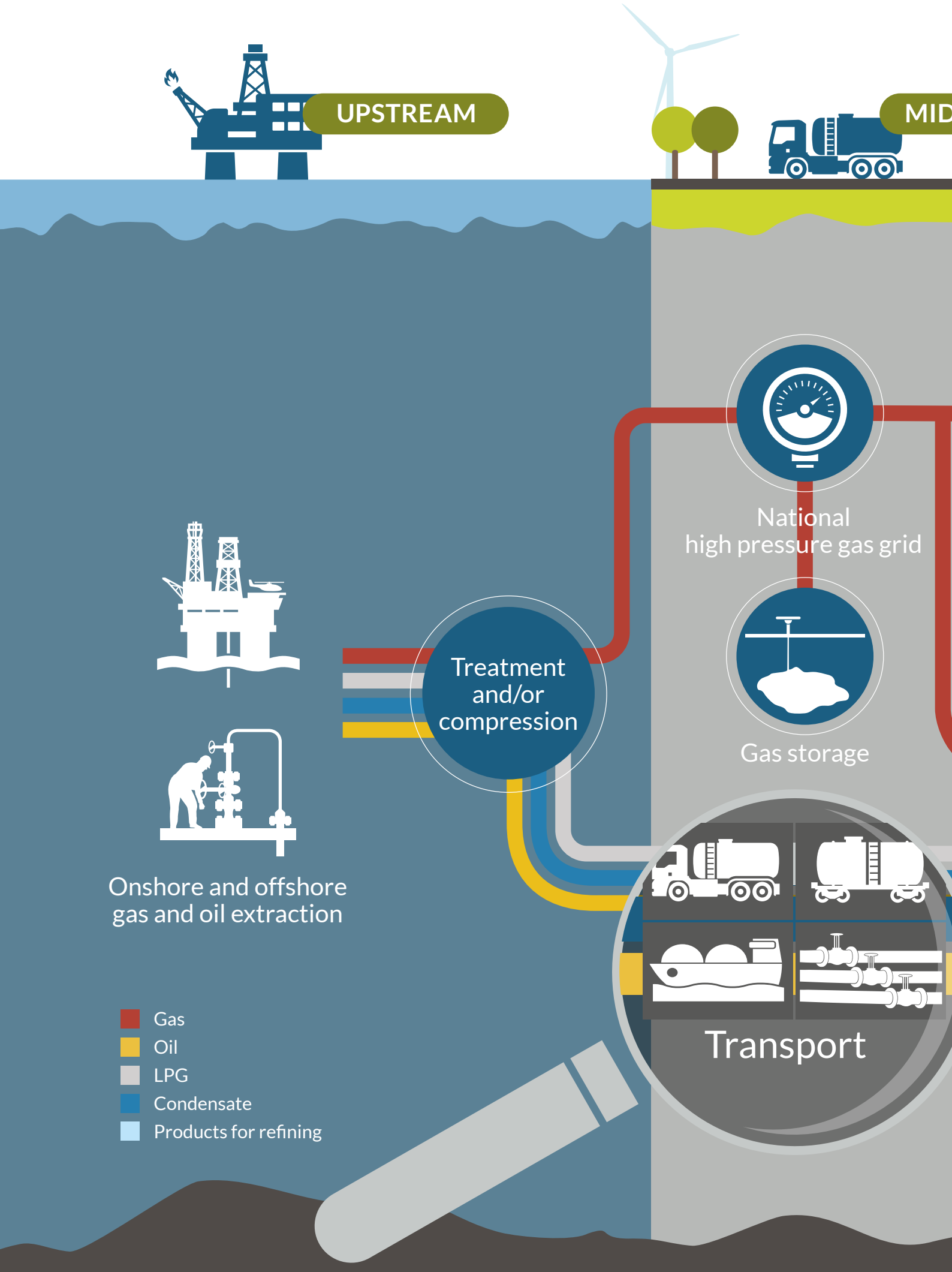
Colofon

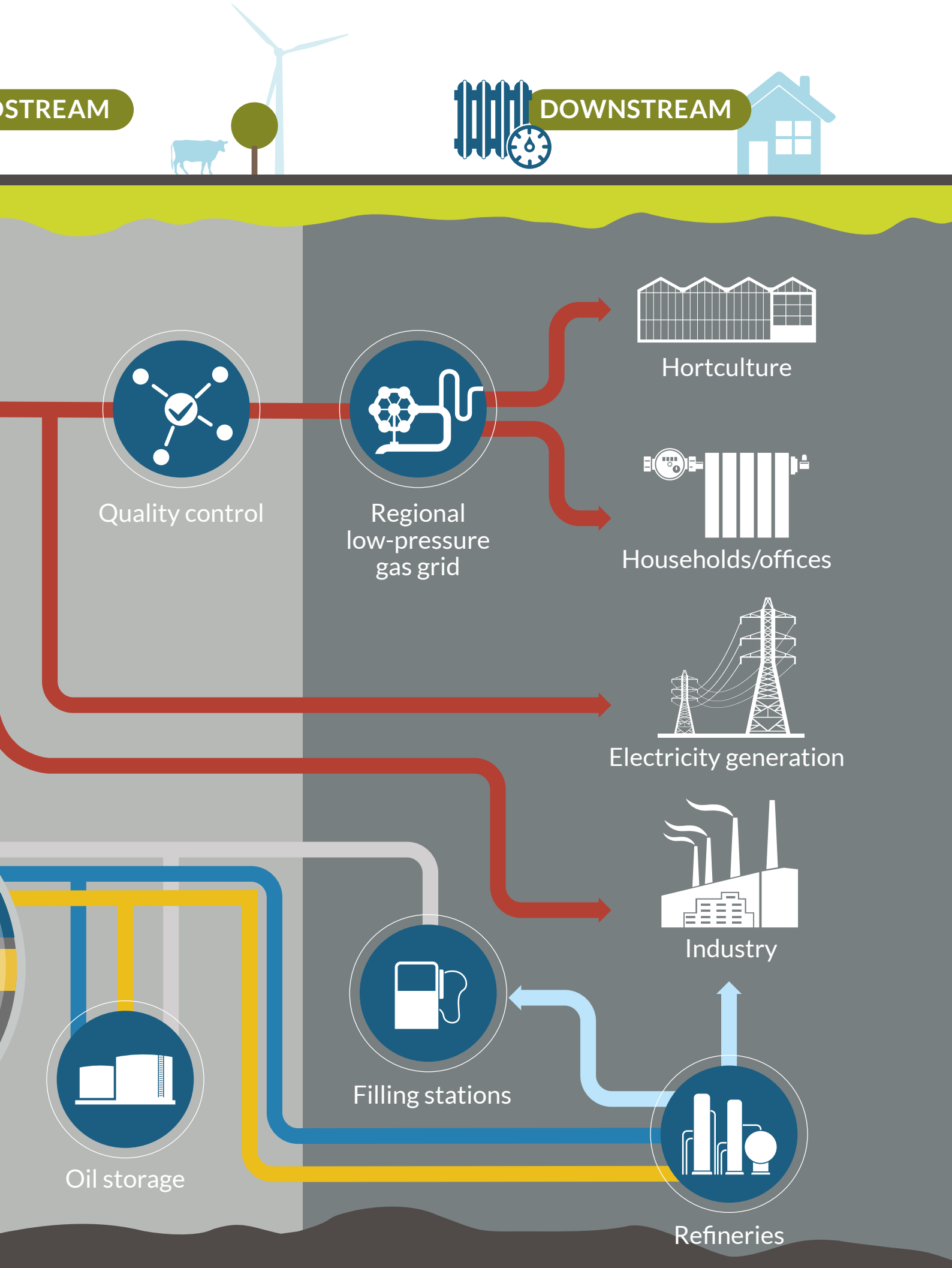
Production
EBN Communicatie & Public Affairs
in cooperation with Bondt Communicatie, Breda

Design and layout
Made in Haarlem, Haarlem
a-design, Sassenheim

Photography
Fjodor Buijs, Haarlem

English translation
Linguakabinet, Den Haag


UPSTREAM
MID
National
high pressure gas grid
Treatment
and/or
compression
Gas storage
Onshore and offshore
gas and oil extraction
Transport
Gas
Oil
LPG
Condensate
Products for refining


OSTREAM
DOWNSTREAM
Hortculture
Quality control
Regional
low-pressure
gas grid
Households/offices
Electricity generation
Industry
Filling stations
Oil storage
Refineries