Enel Finance International N.V.

Annual Report 2013

Contents

Directors' report

General information

The Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2013.
Enel Finance International N.V. ("the Company") is a public company with limited liability, where 100% of the shares are held by Enel S.p.A., the ultimate parent company, having its seat in Rome, Italy. The Company operates as a financing company for the Enel Group, raising funds through bond issuances, loans and other facilities and on turn lending the funds so raised to the companies belonging to the Enel Group.

Reference scenario

2013 was characterized by the persistence of the high volatility of economic and financial conditions already experienced in the whole 2012. Notwithstanding, in the last quarter of the year the main financial indicators started to show a gradual improvement of the global economic and financial conditions.

The global economic recovery remains subdued and diverse across economic regions, with growth dynamics gradually shifting in favour of advanced economies. The latest survey indicators point to further expansion of global business activity, supported, inter alia, by the stabilisation of global financial conditions. In the medium term prospects are expected to improve in advanced economies, but remain muted in emerging markets relative to historical trends. A number of cyclical and structural factors continue to weigh on global growth, while overall risks to the outlook for economic activity remain tilted to the downside. Meanwhile, world trade is gradually strengthening, but rates of growth remain much lower than before the global financial crisis. Consumer price inflation has slowed in most advanced and emerging economies since July, on the back of lower energy and food prices.

Annual growth in broad money moderated further in the third quarter and October 2013, reflecting genuinely weak money creation in the euro area. Meanwhile, the provision of credit to the non-financial private sector continued to contract, albeit the pace of that contraction levelled off.

Overall, credit to the non-financial private sector has declined further in recent months. The weakness of bank lending appears mainly to reflect cyclical and structural demand factors. Constraints on supply appear to have receded in the third quarter, but remain present in a number of countries. In general, such loans tend to follow the business cycle with a lag.

Finally, firms have increasingly replaced bank credit with alternative sources of funding: internally generated resources and, in some cases, direct access to capital markets. Supply-side factors continue to weigh on growth in loans to households and non-financial corporations, especially in stressed countries, but these seem to have receded somewhat recently.

Significant events in 2013

Funding operations

Revolving Facility Agreement

On 7 February 2013 the Board of Directors of the Company, following the resolution of Enel's board of directors dated 17 January 2013 and in order to maintain for the next years a liquidity position compliant with the market assessments, resolved to refinance the Euro 10.000 million Revolving Credit Facility and to extend up to April 2018 the original expiry date.
Following those resolutions, on 8 February 2013 the Company as Original Borrower and Enel S.p.A. as Original Borrower and Guarantor have signed a "forward starting" Revolving Facility Agreement with Mediobanca – Banca di Credito Finanziario S.p.A. and a pool of banks leaded by Mediobanca for the amount of Euro 9.440 million that will replace the existing Euro 10.000 million Revolving Credit Facility (currently not drawn) set to expire in April 2015, starting from the latter expiry date and up to April 2018.
Such revolving credit line is "forward starting", meaning that it may be used starting either from the expiry date of the abovementioned Euro 10.000 million Revolving Credit Facility or from a previous date thanks to the possible early cancellation of the existing one.

Global Medium Term Note Programme (GMTN) – 2013 Update and Note Issuances

On 14 May 2013 the Board of Directors and the Shareholder of the Company resolved about the update of the GMTN Programme up to Euro 35.000 million, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form while getting any possible market opportunities for new bonds issuance.
The relevant deeds have been signed on 29 May 2013 and the Irish Central Bank of hereby approved the Base Prospectus on the same date.

During the current year the Company issued the following Notes:

> February 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 100 million, with maturity in 2023. It bears:

- a fixed interest rate of 5% per annum from the issuance date until February 2015;
- a floating rate linked to EUR CMS 10 Years plus 1,50% per annum capped at 7% per annum as from February 2015 up to the maturity date.

The impact in income statement for the period is negative resulting in higher financial expenses for Euro 4 million.

> March 2013: a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2023. It bears a floating rate linked to Italian inflation rate (FOI) plus 2,0% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 1 million.

> April 2013:
(i) a private placement of Floating Rate Notes in an aggregate principal amount of Euro 50 million, with maturity in 2025. It bears a floating rate linked to EUR CMS 10 Years plus 1,95% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 1 million;

(ii) a private placement of notes in an aggregate principal amount of Euro 50 million with maturity in 2028 and a fixed interest rate of 4,875% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 2 million;

(iii) a private placement of notes in an aggregate principal amount of Euro 180 million with maturity in 2025 and a fixed interest rate of 4,45% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 6 million;

(iv) a private placement of notes in an aggregate principal amount of Euro 55 million with maturity in 2027 and a fixed interest rate of 4,75% per annum. The impact in income statement for the period is negative resulting in higher financial expenses for Euro 2 million.

Credit Facility Agreement (CFA)

On 27 September 2013 the Company and Enel S.p.A. decided to early repay the outstanding amount under the "*Facility C Increase*".
With such repayment of Euro 219 million the Company has totally repaid the Credit Facility Agreement signed on April 2007.

Bank Loans

During the last quarter of the year, after a careful assessment of the liquidity position at whole Enel Group level, the Company and Enel S.p.A., in the role of Guarantor, decided to early repay the following long term loans signed on February 2012:

> 5 years Term Loan Facility Agreement of Euro 3.200 million with a pool of major international banks. Such Term Loan paid an interest based on Euribor plus a 250 bps fixed margin and an additional variable fee varying depending upon Enel S.p.A.'s pro tempore rating;

> 5 years Term Loan Facility Agreement of Euro 250 million with JP Morgan Chase Bank N.A.. Such Term Loan paid an interest based on Euribor plus a variable margin between 250 and 375 bps varying depending upon Enel S.p.A.'s pro tempore rating;

> 5 years Term Loan Facility Agreement of Euro 100 million with Banco Bilbao Vizcaya Argentaria S.A.. Such Term Loan paid an interest based on Euribor plus a 230 bps fixed margin and an additional variable fee varying depending upon Enel S.p.A.'s pro tempore rating.

Intercompany Credit Lines

On 20 December 2013 the Company has entered into a Euro 2.500 million Intercompany short term revolving agreement with Enel S.p.A.; such credit line will expiry on 31 December 2014 and bears a interest rate based on Euribor rate plus a floating margin between 170 bps and 220 bps in connection with the overall drawdown. As at 31 December 2013 the credit line was utilized for a total amount of Euro 500 million.

According with the necessity to maintain an adequate liquidity buffer and a greater cash flexibility to face the financial need deriving from the short term commitment with the Group subsidiaries, such credit stands as further financial source to the back up credit line with Mediobanca signed on April 2010.

Lending Operations

In the framework of the adoption of the Enel Group financial model which envisages to entrust the Company the role of main financial entity of the Enel Group, acting as:

(i) funding company on the open market

(ii) lending company to vis-à-vis Enel S.p.A. and the other Group subsidiaries and, therefore,

(iii) preliminary cash concentration unit,

the Company, during the current period, has furtherly increased the financial support granted to Enel Group subsidiaries and, based on the relevant resolutions of Board of Directors, has entered into the following long term revolving credit facilities:

Millions of Euro

Borrower	Financial relationship	Commitm. Amount	Currency	Rate of Interest	Margin	Commitment fee	Availability Period	Maturity date
Enel Green Power Int. B.V.	5 Y revolving credit facility	500	Multicurrency	4,40%		1,20%	1 Jan. 2013 - 30 June 2013	31 Dec. 2017
Enel Green Power Int. B.V.	10 Y revolving credit facility	500	Multicurrency	Swap Rate	3,90%	1/3 of margin	1 Jan. 2013 - 31 Dec. 2013	31 Dec. 2022
Enel Green Power Int. B.V.	10 Y revolving credit facility	*2500*	Multicurrency	10Y Swap Rate	*3,60%*	0,3% p.a. of the undrawn Facility Amount	*1 Aug. 2013 - 31 Mar. 2014*	*31 Jul. 2023*
		500	Multicurrency	6M Euribor / Libor or 10Y Swap Rate	*3,60%*	0,9% p.a. of the undrawn Facility Amount	*1 Aug. 2013 - 31 Jul. 2014*	*31 Jul. 2023*

As at 31 December 2013, the first two credit facilities have been not utilized and moreover the commitment has expired.

In relation to the third credit facility, on 20 September 2013 the Company has entered, as lender, into a further Loan Facility Agreement ("Agreement") with Enel Green Power International B.V. (EGPI) with the commitment in the aggregate amount up to Euro 3.000 million, divided into:

> Tranche A) for an aggregate amount up to Euro 2.500 million with availability period starting from 1 August 2013 and ending on and including 31 December 2013; this tranche has the

purpose to refinance the outstanding loans under the Intercompany Multicurrency Loan Facility Agreement between EFI and EGPI dated 31 July 2010;

> Tranche B) for an aggregate amount up to Euro 500 million with an availability period starting from 1 August 2013 and ending on and including 31 July 2014. The purpose of such tranche is to finance the capital expenditure deriving from the development of new business initiatives.

The tranche A) of the Euro 3.000 million Facility was partially utilized to refinance some of the loans under the Multicurrency Loan Facility Agreement granted in 2010 for a total amount of Euro 1.536 million. The tranche B) of the Euro 500 million Facility has been not utilized.

On 20 December 2013, the Company has granted Enel Green Power International with an extension of the availability period under the Tranche A) to 31 March 2014 for the commitment amount non utilized as at 31 December 2013 (Euro 964 million).

As a further step in the adoption of the above mentioned Enel Group financial model, the Company has granted also the italian Group subsidiaries with a more diversified portfolio of short term financial instruments. In this frame, the Company has entered into the following short term financial operations:

> On 27 June 2013 the Company has entered into the new short-term revolving facility agreement with Enel Trade d.o.o. for a nominal amount of Euro 5 million.

> On 1 October 2013 the Company has entered into three new medium-term loans with the following Group subsidiaries:

- Enel Produzione S.p.A. - Euro 1.000 million
- Enel Trade S.p.A. - Euro 700 million
- Enel Energia S.p.A. - Euro 300 million

These new loan agreements bear a fixed interest at 1,70% with a tenor a two years and final maturity date 1 October 2015.

On 16 October 2013, Enel S.p.A. as result of the issue of hybrid financial instruments has exercised the prepayment option under the Clause 16 of the Loan Agreement originally dated 28 December 2007; therefore the commitment of Euro 2.500 million has been totally repaid.

Overview of the Company's performance and financial position

Analysis of the Company financial position

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Net non-current assets:			
Other non-current financial assets	103	387	(284)
Other non-current financial liabilities	(794)	(393)	(401)
Total	**(691)**	**(6)**	**(685)**
Net current assets:			
Net Tax Balance	4	(1)	5
Other Current financial assets	277	255	22
Other Current financial liabilities	(468)	(470)	2
Other Current liabilities	(1)	(2)	1
Total	**(188)**	**(218)**	**30**
Gross capital employed	**(879)**	**(221)**	**(658)**
Net Capital Employed	**(879)**	**(221)**	**(658)**
Total Shareholders' Equity	**824**	**1.048**	**(224)**
Net Financial Debt	**(1.703)**	**(1.269)**	**(434)**

The net non-current assets/(liabilities), as at 31 December 2013, dropped by Euro 685 million compared to 31 December 2012. The variation refers essentially to the decrease of non-current derivative asset (Euro 323 million) and to the increase of non-current derivative liabilities (Euro 401 million) partially compensated by the increase of financial prepaid expenses (Euro 39 million) and related to costs paid for a new forward start revolving facility agreement subscribed in February 2013, for further details please refer to paragraph "4 Non-current financial assets".

Net current assets/(liabilities) came to a negative Euro 188 million with an increase of Euro 30 million compared to 31 December 2012. The variation is due essentially to the increase of current assets Cash flow hedge and trading derivatives fair value (Euro 19 million).

Net capital employed came to a negative Euro 879 million at 31 December 2013, down Euro 658 million compared to the same period of 2012. The variation is due to the decrease of shareholders' equity (Euro 224 million) and to the reduction of the Net Financial Debt (Euro 434 million). The debt-to-equity ratio at 31 December 2013 came to a negative 207% (negative 121% as of 31 December 2012).

Net financial debt

Millions of euro

	31 Dec. 2013	31 Dec. 2012	Change
Long-term debt:			
- bank loans	-	3.728	(3.728)
- bonds	19.877	20.635	(758)
- debt assumed and loans from Group companies	296	296	-
Long-term debt	*20.173*	*24.659*	*(4.486)*
- loans to Group companies	(26.953)	(27.961)	1.008
Net long-term debt	**(6.780)**	**(3.302)**	**(3.478)**
Short-term debt/(liquidity):			
- short-term portion of bonds	905	758	147
- other short-term bank debt	-	2	(2)
Short-term bank debt	*905*	*760*	*145*
- short-term loans from Group companies	4.787	1.720	3.067
- commercial paper	1.388	2.556	(1.168)
Other short-term loans	*6.175*	*4.276*	*1.899*
- short-term financial receivables due from Group companies	(1.771)	(2.893)	1.122
- intercompany current account - Enel S.p.A.	(222)	(100)	(122)
- cash and cash equivalents	(10)	(10)	-
Cash and cash equivalents and short-term financial receivables	*(2.003)*	*(3.003)*	*1.000*
Net short-term debt/(liquidity)	**5.077**	**2.033**	**3.044**
NET FINANCIAL DEBT	**(1.703)**	**(1.269)**	**(434)**

Net financial debt amounting to negative Euro 1.703 million at 31 December 2013 showed a significant decrease (Euro 434 million) compared with the corresponding period of last year.

Net long-term debt stood at negative Euro 6.780 million, down Euro 3.478 million as a result of the following factors: (i) prepayment of the bank loans in which the company entered during the previous year (Euro 3.550 million); (ii) early termination of the Credit Facility Agreement through the prepayment of the last tranche (Euro 219 million); (iii) lower bonds (Euro 758 million) mainly caused by the reclassification between current liabilities of USD 1.250 million bond that will reach its maturity date on October 2014; partially compensated by the decrease of the long-term loans granted to Enel Group companies (Euro 1.008 million).

Net short-term debt increased by Euro 3.044 million to Euro 5.077 million with the change principally referring to:

> the rise of short-term loans from Group companies (Euro 3.067 million) mainly due to: a) the growth of the time deposit accounts from Enel Servizio Elettrico (Euro 1.803 million) and Enel Investment Holding BV (Euro 1.026 million); b) the utilization of the new short term revolving agreement with Enel S.p.A. (Euro 500 million); reduced by an overall contraction of the short-term debt exposure with Enel Green Power International BV (Euro 197 million);

> the decrease of the short-term financial receivables due from Group companies (Euro 1.122 million);

partially offset by the decrease of the Commercial Paper issued (Euro 1.168 million).

Main Risks and uncertainties

Credit risk

Credit Risk is the risk that the Company will suffer from losses when a counterparty defaults on meeting its obligations on a trade or financial transaction. In compliance with counterparty credit risk policy defined at Enel Group level, the Company operates almost entirely in its lending activity with other entities belonging to the Enel Group and therefore the level of credit risk is deemed negligible by the Company. There are few and not significant transactions entered into and by market counterparties with high credit standards as regards financial derivatives intended to hedge currency risks on commercial paper issued by the Company.

Liquidity risk

Liquidity Risk is the risk that the Company will become unable to settle obligations with immediacy, or will be able to meet them only at uneconomic conditions. Enel Finance International N.V. together with its shareholder Enel S.p.A. is responsible for the centralized Enel Group Treasury function, meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

Exchange rate and interest rate risk

The Company is exposed to exchange rate risk associated with cash flows in respect of investments or other items in foreign currencies and debt denominated in currencies other than the functional currency of the Company. During the year, management of exchange rate risk was pursued through compliance with Enel Group’s risk management policies, which call for hedging of significant exposures, encountering no difficulties in accessing the derivatives market. Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. The main source of the exposure to this category of risk for the Group is floating-rate debt. In order to obtain a balanced structure for the debt, Enel Finance International N.V. manages the risk by reducing the amount of debt exposed to interest rate fluctuations, curbing borrowing costs over time and limiting the volatility of results.

Related Parties

The main activity of Enel Finance International N.V. is to operate as financing company of the Enel Group, raising funds through bonds issuance, loans and other facilities and on turn lending the funds so raised to the companies belonging to Enel Group; all the transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices.

Outlook

The Company should evolve normally during 2014, with the aim to maintain the same funding and lending activities currently ongoing, keeping on supporting Enel Group in its developing and consolidation process.

Board of Directors composition

Taking into account the new legislation that entered into force in the Netherlands on 1 January 2013 and concerning the composition of the companies' Board of Directors, we highlight that the Board members of the Company are currently all men. Nonetheless, the Company believes that the composition of its Board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities and independence that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

Subsequent events

There have been no significant subsequent events to be mentioned.

Personnel

As at 31 December 2013 the Company employs seven people.

Statement of the Board of Directors

Statement ex Article 5:25c Paragraph 2 sub c Financial Markets Supervision Act ("Wet op net Financieel Toezicht").

To our knowledge,

> the financial statements give a true and fair view of the assets, liabilities, financial position and result of Enel Finance International N.V.;

> the Director's Report gives a true and fair view of the Company's position as per 31 December 2013 and the developments during the financial year 2013;

> the Director's Report describes the principal risks the Company is facing.

This annual report is prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and it is externally fully audited by Ernst & Young Accountants LLP. Furthermore this annual report complies with the EU Transparency Directive enacted in the Netherlands in 2008 and subsequently came into force as from 1 January 2009. The Company's main obligations under the aforementioned Transparency Directive can be summarized as follows:

> filing its approved annual financial statements electronically with the AFM (Autoriteit Financiele Markten) in the Netherlands within five days after their approval;

> making its annual financial report generally available to the public by posting it on Enel S.p.A. official website within 4 months after the end of the 2013 fiscal year (by 30 April 2014);

> making its annual financial report generally available to the public by issuing an information notice on a financial newspaper or on a financial system at European level within 4 months after the end of the 2013 fiscal year (by 30 April 2014).

Amsterdam, 18 April 2014

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
C. Palasciano Villamagna
A. Canta

Enel Finance International N.V.

Separate financial statements 2013

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

Statement of comprehensive income

Millions of euro	Note	2013	2012
Other revenues and income		-	-
Services	1	(2)	(3)
Personnel	1	(2)	(1)
Result from operating activities		**(4)**	**(4)**
Financial income	2	2.005	1.640
Financial expense	2	(1.890)	(1.549)
	Total	**115**	**91**
Profit before income taxes		**111**	**87**
Income tax expense	3	13	14
Net income for the period		**98**	**73**
Other components of comprehensive income recyclable to profit or loss in future periods:			
- Effective portion of change in the fair value of cash flow hedges		*(322)*	*(496)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDER		**(224)**	**(423)**

Statement of financial position

Millions of Euro	Note		
ASSETS		**31 Dec 2013**	**31 Dec 2012**
Non-current assets			
Non-current financial assets	4	27.056	28.348
	Total	**27.056**	**28.348**
Current assets			
Current financial assets	5	2.271	3.248
Income tax receivable	6	4	1
Cash and cash equivalents	7	10	10
	Total	**2.285**	**3.259**
TOTAL ASSETS		**29.341**	**31.607**

Millions of Euro			
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec 2013**	**31 Dec 2012**
Share capital	8	1.479	1.479
Share premium reserve	8	43	43
Cash flow hedge reserve	8	(968)	(646)
Retained earnings		172	99
Net income for the period		98	73
Total shareholder's equity		**824**	**1.048**
Non-current liabilities			
Long-term loans and borrowings	9	20.173	24.659
Other non-current financial liabilities	10	794	393
	Total	**20.967**	**25.052**
Current liabilities			
Short-term loans and borrowings	11	6.175	4.278
Current portion of long-term loans	9	905	758
Other current financial liabilities	12	468	470
Other current liabilities		2	1
	Total	**7.550**	**5.507**
TOTAL EQUITY AND LIABILITIES		**29.341**	**31.607**

Statement of changes in equity

Millions of euro

	Share capital	Share premium reserve	Other legal reserve	Other reserves	Retained earnings	Cash flow hedge reserve	Net income for the period	**Equity attributable to the shareholders**
31 Dec 2011	**1.479**	**43**	**-**	**-**	**-**	**(150)**	**99**	**1.471**
Allocation of net income from the previous year	-	-	-	-	99	-	(99)	-
Comprehensive income for the year:	-	-	-	-	-	(496)	-	(496)
Loss recognized directly in equity	-	-	-	-	-	*(496)*	-	*(496)*
Net income for period	-	-	-	-	-		*73*	*73*
31 Dec 2012	**1.479**	**43**	-	-	**99**	**(646)**	**73**	**1.048**
Allocation of net income from the previous year	-	-	-	-	73	-	(73)	-
Comprehensive income for the year:	-	-	-	-	-	(322)	-	(322)
Loss recognized directly in equity	-	-	-	-	-	*(322)*	-	*(322)*
Net income for period	-	-	-	-	-	-	*98*	*98*
31 Dec 2013	**1.479**	**43**	-	-	**172**	**(968)**	**98**	**824**

Statement of cash flows

Millions of euro	Note	2013	2012
Income for the period		**98**	**73**
Adjustments for:			
Financial (income)	2	(2.005)	(1.640)
Financial expense	2	1.890	1.549
Income taxes	3	13	14
Cash flow from operating activities before changes in net current assets		*(4)*	*(4)*
(Increase)/Decrease in financial and non-financial assets/liabilities		9	9
Interest income and other financial income collected		1.608	1.544
Interest expense and other financial expense paid		(1.459)	(1.310)
Income taxes paid		(16)	(33)
Cash flows from operating activities (a)		**138**	**206**
New loans granted to Enel S.p.A. and affiliates	*4-5*	*(2.412)*	*(10.825)*
Repayments and other movements from Enel S.p.A. and affiliates	*4-5*	*4.530*	*3.730*
Cash flows from investing/disinvesting activities (b)		**2.118**	**(7.095)**
Financial debt (new borrowings)	9-11	3.839	8.415
Financial debt (repayments and other changes)		(5.973)	(2.442)
Cash flows from financing activities (c)		**(2.134)**	**5.973**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**122**	**(916)**
Cash and cash equivalents at the beginning of the year		**110**	**1.026**
Cash and cash equivalents at the end of the year		**232**	**110**
current account with banks		*10*	*10*
current account with Enel S.p.A.		*222*	*100*

Notes to the financial statements

Form and content of the financial statement

Enel Finance International N.V. ("the Company") was incorporated (with the denomination of Enel Trading Rus B.V.) as a limited liability company under the laws of the Netherlands on 26 September 2008. The Company is registered with the trade register of the Dutch chamber of commerce under number 34313428 with business address at Herengracht 471, 1017 BS Amsterdam, the Netherlands. The Company is established for an indefinite duration.
The Company is a public company with limited liability, where 100% of the shares are held by Enel S.p.A., the ultimate parent company, having its seat in Rome, Italy.
Company's financial statements are included into the consolidated financial statements of Enel S.p.A., which can be obtained from the investor relations section of Enel S.p.A. official website (http://www.enel.com).

Corporate purpose

The Company operates as a financing company for the Group, raising funds through bond issuances, loans and other facilities and on turn lending the funds so raised to the companies belonging to the Enel Group. The Company is also part of the centralising financial process and acts as the primary reference for the management of financial needs or liquidity generated by the Enel Group companies.
The Company acts solely as a financing company for Enel Group and therefore is not engaged in market competition in the energy sector with third parties.
The Company is managed by a management board composed of six members, appointed by the general meeting of shareholders, which may dismiss them at any time. The management board has the power to perform all acts of administration and disposition in compliance with the corporate objects of the Company.
The joint signatures of any two members of the management board or the single signature of any person to whom such signatory shall have been appointed by the management board may bind the Company.

Compliance with IFRS/IAS

The financial statements for the year ended 31 December 2013 have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) issued by International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU". The financial statements have also been prepared in conformity with the statutory provisions of the Netherlands Civil Code, Book 2, Title 9.

Basis of presentation

The financial statements consist of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes.
The financial statements have been prepared on the historical costs basis except for the following material items:

- Derivative financial instruments, valued at fair value;
- Loans and receivable and financial liabilities recognized at amortized cost.

The assets and liabilities reported in the financial position are classified on a “current/non-current basis”. Current assets, which include cash and cash equivalents, are assets that are intended to be used during the normal operating cycle of the Company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.
The income statement is classified on the basis of the nature of expenses, while the indirect method is used for the cash flow statement.
The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Functional and presentation currency

The financial statements are presented in euro, the functional currency of Enel Finance International N.V.. All figures are shown in millions of euro unless stated otherwise.
The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going Concern

Enel S.p.A. has provided financial support to the Company should it not be able to meet its obligations. This intent has been formally confirmed by Enel S.p.A. in a support letter issued on 27 February 2014 and valid until next year’s approval date of the Financial Statements should the company remain under control of the Enel Group. Based upon this comfort letter received by the parent company, Company’s management has prepared the financial statements on the basis of a positive going concern assumption.

Solvency

Given the objectives of the company, the Company is strictly economically interrelated with Enel S.p.A.. In assessing the solvency as well as the general risk profile of the Company, the solvency of the Enel Group as a whole, headed by Enel S.p.A. should be considered.

Accounting policies and measurement criteria

Use of estimates

Preparing the financial statements under IFRS-EU requires the use of estimates and assumptions that affect the carrying amount of assets and liabilities and the related information on the items involved, as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods. Estimates were used only with regard to the valuation of financial instruments. These estimates and assumptions are discussed in the note on the accounting policies adopted.

Related parties

Definition

Related parties are mainly parties that have the same Parent Company (Enel S.p.A.), companies that directly or indirectly, through one or more intermediaries' control, are controlled or are subject to the joint control of Enel S.p.A., and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the managers with strategic responsibilities, and their close relatives, of Enel S.p.A. and of the companies over which it exercises direct, indirect, or joint control and over which it exercises a significant influence. Managers with strategic responsibilities are those persons who have the power and direct or indirect responsibility for planning, managing and controlling of the activities of the Company. They include company directors.

Transaction with related parties

The Company is subject to transactions with related parties, and adopted the policy defined by the Parent Company Enel S.p.A..
According to this policy, the Board of Directors of Enel S.p.A. adopted regulations that establish the procedures for approving and carrying out transactions undertaken by Enel S.p.A. or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the transactions. According to these regulations, the Internal Control Committee of Enel S.p.A. is entrusted with the prior examination of the transactions with related parties, with the exception of those that present a low level of risk for Enel S.p.A. and the Enel Group.

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard the Enel S.p.A.) or prior evaluation (if the transactions regard Group companies) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding Euro 25 million (with the exception of the previously mentioned ones that present a low level of risk for Enel S.p.A. and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

Translation of foreign currencies

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate.
Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date when that value was determined.
Any exchange rate differences are recognized through the income statement.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market that the entity does not originally intend to sell. Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.

Financial liabilities

Financial liabilities other than derivatives are recognized at the settlement date when the company becomes a party to the contractual clauses representing the instrument and are initially measured at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.

The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.
When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and subsequently released to profit or loss in line with the gains and losses on the hedged item. The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.
Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss. Derivative financial instruments are recognized at the trade date. Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which must be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.
Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-year exchange rates.
According to the International Accounting Standards, the Company measures the credit risk both of the counterparty (Credit Valuation Adjustment or CVA) and of its non-performance credit risk (Debit Valuation Adjustment or DVA), in order to make the adjustment of the fair value of derivative financial instruments for the corresponding value of counterparty risk.
In particular, the Company measures the CVA/DVA based on the net exposure and, subsequently, allocating the adjustment on each financial instrument that constitutes the portfolio.
In order to measure the CVA / DVA, the Company uses a valuation technique based on the Potential Future Exposure, whose inputs are observable on the market.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive the cash flows associated with the instrument expire or the company has transferred substantially all the risks and rewards associated with ownership or control of the instrument.
Financial liabilities are derecognized when they are extinguished or the company transfers all the risks and benefits associated with the instrument.

Fair value hierarchy pursuant to IFRS 7

Assets and liabilities measured at fair value are classified in a three-level hierarchy as described below, in consideration of the inputs used to determine such fair value.
In particular:

> Level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);

> Level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 that are observable either directly or indirectly on the market;

> Level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in the fair value of derivatives connected with financial transactions.

Dividends

Dividends and interim dividends payable to the Company's sole shareholder are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Income taxes

Income tax expense comprises current and deferred tax.
Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.
Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance sheet date.
Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each year-end. Taxes in respect of components recognized directly in equity are taken directly to equity.

Recently issued accounting standards

First-time adoption and applicable standards

In addition to the accounting standards adopted in the preparation of the financial statements at 31 December 2012, the following IFRS standards and interpretations took effect as from 1 January 2013:

> "Amendment to IAS 1 – Presentation of items of other comprehensive income", issued in June 2011, provides that the profit and loss statement and the aspects of "Other Comprehensive Income (OCI)" must be presented in two separate sections. Furthermore, the amended standard provides that the elements of OCI should be separated between those elements that will be reclassified ("recycled") to profit and loss and those that will never be reclassified to profit and loss.

> "IFRS 13 – *Fair value measurement*", issued in May 2011; it represents a broad framework to refer to whenever other accounting standards require or allow the application of the fair value system. The standard provides a guide on how to determine fair value, while also introducing specific disclosure requirements.

> "Amendments to IFRS 7 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, requires expanded disclosure on set-off of financial assets and liabilities. The purpose of this is to allow users of financial statements to assess the effects and potential effects of the netting contracts on the financial position of the entity, including rights of off-set associated with assets or liabilities recognized in the financial statements.

> "*Annual Improvements to IFRSs 2009-2011 Cycle*", issued in May 2012; it contains formal amendments and clarifications to existing standards. The application of the new provisions didn't have any significant impact. Descriptions of the new standards and interpretations are set out below:
>
> - IAS 1 – *Presentation of Financial Statements;* the amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information.
> - IAS 16 – *Property, Plant and Equipment;* the amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
> - IAS 32 – *Financial Instruments: Presentation;* the amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

The application of the above mentioned new standards, amendments and interpretations didn't have an impact for the Company leading to an improved presentation of Items of Other Comprehensive Income.

Standards not yet applicable and not yet adopted

During financial years 2012 and 2013, the European Commission approved the following amendment, which is expected to apply to the Company in the next periods:

> "Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*", issued in December 2011. Whereas "*IAS 32 – Financial Instruments*" provides that financial assets and liabilities shall be offset and the relevant net amount reported in the balance sheet when, and only when, the entity:

a) currently has a legally-enforceable right to set-off the amounts recognized in the accounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The amendment to IAS 32 clarifies the necessary conditions for satisfying these two requirements. In relation to the first requirement, the amendment expands the explanation of the cases in which an entity "currently has a legally-enforceable right to set-off". In relation to the second requirement, the amendment clarifies that if the entity realizes financial assets and liabilities separately for the purposes of set-off, the credit or liquidity risk will be insignificant and hence explains the features that the gross settlement system must have. The amendment will apply retroactively from the financial years beginning 1 January 2014 onwards. The Company is assessing the impact of the future application of the new provisions.

During the years 2009-2013 the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have published new standards and interpretations that, as of 31 December 2013, have not yet been approved by the European Commission. Descriptions of the new standards and interpretations that may have an impact on the Company's financial statements are set out below:

> "IFRS 9 – *Financial Instruments*", issued in November 2009 and revised in October 2010, is the first of the three stages of the plan to replace IAS 39. The new standard sets out the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of the entity's "business model" and the characteristics of the related contractual cash flows. In terms of valuation criteria, the new standard provides that financial assets and liabilities ought initially to be valued at fair value, including any transaction costs which are directly associated with their receipt or issue. Thereafter, financial assets and liabilities can be valued at fair value or amortized cost, without prejudice to exercising the so-called 'fair value option'. In relation to valuation criteria for investments in equities not held for trading purposes, it is possible to opt irrevocably to present variations in fair value among Other Comprehensive Income; the related dividends must, in any case, be allocated to profit and loss. During the month of November 2013 it has been introduced the section related to the hedge accounting. The new provisions relating to the accounting treatments of the effects of hedging relationships require to reflect on financial statements the risk management policies, eliminating inconsistencies and weaknesses provided by IAS 39. The hedge accounting provided by IFRS 9 doesn't contain any reference to the macro hedge, it's an issue on which

the IASB is still under discussion. Therefore, until the conclusion of the entire project on hedge accounting, the principle allows companies to choose whether to adopt the criteria specified by itself or the requirements of IAS 39.
The amendments introduced in November 2013 have also eliminated the reference to a mandatory first adoption date of the principle, which is available for immediate application. The Company, however, will not apply the principle before its endorsements. The Company is currently assessing the future impact of the application of the new provisions.

> "Amendments to IFRS 9 and IFRS 7 – *Mandatory effective date and transition disclosure*", issued in December 2011, modifies "IFRS 9 – Financial Instruments", deferring the date of mandatory first adoption from 1 January 2013 to 1 January 2015 and setting out new rules on the transition from the application of IAS 39 to the application of IFRS 9.
These provisions have been, however, outdated by amendments to IFRS 9 issued in the month of November 2013 and commented in the previous point. It also amends IFRS 7 Financial Instruments: Disclosures, introducing a new comparative disclosure, which may be mandatory or optional depending on the transition date to IFRS 9. The Company is currently assessing the future impact of the application of the new provisions.

> Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting", issued in June 2013. The changes are finalized to allow the companies, whereas specific conditions are met, to do not interrupt hedge accounting by the effect of the novation of the hedging instrument with a central counterparty (CCP), in application of laws or regulations. The changes will take effect retrospectively, after ratification, for the periods starting from 1 January 2014. The Company is currently assessing the future impact of the new provisions.

> *Annual improvements to IFRSs 2010 - 2012 Cycle*", issued in December 2013; it contains formal amendments and clarifications to existing standards that are not expected to have significant impact for the Company. Descriptions of the new standards and interpretations are set out below:

- "IFRS 13 – Fair value measurement"; the amendment clarify, in the context of the principle basis for conclusions, that the IASB doesn't intend to change the evaluation criteria for short-term assets and liabilities.
- "IAS 24 – Disclosure on related party transactions", the amendment clarifies that an entity is to be deemed a related party (or each member of a group to which it belongs), when it provides to the Company or to its parent, services rendered by directors with strategic responsibilities (called management entity). The amendment also introduces information concerning this type of related party. After its endorsements, the amendment will be applicable for the periods starting on 1 January 2015.

> *Annual improvements to IFRSs 2011 - 2013 Cycle*", issued in December 2013; it contains formal amendments and clarifications to existing standards that, it's expected, they will have no significant impact for the Company. Descriptions of the new standards and interpretations are set out below:

- "IFRS 13 - Fair value measurement", the amendment clarifies that the exception from the principle of evaluating financial assets and liabilities taking into account the exposure of net portfolio also applies to all contracts included in the scope of IAS 39 / IFRS 9 even if they do not meet the requirements of IAS 32 to be classified as financial assets/liabilities. After its endorsement, the amendment will be applicable for the periods starting on 1 January 2015. In particular, it will be applicable prospectively from the date on which the Company has applied for the first time IFRS 13.

Risk management

Market risk

Market risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.
Enel Finance International N.V., acting as a financial intermediary, provides the necessary resources to foreign operating Entities of the Group; the funding activity comprises direct access to the international capital markets. Therefore, Enel Finance International N.V. is exposed to interest rate and exchange rates risks, due to its net financial position.
In order to hedge these exposures, the Company employs financial derivative instruments such as interest rate swaps, currency forwards and cross currency interest rate swaps, that are negotiated both with Enel S.p.A. and on the market.
The fair value of a financial derivative is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts.
The fair value of listed instruments is the market price as at 31 December 2013. The fair value of over the counter (OTC) instruments is calculated with standard pricing models for each instrument typology. The expected future cash flows are discounted with market interest rate curves, while foreign currency amounts are converted to Euro using the official European Central Bank exchange rates as at 31 December 2013.
Moreover, according to the International Accounting Standards, the Company measures the credit risk both of the counterparty (Credit Valuation Adjustment or CVA) and of its non-performance credit risk (Debit Valuation Adjustment or DVA), in order to make the adjustment of the fair value of derivative financial instruments for the corresponding value of counterparty risk.
In particular, the Company measures the CVA/DVA based on the net exposure taking into account any existing arrangements that mitigate credit risk exposure in the event of default and, subsequently, allocating the adjustment on each financial instrument that constitutes the portfolio.
In order to measure the CVA / DVA, the company uses a valuation technique based on the Potential Future Exposure, whose inputs are observable on the market.
The notional amount of a financial derivative is the nominal on which payments are calculated. Foreign currency amounts are converted to Euro at official European Central Bank exchange rates as at 31 December 2013.
The transactions compliant with IAS 39 requirements can be designated as cash flow hedge, otherwise are classified as trading.

Interest rate risk

Interest rate risk is the risk borne by an interest-bearing financial instrument due to variability of interest rates. The optimal debt structure results from the trade-off between reducing the interest rate exposure and minimizing the average cost of debt.
The Company is exposed to interest rate fluctuation both on liabilities and on assets.
Interest rate swaps are stipulated to mitigate the exposure to interest rates fluctuation, thus reducing the volatility of economic results. Through an interest rate swap, the Company agrees with a counterparty to exchange, with a specified periodicity, floating rate interest flows versus fixed rate interest flows, both calculated on a reference notional amount. In order to ensure effectiveness, all

the contracts have notional amount, periodicity and expiry date matching the underlying financial liability and its expected future cash flows.

The following table reports the notional amount and fair value of interest rate derivatives at 31 December 2013 and 31 December 2012:

Millions of euro

	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Cashflow hedge derivatives:								
Interest rate swap	400	200	(13)	(12)	2	-	15	12
Trading derivatives:								
Interest rate swap	100	100	(6)	(7)	-	-	6	7
Total interest rate derivatives	**500**	**300**	**(19)**	**(19)**	**2**	**-**	**21**	**19**

The following table reports expected cash flows related to derivative instruments for the coming years:

Millions of euro

	Fair value	Expected cash flows					
	31 Dec. 2013	2014	2015	2016	2017	2018	Beyond
Cashflow hedge derivatives:							
Positive Fair value derivatives	2	-	-	(1)	-	-	4
Negative fair value derivatives	(15)	(4)	(4)	(3)	(2)	(2)	(4)
Trading derivatives:							
Positive Fair value derivatives	-	-	-	-	-	-	-
Negative fair value derivatives	(6)	(1)	-	-	(1)	(1)	(4)
Total Interest rate derivatives	**(19)**	**(5)**	**(4)**	**(4)**	**(3)**	**(3)**	**(4)**

Regarding the details of interest rate swap contracts on the basis of hierarchy of inputs used to determine fair value, as specified by IFRS 7, refer to the notes: 4, 10.

At 31 December 2013, 2% of long term debt towards third parties was floating rate (26% as at 31 December 2012). Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 100% of long term debt is hedged against interest rate risk (75% as at 31 December 2012).

Having both assets and liabilities indexed to floating rate indices, the sensitivity of the Company income statement to the fluctuation of interest rates depends upon its net long term financial position.

An increase (decrease) of 25 basis point in market interest rates wouldn't have any relevant impact on the income statement in terms of higher (lower) interest net expenses (Euro 16 million as at 31 December 2012).

As regards the potential impact on equity of a change in interest rates, if interest rates rate would have been 25 basis point higher as at 31 December 2013, all other variables being equal, net equity would have increased by Euro 4 million (Euro 2 million as at 31 December 2012) due to the increase of the fair value of cash flow hedge derivatives. Conversely, if interest rates rate would have been 25 basis point lower, all other market data remaining stable, net equity would have decreased by Euro 4 million (Euro 2 million as at 31 December 2012) due to decrease of fair value of Cash Flow Hedge derivatives.

Exchange rate risk

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. Enel Finance International N.V. exposure to such risk is mainly due to foreign currencies denominated flows, originated by financial assets and liabilities.

In order to mitigate this risk, the Company enters into plain vanilla transactions such as currency forwards and cross currency interest rate swaps. In order to ensure effectiveness, all the contracts have notional amount and expiry date matching the underlying expected future cash flows.

Cross currency interest rate swaps are used to transform a long-term fixed – or floating – rate liability in foreign currency into an equivalent fixed – or floating – rate liability in euro, while currency forwards are used to hedge commercial papers and intercompany loans.

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2013 and 31 December 2012:

Millions of euro

	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Cashflow hedge derivatives:								
Cross currency interest rate swap	8.587	9.702	(681)	29	92	404	773	375
Trading derivatives:								
Forward	1.611	1.049	4	(4)	9	3	5	7
Total exchange rate derivatives	**10.198**	**10.751**	**(677)**	**25**	**101**	**407**	**778**	**382**

The following table reports expected cash flows related to derivative instruments for the coming years:

Millions of euro

	Fair value	**Expected cash flows**					
	31 Dec. 2013	2014	2015	2016	2017	2018	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	92	61	9	9	16	5	80
Negative fair value derivatives	(773)	(4)	(5)	(2)	(2)	(23)	301
Forwards							
Positive Fair value derivatives	9	8	-	-	-	-	-
Negative fair value derivatives	(5)	(5)	-	-	-	-	-
Total Exchange rate derivatives	**(677)**	**60**	**4**	**7**	**14**	**(18)**	**381**

Regarding the details of derivatives contracts on the basis of hierarchy of inputs used to determine fair value, as specified by IFRS 7, refer to the notes: 4, 5, 10, 12.

As regards the potential impact on equity of a change in foreign exchange rates as at 31 December 2013, assuming a 10% depreciation of Euro against other currencies, all other variables being equal, equity would have been about Euro 1.225 million higher (Euro 1.512 million at 31 December 2012) as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of Euro against other currencies, all other variables being equal, equity would have been about Euro 1.002 million lower (Euro 1.237 million at 31 December 2012) as a result of the decrease of the fair value of Cash Flow Hedge derivatives.

Credit risk

Credit Risk is the risk that the Company will suffer losses when a counterparty defaults in meeting its obligations on a trade or transaction of any kind when it is supposed to.
In compliance with counterparty credit risk policy defined at Group level, the Company is operating solely with market counterparties with high credit standing and with other Entities belonging to the Enel Group.

Liquidity risk

Liquidity Risk is the risk that the Company will become unable to settle obligations with immediacy, or will be able to meet them only at uneconomic conditions. In order to mitigate this risk Enel Finance International N.V. meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of financing sources while managing any liquidity excess as appropriate.
Moreover, the Company has access to the following credit lines fully available as at 31 December 2013: (i) a long term revolving credit line for an amount up to Euro 5.000 million, for further details please refer to paragraph "9 Long-term loans and borrowings"; (ii) a facility agreement with UniCredit Bank Slovakia a.s., subscribed during the year and amounting to Euro 140 million. The Company has also an outstanding commercial paper programs with a maximum ceiling of Euro 6.000 million, of which only Euro 1.388 million drawn at 2013 year ended.
As further liquidity reserve, the Company has subscribed during the year a short term revolving agreement with Enel S.p.A. with a commitment amount of Euro 2.500 million of which only Euro 500 million utilized as at 31 December 2013.
Furthermore Enel S.p.A. has confirmed through a letter dated 27 February 2014 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2014 financial statements of the Company.

Notes to the statement of comprehensive income

1 **Result from operating activities** – Euro (4) million

Result from operating activities is negative for Euro 4 million with no changes compared to previous year. The costs refer to services (mainly related to legal and consultancy charges) for Euro 2 million and to personnel costs for Euro 2 million.

2 **Financial income/(expense)** – Euro 115 million

Millions of Euro

	2013	2012	Change
Financial income:			
- interest and other income from financial assets	1.484	1.349	135
- foreign exchange gains	386	151	235
- income from trading derivative instruments	72	83	(11)
- income from CFH derivative instruments	63	54	9
- income from Time Deposit Interests	0	3	(3)
Total finance income	**2.005**	**1.640**	**365**
Financial expense:			
- interest and other charges on financial debt	(1.370)	(1.292)	(78)
- foreign exchange losses	(44)	(76)	32
- expense on trading derivative instruments	(92)	(77)	(15)
- expense on CFH derivative instruments	(384)	(104)	(280)
Total financial expense	**(1.890)**	**(1.549)**	**(341)**
Net finance result recognised	**115**	**91**	**24**

Interest and other income from financial assets rose to Euro 1.484 million, up Euro 135 million on 31 December 2012 with the variation essentially due to:

> The interest income from Enel Distribuzione S.p.A. (Euro 67 million) due to the subscription in April 2012 of a long-term loan Facility granted by the Company up to the aggregate amount of Euro 3.500 million and bearing fixed interest equal to 6,30%.

> The interest income from Enel Distribuzione S.p.A. (Euro 94 million) due to the subscription in October 2012 of a long-term loan Facility granted by the Company up to the aggregate amount of Euro 2.000 million and bearing fixed interest equal to 5,70%.

> The interest income from Enel Produzione S.p.A. (Euro 87 million) attributable to the long-term loan granted by the Company in October 2012 for an aggregate amount of Euro 2.000 million and bearing fixed interest equal to 5,25%;

> The interest income from Enel Produzione S.p.A. (Euro 4 million) attributable to the long-term loan granted by the Company in October 2013 for an aggregate amount of Euro 1.000 million and bearing fixed interest equal to 1,70%;

> The interest income from Enel Green Power International B.V. (Euro 18 million) attributable to the dynamics of utilization of the Intercompany Multicurrency Loan Facility granted by the Company in July 2010;

The effect was partially compensated by: (i) lower interest income (Euro 113 million) due to the repayment, during the second half of 2012, of a share of the long-term to Enel Energy Europe S.A. (Euro 3.000 million); (ii) lower interest income (Euro 30 million) from Enel S.p.A. due to the complete prepayment (Euro 2.500 million) of a long term loan granted by the company in January 2008 and renegotiated during 2010.

Interests and other charges on financial debt rose to Euro 1.370 million. The variation of Euro 78 million is essentially due to the following factors:

> increase of financial charges on bonds for Euro 68 million due to the issuance of new bonds during the period;

> financial charges accrued in the period (Euro 9 million) related to the costs paid for the new forward start revolving facility agreement subscribed in February 2013;

> financial charges accrued in the period (Euro 9 million) due to the reimbursement of substitute tax and interests paid by the banks that granted to the Company and Enel S.p.A. the Revolving Credit Facility Euro 10.000 million, following the tax agreement signed by the Company and the banks;

> increase by Euro 23 million of amortized costs on bank loans because of the prepayment of: (i) the long-term bank loans entered into with Mediobanca, JPMorgan and BBVA during 2012; (ii) the last tranche of the credit facility agreement;

Partially offset by:

> lower interest charges (Euro 28 million) due to a reduced issuance of Commercial Paper respect to the previous year and to the long-term bank loans repayments above mentioned.

The net foreign exchange gains amount to Euro 342 million and they are mainly due to the depreciation of the notes denominated in foreign currencies. The amount of the foreign exchange gains arisen from this depreciation are entirely covered with the reversal of the Cash Flow Hedge equity reserve resulting in a financial charge of Euro 392 million.

Net charge from trading derivative instruments amounting to Euro 20 million refer to the income statements effect of derivative instruments related to Commercial Paper and Intercompany Loan transactions denominated in currencies other than euro.

3 Income tax expense – Euro 13 million

Millions of Euro	2013	2012
Profit before income taxes	111	87
Tax rate at nominal tax rate (25%)	28	22
Tax effect on non-taxable income	15	7
Adjustments for current income taxes related to prior periods	-	(1)
Current Taxation	**13**	**14**

The Company concluded during 2010 an Advanced Pricing Agreement with the Dutch tax authorities in which it agreed both the transfer pricing method and the remuneration for its intergroup financing activities. The advanced pricing agreement does not have any effect on deferred taxation.

Notes to the statement of financial position

4 Non-current financial assets – Euro 27.056 million

Millions of Euro

	31 Dec 2013	31 Dec 2012	Change
Financial Instruments at fair value through other comprehensive income			
Cash flow hedges			
- Foreign exchange contracts	41	367	(326)
- Interest rate contracts	2	-	2
Total Instruments at fair value through other comprehensive income	**43**	**367**	**(324)**
Loans and receivables			
- Loans to Enel Group Entities	26.953	27.961	(1.008)
- other items	60	20	40
Total loans and receivables	**27.013**	**27.981**	**(968)**
Total non-current financial assets	**27.056**	**28.348**	**(1.292)**

Non-current financial assets comprise:

Loans to Enel Group Entities

This item refers to medium long-term loans granted to Enel Group companies and are detailed as follows:

Millions of Euro

	31 Dec 2013	31 Dec 2012	Change
Loan receivable from Enel S.p.A.	-	2.500	(2.500)
Loan receivable from Enel Energy Europe S.A.	15.000	15.000	-
Loan receivable from Enel Green Power International B.V.	2.453	2.461	(8)
Loan receivable from Endesa SA	-	500	(500)
Loan receivable from Enel Produzione S.p.A.	3.000	2.000	1.000
Loan receivable from Enel Distribuzione S.p.A.	5.500	5.500	-
Loan receivable from Enel Trade S.p.A.	700	-	700
Loan receivable from Enel Energia S.p.A.	300	-	300
Total loans to Enel Group Entities	**26.953**	**27.961**	**(1.008)**

The decrease (Euro 1.008 million) of loans to Enel Group Entities is mainly due the repayment of the following long term-loans granted by the Company to the Enel Group companies:

> On 16 October 2013, Enel S.p.A. has exercised the option under the Clause 16 of the Loan Agreement originally dated 28 December 2007 and has early repaid the commitment of Euro 2.500 million;

> On 28 January 2013, Endesa Sa has repaid the drawdown (Euro 500 million) under the Euro 3.500 million revolving credit facility granted by the Company in November 2011,

partially compensated by the following new long term loans:

> On 01 October 2013, the Company has entered into three new medium-term loans with the following Group subsidiaries:

Millions of euro

Counterparty	Nominal amount	Currency	Rate of Interest	Start date	Maturity date
Enel Produzione S.p.A.	1.000	EUR	1,70%	01/10/2013	01/10/2015
Enel Trade S.p.A.	700	EUR	1,70%	01/10/2013	01/10/2015
Enel Energia S.p.A.	300	EUR	1,70%	01/10/2013	01/10/2015

> On 20 September 2013 the Company has entered, as lender, into a further Loan Facility Agreement ("Agreement") with Enel Green Power International B.V. (EGPI) with the commitment in the aggregate amount up to Euro 3.000 million, divided into:

- Tranche A) for an aggregate amount up to Euro 2.500 million with availability period starting from 1 August 2013 and ending on and including 31 December 2013; this tranche has the purpose to refinance the outstanding loans under the Intercompany Multicurrency Loan Facility Agreement between EFI and EGPI dated 31 July 2010;

- Tranche B) for an aggregate amount up to Euro 500 million with an availability period starting from 1 August 2013 and ending on and including 31 July 2014. The purpose of such tranche is to finance the capital expenditure deriving from the development of new business initiatives.

The tranche A) was partially utilized to refinance some of the loans under the Multicurrency Loan Facility Agreement granted in 2010 for a total amount of Euro 1.536 million, while the tranche B) of the Euro 500 million Facility has been not utilized.

On 20 December 2013, the Company has granted Enel Green Power International with an extension of the availability period under the Tranche A) to 31 March 2014 for the commitment amount non utilized as at 31 December 2013 (Euro 964 million).

Cash flow hedge derivatives

Cash flow hedge derivatives are used by the Company to hedge the exchange rate and interest rate fluctuations of bonds and long-term loans or receivables (for further details see par. *"Risk Management"*).

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2013	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	41		41	
Cashflow hedge derivatives on interest rate	2		2	
Total	**43**		**43**	

"Other items"

Other items refer to the prepayments related to costs paid for the existing revolving credit facility as well as the new forward start revolving facility agrrement subscribed in February 2013. The increase (Euro 40 million) refers principally: (i) to the Up-front fees (Euro 55 million) paid by the Company to extend up to April 2018 the original expiry date; (ii) partially compensated (Euro 17 million) by the costs portion accrued in the period.

As at 31 December 2013 non-current financial assets do not include neither past due nor impaired items.

5 Current financial assets – Euro 2.271 million

Millions of Euro

	31 Dec 2013	31 Dec 2012	Change
Financial receivables	1.993	2.990	(997)
Trading derivatives	9	3	6
Cash flow hedge derivatives	51	38	13
Other current financial assets	218	217	1
Total	**2.271**	**3.248**	**(977)**

Current financial assets essentially consist of financial receivables like short-term loans or credit revolving facilities granted to Enel Group companies as well as derivative instruments.

Financial receivables

The following table shows the breakdown of the short-term loans granted to Enel Group affiliated companies:

Million of Euro

	31 Dec 2013	31 Dec 2012	Change
Revolving short-term facility agreement with Enel Produzione	1.000	1.000	0
Multicurrency revolving facility agreement with Enel Green Power International BV	517	110	407
Revolving short-term facility agreement with Marcinelle Energie S.A.	210	237	(27)
Loan facility agreement with Enel Lease Sàrl	22	26	(4)
Revolving short-term facility agreement with Enel Energy Europe	22	17	5
Revolving short-term facility agreement with Enel Investment Holding BV	-	300	(300)
Short-term deposit agreement with Enel S.p.A.	-	1.200	(1.200)
Enel S.p.A. - IC Account receivable	222	100	122
Total short term loans granted to Enel Group affiliates	**1.993**	**2.990**	**(997)**

The Euro 997 million decrease in *Financial receivables* is principally due to: (i) the drop (Euro 1.200 million) of the short time deposits under intercompany short-term deposit agreement with Enel S.p.A.; (ii) the full repayment of the revolving credit facility granted to Enel Investment Holding B.V. (Euro 300 million); (iii) the increase (Euro 407 million) of Enel Green Power International B.V. debt exposure in relation to the "Multicurrency Short-Term Revolving" granted by the Company to the affiliate; (iv) the rise of the Intercompany Account with Enel S.p.A. (Euro 122 million).

The table below reports the short-term financial instruments granted by the Company to the Enel Group companies:

Millions of Euro

	Financial relationship	Commitment amount until 30 Dic. 2013	Rate of Interest	Spread until 30 Dic. 2013	Commitment fee until 30 Dic. 2013
Marcinelle Energie S.A.	Revolving credit facility	242	3M Euribor	3,25%	0,1000%
Enel Lease S.à r.l.	Revolving credit facility	25	3M Euribor	2,00%	0,1000%
Enel S.p.A.	Short-term deposit agreement	N/A	Euribor	0.2% / 0.50%	N/A
Enel Produzione S.p.A.	Revolving credit facility	1.000	Euribor	1,40%	N/A
Enel Energy Europe S.A.	Short-term revolving facility	2.000	Euribor	1,60%	0,1000%
EGPI B.V.	Multicurrency short-term revolving facility	1.200	3M Euribor	2,25%	0,2000%
EGPI B.V.	Multicurrency short-term revolving facility	N/A (1)	(1) Libor 3M	-	N/A
EGPI B.V.	Multicurrency short-term revolving facility	N/A (2)	(2) 3M Robor	-	N/A
Enel Trade Romania S.r.l.	Revolving credit facility	40 (2)	(2) 3M Robor	2,75%	0,1000%
Enel Trade Doo	Revolving credit facility	5	3M Euribor	1,50%	0,1000%

(1) Millions of USD
(2) Millions of RON

Derivative instruments

Derivative instruments refer to: (i) cash flow hedge derivatives used by the Company to hedge the exchange rate and interest rate fluctuations of short-term portion of bonds; (ii) currency swaps used by the Company to hedge the exchange rate fluctuations on intercompany current accounts and current loans granted to Enel Group affiliates.

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2013	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	51		51	
Trading derivatives on exchange rate	9		9	
Total	**60**		**60**	

Other current financial assets

Other current financial assets aggregate is in line with the previous year referring to accrued income related to the long-term loan and short-term credit lines granted to Enel Group affiliates.
As at 31 December 2013 current financial assets do not have neither past due nor impaired items.

6 Income tax receivable – Euro 4 million

During the current year the Company has paid income tax for a total amount of Euro 16 million; however, the current tax charge amounts to Euro 13 million, hence the income tax receivables increased for an amount of Euro 3 million, reaching Euro 4 million as at December 2013.
In February 2014 the Company collected by the Tax Authority income tax receivables related to the fiscal year 2012 and amounting to Euro 1 million.

7 Cash and cash equivalents – Euro 10 million

Cash and cash equivalent is in line with the previous year and are not restricted by any encumbrances.
For the purpose of cash flows statement, cash and cash equivalents also include the positive amount of the intercompany current account held with the Parent Company. With reference to 31 December 2013, the amount of the current account is positive for Euro 222 million and it has been classified as current financial assets in the statement of financial position.

8 Shareholder’s equity – Euro 824 million

Share capital – Euro 1.479 million

The authorized share capital of the company amounts to Euro 2.500 million, divided into 2.500 million of shares, each share with a nominal value of Euro 1,0 each.
The issued and paid-up share capital amounts to Euro 1.478,8 million represented by 1.478.810.370 shares with nominal value of Euro 1,0 each.

Share premium reserve – Euro 43 million

The reserve arises from the cross-border merger finalized during 2010 between Enel Finance International S.A. and Enel Trading RUS B.V.

The difference between the book value of the assets and liabilities absorbed and the amounts of the new shares issued has been accounted for in this share premium reserve following the "contribution in kind" method as detailed below:

Accounting effects of the merger on equity reserves

Millions of Euro

	1 Dec 2010
Book value assets	22.171
Book value liabilities	21.121
Recognition of Equity Reserve from measurement of financial instruments	(471)
Net value of the asset/liabilities merged	*1.522*
New shares issued	1.479
Share premium reserve	**43**

<u>Cash flow hedge reserve</u> – Euro (968) million

The reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions. The variation over the period is detailed as follows:

Millions of Euro

	31 Dec 2012	Gain/(Losses) recognized in equity for the year	Released to income statement	Taxes	31 Dec 2013
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(646)	(714)	392	-	(968)
Total gains/(losses) recognized in equity	**(646)**	**(714)**	**392**	**-**	**(968)**

The negative variation of Euro 323 million is due to:

> the losses (Euro 714 million) on change in fair value of derivatives. The variation refers to: (i) a decrease in fair value measurement of cross currency interest rate swap derivatives on bonds (Euro 713 million); (ii) a decrease of fair value measurement of interest rate swap derivatives on long-term floating rate loans (Euro 1 million);

> the release (Euro 392 million) to income statement aimed to hedge the result of the underlying hedged financial liabilities when the latter impact the Company income statement.

<u>Capital Management</u>

It is policy of the Company to maintain a strong capital base to preserve creditors and market confidence and so sustain future development of the business. The Board of Directors monitors the return on capital that the Company defines as total shareholder's equity, and the level of dividends to ordinary shareholders.
The return of capital is calculated as a percentage of financial result on total equity net of cash flow hedge reserve excluded in this key performance indicator because Company's management preferred to exclude evaluation equity reserves which might be quite volatile over the periods:

Millions of Euro

	31 Dec 2013	31 Dec 2012
Total Equity	824	1.048
Cash Flow Hedge reserve	(968)	(646)
Adjusted Equity	1.792	1.694
Net Finance result	115	91
Return of capital (*)	**6%**	**5%**

* Key Performance Indicator determined on a yearly basis.

The Board's objective is to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There were no changes in the Company's approach to capital management during 2013. The Company is not subject to externally imposed capital requirements.

9 Long-term loans and borrowings (including the portion falling due within twelve months for Euro 905 million) – Euro 21.078 million

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk see paragraph "*Risk management"*.
The aggregate includes long-term payables in respect of bonds, bank loans, revolving credit facility and other loans in Euro and other currencies.

The following table shows long-term debt and repayment schedules at 31 December 2013, grouped by loan and interest rate type:

Millions of Euro

	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due after more than 12 months	Maturing in				
		31 Dec 2013	**31 Dec 2013**	**31 Dec 2012**			**2015**	**2016**	**2017**	**2018**	**Beyond**
Bond											
Listed Bond (Fixed rate)	2015-2040	15.242	15.371	14.977	-	15.242	1.369	1.495	994	2.348	9.037
Listed Bond (Floating rate)	2022-2025	344	350	244	-	344	-	-	-	-	344
Unlisted Bond (Fixed rate)	2014-2039	5.196	5.239	6.172	905	4.291		-	1.085		3.206
Total Bond	**2014 - 2040**	**20.782**	**20.960**	**21.393**	**905**	**19.877**	**1.369**	**1.495**	**2.078**	**2.348**	**12.587**
GMTN Internal Assumption - towards EIH BV											
EUR (Fixed-rate)	2023	296	300	296	-	296	-	-	-	-	296
Total GMTN Internal	**2023**	**296**	**300**	**296**	**-**	**296**	**-**	**-**	**-**	**-**	**296**
Bank loans											
Bank loans		-	-	3.513	-	-	-	-	-	-	-
CFA Tranche C Increase		-	-	215	-	-	-	-	-	-	-
Total Bank Loan and Revolving lines		**-**	**-**	**3.728**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**2014-2040**	**21.078**	**21.260**	**25.417**	**905**	**20.173**	**1.369**	**1.495**	**2.078**	**2.348**	**12.883**

The table below reports long-term financial debt by currency and interest rate.

Millions of Euro

	31 Dec 2013	31 Dec 2013	31 Dec 2012	31 Dec 2013	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*12.560*	12.673	*15.791*	*4,68%*	*4,83%*
US dollar	5.043	5.076	6.024	5,57%	5,76%
British pound	2.665	2.699	2.722	5,70%	5,82%
Swiss Franc	593	594	603	2,85%	2,91%
Japanese yen	217	218	277	2,43%	2,46%
Total non-Euro currencies	*8.518*	*8.587*	*9.626*		
TOTAL	**21.078**	**21.260**	**25.417**		

The table below reports the carrying amount and the fair value of long-term debt. For listed debt instruments, the fair value is given by official prices while for unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year.

Millions of Euro

	31 Dec 2013		31 Dec 2012		2013 - 2012	
	Book Value*	Fair value*	Book Value*	Fair value*	Book Value	Fair value
Bonds in non-Euro currencies and Euro currency	20.782	22.177	21.393	22.328	(610)	(151)
Bank loans	-	-	3.513	3.743	(3.513)	(3.743)
Revolving Facility Agreement	-	-	-	-	-	-
Credit facility agreement in Euro	-	-	215	226	(215)	(226)
Total long-term financial debt	**20.782**	**22.177**	**25.121**	**26.297**	**(4.338)**	**(4.120)**

** Fair value and Book Value of Bonds do not take in consideration the GMTN Internal Assumption*

The table below reports changes in the nominal value of long-term debt during the year.

Millions of Euro

	Nominal value	New financing	Capitalised interests on ZCB	Repayments	Exchange rate differences	Nominal value
	31 Dec 2012					31 Dec 2013
Credit facility agreement in Euro	219	-		(219)	-	-
Bank loans	3.550			(3.550)	-	-
Bonds in non-Euro currencies and Euro currency	21.884	485	7	(758)	(358)	21.260
Total long-term financial debt	**25.652**	**485**	**7**	**(4.526)**	**(358)**	**21.260**

Credit Facility Agreement

On 9 April 2007 the Board of Directors of Enel Finance International S.A., the Luxemburgish company then merged into Enel Finance International N.V., approved to enter into a Euro 35.000 million Credit Facility Agreement together with Enel S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A. as Agent.

The Company entered into the agreement as International Borrower with an initial participation of 40% for a total amount up to Euro 14.000 million fully guaranteed by Enel S.p.A.. The Company used the proceeds of the agreement in order to satisfy the financial commitments relating to the joint tender of Enel S.p.A. with Acciona S.A. to acquire all of the outstanding share capital of Endesa S.A..

The total amount of the Credit Facility Agreement was divided into three different facilities (A, B and C) with final maturity date at 12, 36 and 60 months plus a "Facility C Increase" which was composed by two tranches maturing respectively in April 2014 and April 2016.

The initial amounts of these three facilities have been reduced, from time to time, reaching as at 30 June 2013 a total outstanding of Euro 219 million totally attributable to the Facility C Increase.

On 27 September 2013 the Company and Enel S.p.A. decided to early repay the outstanding amount under the Facility B; with such repayment of Euro 218,7 Million the Company has totally repaid the Credit Facility Agremment.

The table below reports the evolution of the outstanding amount of the Credit Facility Agreement:

Millions of euro

	Maturity date	2007	2008	2009	2010	2011	2012	2013
Facility A	2008	112	-	-	-	-	-	-
Facility B	2010	4.367	4.367	-	-	-	-	-
Facility C	2012	3.358	3.146	1.970	1.373	777	-	-
Facility C Increase	2014 - 2016	-	-	1.892	1.319	746	219	-
Total		**7.837**	**7.513**	**3.862**	**2.692**	**1.523**	**219**	**-**

Bank loans

During the last quarter of the year, after a careful assessment of the liquidity position at whole Enel Group level, the Company and Enel S.p.A., in the role of Guarantor, decided to early repay the following long term loans signed on February 2012:

> 5 years Term Loan Facility Agreement of Euro 3.200 million with a pool of major international banks;

> 5 years Term Loan Facility Agreement of Euro 250 million with JP Morgan Chase Bank N.A.;

> 5 years Term Loan Facility Agreement of Euro 100 million with Banco Bilbao Vizcaya Argentaria S.A.

Millions of euro

Counterparty	Nominal amount	Currency	Rate of Interest	Repayment date
Pool of major international banks	3.200	EUR	Euribor plus a 250 bps (1)	27 November 2013
JP Morgan Chase Bank	250	EUR	Euribor (1)	23 October 2013
Banco Bilbao Vizcaya Argentaria S.A.	100	EUR	Euribor plus a 230 bps fixed margin (1)	23 October 2013

(1) Plus an additional variable fees determined in function of the credit rating of Enel

Global Medium Term Note Programme

In the overall context of the GMTN program and following the resolution of the Board of Director of the Company adopted on 19 December 2012, concerning the increase of the aggregate nominal amount of the Programme from Euro 30.000 million to Euro 35.000 million, during the current year the Company issued the following Notes and Bonds:

Millions of euro

Nominal Amount	Currency	Listed	Start date	Maturity date	Phase
100	EUR	Listed	18/02/2013	18/02/2023	Fixed rate
50	EUR	Listed	27/03/2013	27/03/2023	Floating rate
50	EUR	Listed	04/04/2013	04/04/2025	Floating rate
50	EUR	Listed	19/04/2013	19/04/2028	Fixed rate
180	EUR	Listed	23/04/2013	23/04/2025	Fixed rate
55	EUR	Listed	24/04/2013	26/04/2027	Fixed rate

Revolving Facility Agreement

On 19 April 2010 Enel and the Company, entered into an Euro 10.000 million revolving credit facility agreement, with 5 years duration and final expiry on 19 April 2015, with the aim to get both a liquidity reserve and a back up for the Euro Commercial Paper Programme.

The cost of the credit line vary depending upon Enel S.p.A.'s pro tempore rating, offering at the signing rating levels a margin of 85 basis points above Euribor with commitment fees of 40% of the applicable margin.

On 7 February 2013 the Board of Directors of the Company, following the resolution of Enel's board of directors dated 17 January 2013 and in order to maintain for the next years a liquidity position compliant with the market assessments, resolved to refinance the Euro 10.000 million Revolving Credit Facility and to extend up to April 2018 the original expiry date.

Following those resolutions, on 8 February 2013 the Company as Original Borrower and Enel S.p.A. as Original Borrower and Guarantor have signed a "forward starting" Revolving Facility Agreement with Mediobanca – Banca di Credito Finanziario S.p.A. and a pool of banks leaded by Mediobanca for the amount of Euro 9.440 million that will replace the existing Euro 10.000 million Revolving Credit Facility (currently not drawn) set to expire in April 2015, starting from the latter expiry date and up to April 2018.

Such revolving credit line is "forward starting", meaning that it may be used starting either from the expiry date of the abovementioned Euro 10.000 million Revolving Credit Facility or from a previous date thanks to the possible early cancellation of the existing one.

As at 31 December 2013 the revolving facility was not utilized.

Debt covenants

The main long-term financial debts under the Company are governed by covenants containing undertakings by the borrowers (Enel S.p.A. and the Company) and in some cases Enel S.p.A. as guarantor that are commonly adopted in international business practice. The main covenants for the Company are related to the bond issues carried out within the Global Medium-Term Notes Programme, the Euro 10.000 million Revolving Credit Line agreed in April 2010, and the Forward Start Facility. The Forward Start Facility was signed on 8 February 2013 by Enel and by the Company with a pool of banks for a total amount of Euro 9.440 million. To date none of the covenants have been triggered.
The commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;

> pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer;

> specification of default events, whose occurrence (e.g. insolvency, failure to pay principle or interest, initiation of liquidation proceedings, etc.) constitutes a default;

> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer constitutes a default in respect of the liability in question, which becomes immediately repayable;

> early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants for the Euro 10.000 million Revolving Credit Line agreed in April 2010, and the Forward Start Facility involving the Company and Enel S.p.A. are substantially similar and can be summarized as follows:

> negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;

> pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;

> change of control clause (which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;

> specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;

> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets)) constitutes a default in respect of the liability in question, which becomes immediately repayable;

> periodic reporting requirements.

10 Other non-current financial liabilities – Euro 794 million

Millions of Euro

	31 Dec 2013	31 Dec 2012	Change
Cashflow hedge derivatives	788	387	401
Trading derivatives	6	6	0
Total	**794**	**393**	**401**

Cash flow hedge derivatives refer to the hedging performed by the Company in order to mitigate both the interest rate and foreign exchange rate risks.
The variation of non-current financial liabilities reflects the fair value remeasurement of both cash flow hedge and trading derivatives.

The following table shows the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2013	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	773		773	
Cashflow hedge derivatives on interest rate	15		15	
Trading derivatives on interest rate	6		6	
Total	**794**		**794**	

11 Short-term loans and borrowings – Euro 6.175 million

Millions of Euro

	31 December 2013		31 December 2012		Change	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short-term loans Enel Group companies	4.787	4.787	1.720	1.720	3.067	3.067
Short-term bank loan third parties	-	-	2	2	(2)	(2)
Commercial papers	1.388	1.388	2.556	2.556	(1.168)	(1.168)
Short-term financial debt	**6.175**	**6.175**	**4.278**	**4.278**	**1.897**	**1.897**

Short-term loans

At 31 December 2013, short-term loans increased by Euro 3.067 million from 31 December 2012.

Millions of Euro

	Original currency	Euro countervalue at 31 Dec 2013	Euro countervalue at 31 Dec 2012	Change
Intercompany Current Accounts denominated in Euro				
Enel France SA	Euro	110	174	(64)
Enel Green Power International B.V.	Euro	9	-	9
Enel Servizio Elettrico	Euro	3.003	1.200	1.803
Enel Investment Holding BV	Euro	1.026	-	1.026
Enel S.p.A.	Euro	500	-	500
Total		**4.648**	**1.374**	**3.274**
Intercompany Current Accounts denominated in other currencies				
Enel Green Power International B.V.	USD	123	345	(222)
Enel Green Power International B.V.	CAD	17	1	16
Total		**140**	**346**	**(206)**
Total		**4.787**	**1.720**	**3.067**

As of 31 December 2013 the breakdown of the principal short-term loans is as follows:

> on 19 December 2012 the Company signed a deposit account agreement with Enel France in order to manage its excess of liquidity resulting from the termination of Flamanville nuclear project and from the activity in the energy market. As at 31 December 2013 the funds deposited under this agreement amount to Euro 110 million

> on 19 November 2011 the Managing Board meeting resolved the entering by the Company into a Long Term Deposit Agreement with Enel Servizio Elettrico, inter alia, the following terms and conditions:

- Financial instrument: mainly short term deposits at 1 week, 1, 2, 3, 6 and 12 months;
- Interest rate: floating Eonia or Euribor plus a Margin;
- Initial margin: up to a maximum of 100 bps, to be agreed time by time in order to respect the duration of the specific term deposit and the market condition;
- Duration: 5 years

The Long Term Deposit Agreement has been signed on 27 December 2011 and as of 31 December 2013 the time deposits outstanding under the Agreement have a global balance of Euro 3.003 million;

> Enel Green Power International B.V. (EGPI) during the current year had a liquidity excesses in USD and CAD. As at 31 December 2013 EGPI deposit account amounts to Euro 140 million.

> on 13 November 2013 the Company signed a deposit account agreement in order to provide Enel Investment Holding B.V. with a financial instrument to manage its excess of liquidity resulting from the disposal of some assets and from the day by day activities. As at 31 December 2013 the funds deposited under this agreement amount to Euro 1.026 million

> on 20 December 2013 the Company has entered into a Euro 2.500 million Intercompany short term revolving agreement with Enel S.p.A.; such credit line will expiry on 31 December 2014 and bears a interest rate based on Euribor rate plus a floating margin between 170 bps and 220 bps in connection with the overall drawdown. As at 31 December 2013 the credit lines was utilized for a total amount of Euro 500 million.

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 2013 year-end in the context of the Euro Commercial Paper Programme (hereinafter, also "ECP Programme"), launched in 2005 by the Company and guaranteed by Enel S.p.A..
Under the ECP Programme the Company can issue short-term promissory notes issued in the interest-bearer form up to an amount of Euro 6.000 million. Each note can be denominated in any currency, with a minimum denomination of Euro 500.000 (or GBP 100.000, or USD 500.000, or JPY 100 million or its equivalent in the relevant currency) and a maturity between one day and one year. The notes may be issued on a discounted basis or may bear fixed or floating interest rate or a coupon calculated by reference to an index or formula, and are not listed on any stock exchange.
The total nominal value of commercial papers issued and not yet reimbursed as of 31 December 2013 is shown as follows:

Millions of Euro

Currencies	ECP origin amounts	Euro counter-value (*)
CHF	94	77
Euro	1.145	1.145
USD	230	167
Total Commercial Paper		**1.388**

(*) The Euro Commercial Paper (ECP) expressed in foreign currencies is converted at 2013 year ended exchange rates

The nominal value of the commercial paper is Euro 1.388 million and is denominated in the following currencies: Euro (Euro 1.145 million); US dollars (the equivalent of Euro 167 million) and Swiss francs (the equivalent of Euro 77 million). 82% of the outstanding notes are issued in Euro. The Company hedged the ECP amounts denominated in foreign currencies using currency swaps to limit the risk of exchange rate fluctuations.

12 Other current financial liabilities – Euro 468 million

Millions of Euro

	31 Dec 2013	31 Dec 2012	Change
Trading derivatives	5	7	(2)
Deferred financial liabilities	463	463	0
Total	**468**	**470**	**(2)**

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 31 December 2013 mainly due to interests arising from GMTN Programme for Euro 403 million as well as trading derivative instruments.

The following table reports the amount of derivative contracts detailed on the basis of the hierarchy of inputs used to determine fair value, as specified by IFRS 7:

Millions of euro

	Fair value as 31 Dec. 2013	Level 1	Level 2	Level 3
Trading derivatives on exchange rate	5		5	
Total	**5**		**5**	

Related parties

Transactions between Enel Finance International N.V. and other companies of Enel Group involve Financing and Treasury management.

The main activity of Enel Finance International N.V. is to operate as financing company of the Enel Group, raising funds through bonds issuance, loans and other facilities and on turn lending the funds so raised to the companies belonging to Enel Group.

Enel Finance International N.V. is also part of the centralising financial flow process and acts as the primary reference for the management of Financial needs or liquidity generated by the entities that operate outside of Italy and are part of Enel Group.

The company enters into plain vanilla transaction with Enel S.p.A., such as currency forwards and cross currency interest rate swaps in order to mitigate the interest and exchange rates risks.

These transactions are part of the ordinary operations of the Company and are settled on the basis of Standard intra-Group contract market prices.

Enel Finance International N.V. has no business relations with Key management during the financial year.

The following table summarizes the financial relationships between the Company and its related parties at 31 December 2013 and 31 December 2012 respectively:

Millions of euro

	Receivables	Payables	Income	Cost
	31 Dec 2013		2013	2013
Shareholder				
Enel S.p.A	323	1.325	154	52
Total	***323***	***1.325***	***154***	***52***
Other affiliated companies				
Enel Distribuzione	5.566	-	339	-
Enel Energy Europe SL	15.081	-	686	-
Enel Produzione	4.024	-	130	-
Enel Trade	703	-	3	-
Enel Energia	301	-	1	-
Enel Servizio Elettrico	-	3.004	-	27
Enel Investment Holding BV	-	1.328	6	18
Marcinelle Energie	210	-	8	-
Enel France	-	110	-	-
Enel Lease (già S du Parc Eolien Grandes Terres Est)	22	-	1	-
Enel Green Power International B.V.	3.026	149	170	10
ENDESA	-	-	30	-
Total	***28.933***	***4.591***	***1.374***	***55***
Total	**29.256**	**5.916**	**1.528**	**107**

Millions of euro

	Receivables	Payables	Income	Cost
	31 Dec 2012		2012	2012
Shareholder				
Enel S.p.A	4.209	450	206	41
Total	***4.209***	***450***	***206***	***41***
Other affiliated companies				
Enel Distribuzione	5.566	-	178	-
Enel Energy Europe SL	15.075	-	798	-
Enel Produzione	3.020	-	20	-
Enel Servizio Elettrico	-	1.237	-	36
Enel Investment Holding BV	300	301	-	18
Marcinelle Energie	237	-	8	-
Enel France	-	174	16	-
Enel Lease (già S du Parc Eolien Grandes Terres Est)	26	-	1	-
Enel Green Power International B.V.	2.627	348	172	40
ENDESA	500	-	38	-
Total	***27.351***	***2.060***	***1.231***	***94***
Total	**31.560**	**2.510**	**1.437**	**135**

For further details of the each relation with related parties please refer to paragraphs "4 Non-current financial assets", 5 Current financial assets", "9 Long-term loans and borrowings", "10 Other non-current financial liabilities", "11 Short-term loans and borrowings" and "12 Other current finacial liabilities".

Contractual commitments and guarantees

The Company is entirely guaranteed by the Parent Company for all own financial activities and has not given guarantees to third parties up to the reporting date.
Moreover at 31 December 2013 the Company has not pledged any financial assets as collateral against its borrowings.

Compensation of Directors

The emoluments of the Company Directors as intended in Section 2:383 (1) of the Dutch Civil Code, which were charged in 2013, amounted to Euro 92 thousand (Euro 54 thousand in 2012) and they are summarized in the following table:

Thousands of euro

	31 Dec. 2013	31 Dec. 2012
A.J.M. Nieuwenhuizen	19	18
F. Mauritz	19	18
H. Marseille	19	18
E. Di Giacomo	12	-
F.J. Galán Allué	-	-
C. Palasciano Villamagna	-	-
A. Canta	-	-
	69	**54**

Fees of the auditors

With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, audit fees are included in the relevant disclosure in the Consolidated Financial Statements of the ultimate Parent Company Enel S.p.A.

Subsequent events

There have been no significant subsequent events to be mentioned.

Other information

Provisions in the articles of association governing the appropriation of profit

Under article 16 of the Company’s articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The Company can only make distributions to shareholders from profits qualifying for payment insofar as the shareholders’ equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Proposal for profit appropriation

The Board of Directors proposes to the Shareholder the allocation of the net result of the year 2013 amounting of Euro 98 million to the Company’s retained earnings.

Amsterdam, 18 April 2014

A.J.M. Nieuwenhuizen
F. Mauritz
H. Marseille
E. Di Giacomo
C. Palasciano Villamagna
A. Canta

Auditor’s report

The auditor’s report is set forth on the following page.

EY
Building a better working world

Independent auditor's report

To: the shareholder of Enel Finance International N.V.

Report on the financial statements

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

Management's responsibility
Management is responsible for the preparation and fair presentation of these 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 director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management 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 management, 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 financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Enel Finance International N.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the 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 director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further, we report that the director's report, 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.

Eindhoven, 18 April 2014

Ernst & Young Accountants LLP

Signed by G.J. Verwoert