



**Enel Finance International N.V.**  
**Interim condensed financial statements**  
**as at 30 June 2013**

## **Contents**

Interim Director's Report	3
Notes to the financial statements	14
Accounting policies and measurement criteria	14
Risk management	16
Notes to the statement of comprehensive income	19
Notes to the statement of financial position	21
Related parties	34
Contractual commitments and guarantees	35
Compensation of Directors	35
Subsequent events	35

## **Interim Director's Report**

The Interim condensed financial statements at 30 June 2013 are in compliance with the Transparency Directive and they are drawn up according to the requirements of IAS 34.

The above mentioned Transparency Directive Implementation Act (Transparency Directive) was enacted in the Netherlands in 2008 coming into force as from 1 January 2009. This law intends to achieve a certain level of transparency and disclosure of information that is conducive to investors' protection and to an efficient functioning of the market. The scope of this Act is limited to those issuers of securities that have been admitted to trading on a regulated market in a member state of either the European Union or European Economic Area and have the Netherlands as their "home member state".

### **Reference scenario**

The first six months of 2013 were characterized by the persistence of the high volatility of economic and financial conditions already experienced in the whole 2012.

The global economy continues to expand at a slow pace. Despite recent volatility in financial markets in advanced and emerging economies, the global recovery is expected to continue, even if it's likely to remain modest and fragile with persistent diversity in growth prospects across regions. While consumer prices picked up slightly in a number of advanced economies, overall inflation remains contained. Developments in consumer prices in emerging markets have been mixed in recent months.

Meanwhile, prospects in emerging markets have softened somewhat recently, but growth is expected to recover gradually following a slight slowdown earlier this year, and thereby make a significant contribution to global economic activity. Nevertheless prospects in some central and eastern European countries remain constrained, as the combination of private sector deleveraging and structural changes in banks' funding models has restrained lending activity, and remains a key hurdle to a durable economic recovery in the region.

The outlook for the global economy continues to be surrounded by considerable uncertainty. The recent tightening of global money and financial market conditions and related uncertainties may have the potential to negatively affect economic conditions. Other downside risks include the possibility of weaker than expected global demand, spillovers from slow or insufficient implementation of structural reforms in the euro area, geopolitical issues, and imbalances in major industrialized countries, which could have an impact on developments in global commodities and financial markets.

### **Significant events in 1st Half of 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

## **Enel Finance International N.V.**

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 led 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 first half of 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 2 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 immaterial.

- > 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 immaterial.

## Enel Finance International N.V.

(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 immaterial;

(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 2 million;

(iii) 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 immaterial.

### 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	Commitment amount	Currency	Rate of Interest	Spread	Commitment fee	Availability Period	Maturity date
Enel Green Power International 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 International B.V.	10 Y revolving credit facility	500	Multicurrency	Swap Rate	3,90%	1/3 of spread	1 Jan. 2013 - 31 Dec. 2013	31 Dec. 2022

As at 30 June 2013, both credit facilities have been not utilized and moreover the commitment under the 5Y credit facility has expired.

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 19 June 2013, the Company signed binding offers for three new medium-term interest bearing loans (fixed interest rate - 1,70%), to be granted in favour of the following Group subsidiaries:
  - Enel Produzione S.p.A. - Euro 1.000 million
  - Enel Trade S.p.A. - Euro 700 million

## **Enel Finance International N.V.**

- Enel Energia S.p.A. - Euro 300 million

As at 30 June 2013 these new loan agreements have been not finalized yet with binding terms and condition expiring within 31 July 2013.

## **Enel Finance International N.V.**

### **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 is operating solely with market counterparties with high credit standing and with other entities belonging to the Enel Group.

#### **Liquidity risk**

Enel Finance International NV 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 NV 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 NV is to operate as financing company of the Enel Group, raising funds through bonds issuance, loans and other facilities and on its turn lending the funds so raised to the companies belonging to Enel Group. All 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 the second half of 2013, with the aim to maintain the same funding and lending activity currently ongoing, keeping on supporting Enel Group in its developing process.

#### **Subsequent events**

There are no significant post balance sheets events to be mentioned.

#### **Personnel**

As at 30 June 2013 the Company employs eight 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,

1. the interim condensed financial statements at 30 June 2013 in combination with the annual report as at 31 December 2012 give a true and fair view of the assets, liabilities, financial position and result of Enel Finance N.V.;
2. the Director's Report gives a true and fair view of the Company's position as per 30 June 2013 and the developments during the half-year of 2013 of Enel Finance International N.V.;
3. the Director's Report describes the principal risks the Company is facing.

These interim condensed financial statements are in compliance with the Transparency Directive and they are drawn up according to the requirements of IAS 34 with no external audit activity performed on the Group half-year financial statements.

The above mentioned Transparency Directive Implementation Act (Transparency Directive) was enacted in the Netherlands in 2008 coming into force as from 1 January 2009. This law intends to achieve a certain level of transparency and disclosure of information that is conducive to investors' protection and to an efficient functioning of the market. The scope of this Act is limited to those issuers of securities that have been admitted to trading on a regulated market in a member state of either the European Union or European Economic Area and have the Netherlands as their "home member state".

As regards the Company main obligations can be summarized as follows:

- > filing electronically with the AFM (Autoriteit Financiële Markten) in the Netherlands its adopted half-year financial statements within 5 days after their adoption;
- > making generally available to the public its half-year financial report via posting it on the official Enel website within 2 months after the end of the first six month of the financial year (30 august 2013);
- > making generally available to the public its half-year financial report by issuing an information notice on a financial newspaper or on a financial system at European level within 2 months after the end of the first six month of the financial year (30 august 2013).

Amsterdam, 30 July 2013

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



**Enel Finance International N.V.**

**Enel Finance International N.V.**

**Unaudited interim condensed financial statements  
as at 30 June 2013**

**Prepared in accordance with  
requirements of IAS 34**

## Statement of Comprehensive Income

Millions of Euro	Note	1st Half	
		2013	2012
Other revenues and income		0	0
Services	1	(1)	(1)
Personnel	1	(1)	(1)
<b>Result from operating activities</b>		<b>(2)</b>	<b>(2)</b>
Financial income	2	989	1.005
Financial expense	2	(902)	(972)
	<i>[Total]</i>	<b>87</b>	<b>33</b>
<b>Profit before income taxes</b>		<b>85</b>	<b>31</b>
Income tax expense	3	21	8
<b>Net income for the period</b>		<b>64</b>	<b>23</b>
<b>Other components of comprehensive income recyclable to profit or loss:</b>			
- Effective portion of change in the fair value of cash flow hedges	5.c	(329)	(164)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(265)</b>	<b>(141)</b>

## Statement of Financial Position

Millions of Euro	Note		
<b>ASSETS</b>		<b>30 June 2013</b>	<b>31 Dec 2012</b>
<b>Non-current assets</b>			
Non-current financial assets	4.a	27.836	28.348
	<i>Total</i>	<b>27.836</b>	<b>28.348</b>
<b>Current assets</b>			
Current financial assets	4.b	5.958	3.248
Income tax receivable	4.c	1	1
Cash and cash equivalents	4.d	1	10
	<i>Total</i>	<b>5.960</b>	<b>3.259</b>
<b>TOTAL ASSETS</b>		<b>33.796</b>	<b>31.607</b>

Millions of Euro			
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>30 June 2013</b>	<b>31 Dec 2012</b>
Share capital	5.a	1.479	1.479
Share premium reserve	5.b	43	43
Cash flow hedge reserve	5.c	(975)	(646)
Retained earnings		172	99
Net income for the period		64	73
<b>Total shareholder's equity</b>		<b>783</b>	<b>1.048</b>
<b>Non-current liabilities</b>			
Long-term loans and borrowings	5.d	25.021	24.659
Other non-current financial liabilities	5.e	791	393
	<i>[Total]</i>	<b>25.812</b>	<b>25.052</b>
<b>Current liabilities</b>			
Short-term loans and borrowings	5.f	6.583	4.278
Current portion of long-term loans	5.g	-	758
Income tax payable		14	-
Other current financial liabilities	5.h	603	470
Other current liabilities		1	1
	<i>[Total]</i>	<b>7.201</b>	<b>5.507</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33.796</b>	<b>31.607</b>

## Statement of Changes in Equity

Millions of Euro	Share capital	Share premium reserve	Other legal reserve	Other reserves	Retained earnings	Cas flow hedge reserve	Net income for the period	Equity attributable to the shareholders
<b>1 Jan 2012</b>	<b>1.479</b>	<b>43</b>	-	-	-	<b>(150)</b>	<b>99</b>	<b>1.471</b>
Allocation of net income from the previous year	-	-	-	-	99	-	(99)	-
Comprehensive income for the year:	-	-	-	-	-	(164)	23	(141)
<i>Loss recognized directly in equity</i>	-	-	-	-	-	(164)	-	(164)
<i>Net income for the period</i>	-	-	-	-	-	-	23	23
<b>30 June 2012</b>	<b>1.479</b>	<b>43</b>	-	-	<b>99</b>	<b>(314)</b>	<b>23</b>	<b>1.330</b>
<b>1 Jan 2013</b>	<b>1.479</b>	<b>43</b>	-	-	<b>99</b>	<b>(646)</b>	<b>73</b>	<b>1.048</b>
Allocation of net income from the previous year	-	-	-	-	73	-	(73)	-
Comprehensive income for the year:	-	-	-	-	-	(329)	64	(265)
<i>Loss recognized directly in equity</i>	-	-	-	-	-	(329)	-	(329)
<i>Net income for the period</i>	-	-	-	-	-	-	64	64
<b>30 June 2013</b>	<b>1.479</b>	<b>43</b>	-	-	<b>172</b>	<b>(975)</b>	<b>64</b>	<b>783</b>

## Statement of Cash Flows

Millions of Euro	Note	Half year	
		2013	2012
<b>Income for the period</b>		<b>64</b>	<b>23</b>
<b>Adjustments for:</b>			
Financial (income)	2	(989)	(1.005)
Financial expense	2	902	972
Income taxes	3	21	8
<i>Cash flow from operating activities before changes in net current</i>		(2)	(2)
(Increase)/Decrease in financial and non-financial assets/liabilities		-	17
Interest income and other financial income collected		727	684
Interest expense and other financial expense paid		(627)	(424)
Income taxes paid		(7)	(2)
<b>Cash flows from operating activities (a)</b>		<b>91</b>	<b>274</b>
<i>New loans granted to Enel S.p.A. and affiliates</i>	4.a/b	(2.343)	(4.670)
<i>Repayments and other movements from Enel S.p.A. and affiliates</i>	4.b	500	4
<b>Cash flows from investing/disinvesting activities (b)</b>		<b>(1.843)</b>	<b>(4.666)</b>
Financial debt (new borrowings)	5.d/g	3.055	5.364
Financial debt (repayments and other changes)		(993)	(1.915)
<b>Cash flows from financing activities (c)</b>		<b>2.062</b>	<b>3.449</b>
<b>Increase/(Decrease) in cash and cash equivalents (a+b+c)</b>		<b>310</b>	<b>(943)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>110</b>	<b>1.026</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>420</b>	<b>83</b>
<i>current account with banks</i>		1	32
<i>current account with Enel S.p.A.</i>		419	51

# Notes to the financial statements

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 listed and unlisted bond issuances, loans and other facilities and on turn lending the funds so raised exclusively to the companies belonging to Enel Group.

## Accounting policies and measurement criteria

### Basis of preparation

The interim condensed 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.

### Compliance with IFRS

The interim condensed financial statements for the six months ended at 30 June 2013 have been prepared in compliance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) in effect at the same date. All of these standards and interpretations are hereinafter referred to as "IFRS-EU".

More specifically, the interim condensed financial statements have been drawn-up in compliance with IAS 34 – Interim financial reporting and 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.

Please note that the Company adopts the half-year as the reference interim period for the purposes of applying IAS 34 and the definition of interim financial report specified therein.

The accounting standards adopted, the recognition and measurement criteria and methods used for the condensed interim financial statements at 30 June 2013 are the same as those adopted for the financial statements at 31 December 2012 (please see the related report for more information). These condensed interim financial statements may therefore not include all the information required to be reported in the annual financial statements and must be read together with the financial statements for the year ended 31 December 2012. No impairment evaluation has been performed in this half year financial statement.

In addition to the accounting standards adopted in the preparation of the financial statements at 31 December 2012, the following standards, amendments and interpretations are applicable retrospectively, with the exception of IFRS 13 that is applicable prospectively as from 1 January 2013:

- > "Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income". The amendment calls for the separate presentation of items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future ("recycling") and those that will not be recycled.
- > "IAS 19 - Employee benefits". The standard supersedes IAS 19 applied until 31 December 2012. The most significant change regards, with reference to defined benefit plans, the requirement to recognize all actuarial gains/losses in OCI, with the elimination of the corridor approach. Furthermore, the amended standard introduces more stringent rules for presentation of data in the financial statements, with the disaggregation of the cost related to defined benefit plans and to other long-term employee benefits into three components (i.e. service cost, net interest on the net liability/asset, remeasurements of the net liability/asset); introduces the determination of interest income in place of the expected return on plan assets; no longer permits the deferral of the recognition of past service cost; provides for enhanced disclosures; introduces more detailed rules for the recognition of termination benefits.
- > "IFRS 13 - Fair value measurement". The standard represents a single IFRS framework to be used whenever another accounting standard requires or permits the use of fair value measurement. The standard sets out guidelines for measuring fair value and, in addition, introduces specific disclosure requirements.
- > "Amendments to IFRS 7 - Offsetting financial assets and financial liabilities". The amendments establish more extensive disclosures for the offsetting of financial assets and liabilities, with a view to enabling users of financial statements to assess the actual and potential effects of netting arrangements (including the set-off rights associated with assets or liabilities recognized in financial statements) on the entity's financial position.
- > "Amendments to IAS 12 - Deferred Tax: Recovery of Underlying Assets". The amendment establishes a practical approach for measuring deferred tax liabilities and deferred tax assets based on the recovery of underlying assets, whereas a jurisdiction provides different tax rates depending on the entity's decision to sell or to use those assets.
- > "Annual Improvements to IFRs 2009-2011 Cycle". The document contains formal modifications and clarifications of existing standards. More specifically, the amendments have affected the following standards: IAS 1 Presentation of Financial Statement, IAS 16 Property, Plant and Equipment, IAS 32 Financial Instruments: Presentation, IAS 34 Interim Financial Reporting.

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.

# Risk management

## Market risk

As a part of its operations, Enel Finance International N.V. is exposed to a variety of market risks, notably the risk of changes in interest rates and exchange rates.

Enel Finance International N.V., acting as a financial intermediary, provides the necessary resources to Enel Group companies with the funding activity performed in the international capital markets.

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 of 30 June 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 of 30 June 2013. No changes occurs in evaluation criteria over the reporting period.

The notional amount of a financial derivative is the nominal on which payments are calculated.

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 set on 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.

At 30 June 2013, 17% of long term debt towards third parties was floating rate. Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 15% of such debt was still exposed to interest rate risk.

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 financial position.

An increase (decrease) of 25 basis point in market interest rates would have a negative (positive) impact on the income statement in terms of higher (lower) interest net expenses of about Euro 10 million on an annual basis (16 million 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 of 30 June 2013, all other variables being equal, net equity would have increased by Euro 2 million (2 million 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 2



million (2 million 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 NV exposure to such risk is mainly due to foreign currency 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 of the hedged items.

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.

As regards the potential impact on equity of a change in foreign exchange rates as of 30 June 2013, assuming a 10% depreciation of Euro against other currencies, all other variables being equal, equity would have been about Euro 1.134 million (1.512 million at December, 31 2012) higher 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 928 million lower (1.237 million at December, 31 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 a long term revolving credit line amounting to Euro 5.000 million (fully available as of 30 June 2013), and has outstanding commercial paper programs with a maximum ceiling of Euro 6.000 million, of which only Euro 3.464 million drawn at 30 June 2013.

Furthermore Enel S.p.A. has confirmed through a letter dated 4 March 2013 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2013 financial statements of the Company.

### **Capital Management**

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:

Millions of Euro		
	<b>30 June 2013</b>	<b>30 June 2012</b>
Total Equity	783	1.048
Cash Flow Hedge reserve	(975)	(646)
Adjusted Equity	1.758	1.694
Net Finance result	87	33
<b>Return of capital ( *)</b>	<b>5%</b>	<b>2%</b>

\* Key Performance Indicator determined on half year 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 the first six months of 2013. The Company is not subject to externally imposed capital requirements.

# Notes to the statement of comprehensive income

## 1 Result from operating activities – Euro (2) million

Result from operating activities is negative for Euro 2 million with no changes compared to previous year. The costs refer to services (mainly related to legal and consultancy charges) for Euro 1 million and to personnel costs for Euro 1 million.

## 2 Financial income/(expense) – Euro 87 million

Millions of Euro	Half year		
	2013	2012	Change
<i>Financial income:</i>			
- interest and other income from financial assets	745	633	112
- foreign exchange gains	155	43	112
- income from trading derivative instruments	40	33	7
- income from CFH derivative instruments estimated	-	268	(268)
- income from CFH derivative instruments realised	49	28	21
<b>Total finance income</b>	<b>989</b>	<b>1.005</b>	<b>(16)</b>
<i>Financial expense:</i>			
- interest and other charges on financial debt	(663)	(619)	(44)
- foreign exchange losses	(45)	(307)	262
- expense on trading derivative instruments	(43)	(38)	(5)
- expense on CFH derivative instruments estimated	(139)	-	(139)
- expense on CFH derivative instruments realised	(12)	(8)	(4)
<b>Total financial expense</b>	<b>(902)</b>	<b>(972)</b>	<b>70</b>
<b>Net finance result recognised</b>	<b>87</b>	<b>33</b>	<b>54</b>

Interest and other income from financial assets rose to Euro 745 million, up Euro 112 million on 30 June 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 57 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 53 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 Endesa S.A. (Euro 3 million) due to the draw, in the second half of 2012 up to June 2013, of the revolving credit facility granted by the company in November 2011 and concluded in June 2013.

The effect were partially compensated (Euro 70 million) by the repayment, during the second half of 2012, of a share of the long-term loan to Enel Energy Europe S.A. (Euro 3.000 million)

Interests and other charges on financial debt rose to Euro 663 million. The variation of Euro 44 million is essentially due to the combined effect of the following factors:

- > increase of Euro 27 million due to the interest charges raised by the full utilization of the Bank Loans signed in February 2012 and amounting to Euro 3.550 million.
- > increase by Euro 70 million of financial charges due essentially to new Bond issuances (issuances related to current year and second half of 2012).
- > decrease by Euro 21 million due to the repayment on 15 January 2013 of USD 1.000 million unlisted bond that has reached its maturity date.
- > decrease by Euro 18 million mainly due to lower yield paid on commercial paper issuances during the first semester of 2013 compared with the same period of the previous year.
- > decrease by Euro 10 million due to the repayment in April 2012 of the Facility C portion (Euro 777 million) of the Credit Facility Agreement.

The net foreign exchange gains amount to Euro 110 million and they are mainly due to the depreciation of the notes denominated in foreign currencies against euro. The amount of those estimated foreign exchange gains arisen from non-euro bonds are entirely covered by the correspondent reversal of the Cash Flow Hedge equity reserve resulting in financial charges.

Net loss from trading derivative instruments amounting to Euro 3 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 21 million**

In line with IAS 34, the interim period income tax is accrued based on the estimated average income tax rate by applying 25% on the profit before tax taking into account the bracket of 20% to be applied on the first Euro 0,2 million of profit before tax.

# Notes to the statement of financial position

## 4 Assets

### 4.a Non-current financial assets – Euro 27.836 million

Millions of Euro

	30 June 2013	31 Dec 2012	Change
<b>Financial Instruments at fair value through other comprehensive income</b>			
Cash flow hedges			
- Foreign exchange contracts	306	367	(61)
<b>Total Instruments at fair value through other comprehensive income</b>	<b>306</b>	<b>367</b>	<b>(61)</b>
<b>Loans and receivables</b>			
- Loans to Enel Group Entities	27.462	27.961	(499)
- other items	68	20	48
<b>Total loans and receivables</b>	<b>27.530</b>	<b>27.981</b>	<b>(451)</b>
<b>Total non-current financial assets</b>	<b>27.836</b>	<b>28.348</b>	<b>(902)</b>

Non-current financial assets comprise:

#### *Financial receivables*

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

Millions of Euro

	30 June 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.	2.462	2.461	1
Loan receivable from Endesa SA	-	500	(500)
Loan receivable from ENEL Produzione S.p.A.	2.000	2.000	-
Loan receivable from ENEL Distribuzione S.p.A.	5.500	5.500	-
<b>Total non-current financial receivables</b>	<b>27.462</b>	<b>27.961</b>	<b>(499)</b>

The decrease, amounting to Euro 499 million, of financial receivables is essentially due to the repayment by Endesa SA of its revolving credit facility granted by the Company in November 2011.

### 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 30 June 2013	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	306		306	
<b>Total</b>	<b>306</b>		<b>306</b>	

### 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 agreement subscribed in February 2013. The increase (Euro 48 million) refers: (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 7 million) by the costs portion accrued in the period.

As at 30 June 2013 non-current financial assets do not include neither past due nor impaired items.

## **4.b Current financial assets – Euro 5.958 million**

Millions of Euro	30 June 2013	31 Dec 2012	Change
Financial receivables	5.656	2.990	2.666
Trading derivatives	6	3	3
Cash flow hedge derivatives	-	38	(38)
Other current financial assets	296	217	79
<b>Total</b>	<b>5.958</b>	<b>3.248</b>	<b>2.710</b>

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

	30 June 2013	31 Dec 2012	Change
Revolving short-term facility agreement with Enel Produzione	1.000	1.000	-
Multicurrency revolving facility agreement with Enel Green Power International BV	626	110	516
Revolving short-term facility agreement with Enel Investment Holding BV	390	300	90
Revolving short-term facility agreement with Marcinelle Energie S.A.	225	237	(12)
Revolving short-term facility agreement with Enel Energy Europe	74	17	57
Loan facility agreement with Enel Lease Sàrl	22	26	(4)
Short-term deposit agreement with Enel S.p.A.	2.900	1.200	1.700
Enel S.p.A. - IC Account receivable	419	100	319
<b>Total short term loans granted to Enel Group affiliates</b>	<b>5.656</b>	<b>2.990</b>	<b>2.666</b>

The Euro 2.666 million increase in *Financial receivables* is principally due to:

- > Euro 1.700 million deriving by larger amount deposited with Enel S.p.A. under the Time Deposit agreement;
- > Euro 516 million for higher drawdown of the short term revolving credit line granted to Enel Green Power International B.V.

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	Rate of Interest	Spread	Commitment fee	
Marcinelle Energie S.A.	Revolving credit facility	242	3M Euribor	3,25%	0,10%	
Enel Lease S.r.l.	Revolving credit facility	30	3M Euribor	2,00%	0,10%	
Enel S.p.A.	Short-term deposit agreement	N/A	Euribor	0,50%	N/A	
Enel Investment Holding B.V.	Revolving credit facility	430	Euribor	1,60%	1/3 of spread	
Enel Produzione S.p.A.	Revolving credit facility	1.000	Euribor	1,40%	1/3 of spread	
Enel Energy Europe S.A.	Short-term revolving facility	2.000	Euribor	1,60%	0,10%	
EGPI B.V.	Multicurrency short-term revolving facility	1.200	3M Euribor	2,25%	0,20%	
EGPI B.V.	Multicurrency short-term revolving facility	N/A	<sup>(1)</sup> Libor 3M	-	N/A	
EGPI B.V.	Multicurrency short-term revolving facility	N/A	<sup>(2)</sup> 3M Robor	-	N/A	
Enel Trade Romania S.r.l.	Revolving credit facility	40	<sup>(2)</sup> 3M Robor	2,75%	0,10%	
Artic Russia B.V.	Short-term credit facility	4	<sup>(1)</sup> Libor tbd	1,25%	N/A	
Enel Trade D.O.O.	Revolving credit facility	5	3M Euribor	1,50%	0,10%	

<sup>(1)</sup> Millions of USD

<sup>(2)</sup> Millions of RON

### Derivative instruments

Derivative instruments refer to 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				
	<b>Fair value as 30 June 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Trading derivatives on exchange rate	6		6	
<b>Total</b>	<b>6</b>		<b>6</b>	

#### Other current financial assets

Other current financial assets aggregate refer to accrued income related to the long-term loan and short-term credit lines granted to Enel S.p.A. and to other Enel Group affiliates. The increase essentially refers to the interest income matured during the period on long-term loan granted to the parent company and not yet collected.

As at 30 June 2013 current financial assets do not have neither past due nor impaired items.

#### **4.c Income tax receivable** – Euro 1 million

In relation with fiscal year 2012 the Company paid Euro 16 million in 2012 while the actual 2012 tax charge amounts to Euro 15 million, hence the Company has accounted for an income tax receivables of Euro 1 million collectable after the submission of the tax return relating to the FY 2012.

#### **4.d Cash and cash equivalents** – Euro 1 million

Millions of Euro			
	<b>30 June 2013</b>	<b>31 Dec 2012</b>	<b>Change</b>
Cash and cash equivalents	1	10	(9)
<b>Total</b>	<b>1</b>	<b>10</b>	<b>(9)</b>

The decrease (Euro 9 million) of Cash and cash equivalents results from the cash optimization strategy performed by the Company on liquidity generated in the period.

For the purpose of Cash Flows Statement, cash and cash equivalents also include the positive amount of the current account held with the Parent Company. With reference to 30 June 2013, the amount of the current account is positive for Euro 419 million and it has been classified as current financial assets.

## **5 Shareholder's equity and liabilities**

#### **5.a 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.



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

## 5.c Cash flow hedge Reserve – Euro (975) 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 period	Released to income statement	Taxes	30 June 2013
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(646)	(495)	166	-	(975)
<b>Total gains/(losses) recognized in equity</b>	<b>(646)</b>	<b>(495)</b>	<b>166</b>	<b>-</b>	<b>(975)</b>

The negative variation of Euro 329 million is due to:

- > the losses (Euro 495 million) on change in fair value of derivatives. The variation refers to:
  - (i) a decrease of fair value measurement of cross currency interest rate swap derivatives on bonds (Euro 492 million);
  - (ii) a decrease of fair value measurement of interest rate swap derivatives on long-term loans (Euro 3 million);
- > the release (Euro 166 million) to income statement aimed to hedge the result of the underlying hedged financial liabilities when they impact the Company Income Statement.

## 5.d Long-term loans and borrowings – Euro 25.021 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 and other loans in Euro and other currencies.

The following table shows long-term debt and repayment schedules at 30 June 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				
		30 Jun 2013	30 Jun 2013	31 Dec 2012			II Half 2014	2015	2016	2017	Beyond
<i>Bond</i>											
Listed Bond (Fixed)	2015-2040	15.185	15.474	14.977	-	15.185	-	1.368	1.494	993	11.330
Listed Bond (Floating)	2022-2025	343	250	244	-	343	-	-	-	-	343
Unlisted Bond (Fixed)	2014-2039	5.464	5.457	6.172	-	5.464	954	-	-	1.143	3.367
<b>Total Bond</b>	<b>2014 - 2040</b>	<b>20.992</b>	<b>21.181</b>	<b>21.393</b>	<b>-</b>	<b>20.992</b>	<b>954</b>	<b>1.368</b>	<b>1.494</b>	<b>2.136</b>	<b>15.041</b>
<i>GMIN Internal Assumption - towards EIH BV</i>											
EUR (Fixed-rate)	2023	296	300	296	-	296	-	-	-	-	296
<b>Total GMTN Internal</b>	<b>2023</b>	<b>296</b>	<b>300</b>	<b>296</b>	<b>-</b>	<b>296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296</b>
<i>Bank loans</i>											
Bank loans	2017	3.517	3.550	3.513	-	3.517	-	-	-	3.517	-
CFA Tranche C2 Increase	2016	216	219	215	-	216	-	-	216	-	-
<b>Total Bank Loan and Revolving lines</b>	<b>2016-2017</b>	<b>3.733</b>	<b>3.769</b>	<b>3.728</b>	<b>-</b>	<b>3.733</b>	<b>-</b>	<b>-</b>	<b>216</b>	<b>3.517</b>	<b>-</b>
<b>TOTAL</b>	<b>2014-2040</b>	<b>25.021</b>	<b>25.250</b>	<b>25.417</b>	<b>-</b>	<b>25.021</b>	<b>954</b>	<b>1.368</b>	<b>1.710</b>	<b>5.653</b>	<b>15.336</b>

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

Millions of Euro					
	<b>30 June 2013</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June 2013</b>	
	Balance	Nominal value	Balance	Current interest rate	Effective interest rate
<i>Total Euro</i>	16.284	16.438	15.791	4,42%	4,62%
US dollar	5.313	5.352	6.024	5,57%	5,76%
British pound	2.592	2.625	2.722	5,70%	5,82%
Swiss Franc	590	592	603	2,85%	2,91%
Japanese yen	243	243	277	2,43%	2,46%
<i>Total non-Euro currencies</i>	8.738	8.812	9.625		
<b>TOTAL</b>	<b>25.021</b>	<b>25.250</b>	<b>25.417</b>		

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

Millions of Euro					
	Nominal value	Increase	Decrease	Exchange rate differences	Nominal value
	<b>31 Dec 2012</b>				<b>30 June 2013</b>
Credit facility agreement in Euro	219	-	-	-	<b>219</b>
Revolving Facility Agreement	-	-	-	-	-
Term Loan	3.550	-	-	-	<b>3.550</b>
Bonds in non-Euro currencies and Euro currency	21.884	488	(758)	(133)	<b>21.481</b>
<b>Total long-term financial debt</b>	<b>25.653</b>	<b>488</b>	<b>(758)</b>	<b>(133)</b>	<b>25.250</b>

### 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.

The table below reports the movements of the Credit Facility Agreement since 2007 and the nominal value of the outstanding as of 30 June 2013:

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	219
<b>Total</b>		<b>7.837</b>	<b>7.513</b>	<b>3.862</b>	<b>2.692</b>	<b>1.523</b>	<b>219</b>	<b>219</b>

### Bank loans

On 16 February 2012 the Board of Directors, according to the resolution of 14 November 2011, has resolved the entering by the Company into the financial agreements detailed below:

Millions of Euro

Counterparty	Nominal amount	Currency	Rate of Interest	Duration
Pool of major international banks	3.200	EUR	Euribor plus a 250 bps <sup>(1)</sup>	5 years
JP Morgan Chase Bank	250	EUR	Euribor <sup>(1)</sup>	5 years
Banco Bilbao Vizcaya Argentaria S.A.	100	EUR	Euribor plus a 230 bps fixed margin <sup>(1)</sup>	5 years

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

All the above term loans have been signed on 20 February 2012 and they are fully utilized as of 30 June 2013.

### Global Medium Term Note Programme

On 24 May 2012 the Company entered into an update of the Euro 30.000 million GMTN Programme, pursuant to which the Company and Enel S.p.A. (the Guarantor) may from time to time issue notes in bearer form and in order to get any possible market opportunities for new bonds issuance.

On 18 September 2012 the Company resolved (i) the revocation of its resolution dated 14 November 2011 for the still-to-be-executed part of approximately Euro 370 million and (ii) the issuance of notes or bonds to be performed by 31 December 2013 for an aggregate maximum principal amount of up to Euro 5.000 million.

On 19 December 2012 the Company resolved the increase of the aggregate nominal amount of the Programme from Euro 30.000 million to Euro 35.000 million.

On 14 May 2013 the BOD 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 in order to get 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.

Under the GMTN Programme the Company issued the following Notes and Bonds over the first six months of 2013:

Millions of Euro

<b>Nominal Amount</b>	<b>Currency</b>	<b>Listed</b>	<b>Start date</b>	<b>Maturity date</b>	<b>Phase</b>	<b>Rate</b>
100	EUR	Listed	18/02/2013	18/02/2023	Fix/Float rate	5%
50	EUR	Listed	27/03/2013	27/03/2023	Floating rate	Ita Infl + 2%
50	EUR	Listed	04/04/2013	04/04/2025	Floating rate	CMS + 1,95%
50	EUR	Listed	19/04/2013	19/04/2028	Fixed rate	4,875%
180	EUR	Listed	23/04/2013	23/04/2025	Fixed rate	4,45%
55	EUR	Listed	24/04/2013	26/04/2027	Fixed rate	4,75%

### Revolving Facility Agreement

On 19 April 2010 Enel S.p.A. 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, following the resolution of Enel's Board of Directors dated 17 January 2013 and in order to maintain also for the next years a liquidity position compliant with the market assessments, resolved to restructure the Revolving Credit Facility Euro 10.000 million and to extend up to April 2018 the original expiry date.

In the context of that decision, the Company as Original Borrower and Enel S.p.A., (as Original Borrower and Guarantor), have signed on 8 February 2013 a Revolving Facility Agreement granted by Mediobanca – Banca di Credito Finanziario S.p.A. along with a pool of banks led by Mediobanca for the amount of Euro 9.440 million with maturity date extended up to 2018.

As at 30 June 2013 the Revolving Facility Agreement 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 Credit Facility Agreement 2009, the Euro 10.000 million Revolving Credit Line agreed in April 2010, the Euro 3.200 million Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement, the Euro 100 million BBVA Facility Agreement 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 Credit Facility Agreement 2009, the Euro 10.000 million Revolving Credit Line agreed in April 2010, the Euro 3.200 million Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement, the Euro 100 million BBVA Facility Agreement 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.

The Euro 3.200 billion Term Loan Facility Agreement, the Euro 250 million JP Morgan Facility Agreement and the Euro 100 million BBVA Facility Agreement also provide for the gearing/leverage clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4,5 times annual consolidated EBITDA.

The 2009 Credit Facility Agreement also provide for the following covenants:

- > a “subsidiary financial indebtedness” clause, under which the net aggregate amount of the financial debt of Enel’s subsidiaries (with the exception of the debt of “permitted subsidiaries”) must not exceed 20% of total consolidated assets.

As from 2012 for the Credit Agreement 2009, at the end of each measurement period (half yearly): (i) the gearing clause requires that Enel's net financial debt shall not exceed 4,5 times annual consolidated EBITDA; and (ii) the ratio of annual consolidated EBITDA to net consolidated interest expense shall not be less than 4.

### **5.e Other non-current financial liabilities – Euro 791 million**

Millions of Euro	<b>30 June 2013</b>	<b>31 Dec 2012</b>	<b>Change</b>
Cashflow hedge derivatives	784	387	397
Trading derivatives	7	6	1
<b>Total</b>	<b>791</b>	<b>393</b>	<b>398</b>

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 30 June 2013	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	769		769	
Cashflow hedge derivatives on interest rate	15		15	
Trading derivatives on interest rate	7		7	
<b>Total</b>	<b>791</b>		<b>791</b>	

## 5.f Short-term loans and borrowings – Euro 6.583 million

Millions of Euro

	30 June 2013	31 Dec 2012	Change
Short-term loans Enel Group companies	3.121	1.720	1.401
Short-term bank loan third parties	-	2	(2)
Commercial papers	3.462	2.556	906
<b>Short-term financial debt</b>	<b>6.583</b>	<b>4.278</b>	<b>2.305</b>

### *Short-term loans*

At 30 June 2013, short-term loans increased by Euro 1.401 million from 31 December 2012.

Millions of Euro

	Original currency	Euro countervalue at 30 Jun 2013	Euro countervalue at 31 Dec 2012	Change
<b>Intercompany Current Accounts and Deposits denominated in Euro</b>				
Enel France SA	Euro	113	174	(61)
Enel Servizio Elettrico	Euro	2.870	1.200	1.670
	<i>[Total]</i>	<b>2.983</b>	<b>1.374</b>	<b>1.609</b>
<b>Intercompany Current Accounts and Deposits denominated in other currencies</b>				
Enel Green Power International B.V.	USD	128	345	(217)
Enel Green Power International B.V.	CAD	10	1	9
	<i>[Total]</i>	<b>138</b>	<b>346</b>	<b>(208)</b>
<b>Total</b>		<b>3.121</b>	<b>1.720</b>	<b>1.401</b>

The principal variations of short-term loans as at 30 June 2013 compared with 31 December 2012 are as follows:

- > Euro 1.670 million deriving by larger amount deposited by Enel Servizio Elettrico S.p.A. under the Long Time Deposit agreement signed on 2011;
- > Euro 217 million of lower amount deposited by Enel Green Power International B.V.

The Company hedged the intercompany current accounts denominated in foreign currencies using currency swaps to limit the risk of exchange rate fluctuations.



### Commercial Papers

Financial payables represented by commercial papers relate to outstanding issuances at 30 June 2013 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 they are not listed in any stock exchange.

The total nominal value of outstanding commercial paper as of 30 June 2013 is below shown:

Millions of Euro		
<b>Currencies</b>	<b>ECP origin amounts</b>	<b>Euro counter-value (*)</b>
Euro	3.097	3.097
USD	314	240
CHF	106	86
GBP	35	41
<b>Total Commercial Paper</b>		<b>3.464</b>

(\*)The Euro Commercial Paper (ECP) expressed in foreign currency is converted at 30 June 2013 exchange rates.

The nominal value of the commercial paper is Euro 3.464 million and is denominated in the following currencies: Euro (Euro 3.097 million); US dollars (the equivalent of Euro 240 million) GB pounds (the equivalent of Euro 41 million) and Swiss francs (the equivalent of Euro 86 million). 89% 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.

### **5.g Current portion of long-term loans – Euro nil million**

The variation of this aggregate (Euro 758 million as at 31 December 2012) is attributable to the repayment on 15 January 2013 of a USD 1.000 million unlisted bond that has reached its maturity date.

### **5.h Other current financial liabilities – Euro 603 million**

Millions of Euro			
	<b>30 Jun 2013</b>	<b>31 Dec 2012</b>	<b>Change</b>
Trading derivatives	3	7	(4)
Deferred financial liabilities	600	463	137
<b>Total</b>	<b>603</b>	<b>470</b>	<b>133</b>

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 30 June 2013 which is mainly due to interests arising from GMTN Programme for Euro 527 million.

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 30 June 2013	Level 1	Level 2	Level 3
Trading derivatives on exchange rate	3		3	
<b>Total</b>	<b>3</b>		<b>3</b>	

## Related parties

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

The main activity of Enel Finance International NV 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 NV 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 NV has no business relations with Key management during the financial year.

The following table summarizes the financial relationships between the Company and related parties:

Millions of euro				
	Receivables	Payables	Income	Cost
	30 June 2013		2013	2013
<b>Shareholder</b>				
Enel S.p.A	6.207	809	95	28
	<i>[Total]</i>	<b>809</b>	<b>95</b>	<b>28</b>
<b>Other affiliated companies</b>				
Artic Russia BV	1	-	-	-
Endesa	13	-	16	-
Enel Produzione	3.029	-	63	-
Enel Distribuzione	5.565	-	168	-
Enel Energy Europe SL	15.130	-	340	-
Enel France S.A.S.	0	113	-	-
Enel Green Power International B.V.	3.133	139	82	8
Enel Investment Holding BV	391	309	3	9
Enel Lease Sàrl	22	-	-	-
Enel Servizio Elettrico	-	2.872	-	13
Marcinelle Energie S.A.	229	-	4	-
	<i>[Total]</i>	<b>3.433</b>	<b>676</b>	<b>30</b>
<b>Total</b>	<b>33.720</b>	<b>4.242</b>	<b>771</b>	<b>58</b>

For further details of the each relation with related parties please refer to paragraphs "4.a Non-current financial assets", "4.b Current financial assets", "5.g Short-term loans" and "5.h Other Current 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 30 June 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 the first six months of 2013, amounted to Euro 32 thousand and they are summarized in the following table:

	<b>30 June 2013</b>	30 June 2012
A.J.M. Nieuwenhuizen	9	9
F. Mauritz	9	9
H. Marseille	9	9
E. Di Giacomo	3	-
F.J. Galán Allué	-	-
C. Palasciano Villamagna	-	-
A. Canta	-	-
<b>Total</b>	<b>30</b>	<b>27</b>

## Subsequent events

In the framework of the capital expenditure plan adopted by the Enel Renewable Energy Division for the incoming financial years, the Company has been requested to maintain for the next years an adequate financial support for the new initiatives and to consider the opportunity to extend the duration of the outstanding loans under the Intercompany Multicurrency Loan Facility Agreement between EFI and EGPI dated 13 July 2010.

On 16 July 2013, taking into consideration such request and according to Enel Group financial plan, the Company has dispatched a binding financial offer to Enel Green Power International B.V. with the following main terms and conditions:

- > Commitment: aggregate amount up to Euro 3.000 million (divided into a Tranche A and a Tranche B, as specified below)
- > Final maturity date: 31 July 2023
  - a) Tranche A: Facility Amount: up to Euro 2.500 million

- Purpose: to refinance the outstanding loans under the Intercompany Multicurrency Loan Facility Agreement between EFI and EGPI dated 13 July 2010
  - Interest rate: 10Y swap rate plus a margin and a margin not less than 360 bps
- b) Tranche B: Facility Amount: Up to Euro 500 million
- Purpose: general corporate purpose
  - Interest rate (optional for the borrower): Floating rate or 10Y swap rate plus a margin not less than 360 bps.