Enel Finance International N.V.

Annual Report 2014

Contents

Directors' report

General information

The Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2014.
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

The world economy is continuing gradually along its path to recovery. Following rather subdued growth at the start of 2014, some advanced economies have consolidated their economical framework, supported by diminishing headwinds and accommodative policies. However, the divergence in economic prospects across and within regions has been widening, increasingly reflecting structural rather than cyclical factors, which have an influence on confidence, financial market developments and economic policies. The latest survey indicators point to some softening in growth momentum in the fourth quarter. Geopolitical risks in Ukraine/Russia and the Middle East remain elevated, although so far with limited repercussions on global activity and energy prices.

Global trade remained weak in view of sluggish investment in many countries, but recovered in the third quarter, albeit from low levels. Global inflation has declined in recent months, largely on the back of sharply falling oil prices.
Inflationary pressures are expected to remain low in an environment of overcapacity and declining commodity prices.

During fourth quarter of the year the euro depreciated against the currencies of most of the euro area's main trading partners. Movements in exchange rates were largely related to developments on future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies.

However, the overall downward movement of the euro's effective exchange rate over the review period masks some diverging patterns in the bilateral exchange rate of the euro vis-à-vis currencies outside the EU. In bilateral terms, since early September the euro has weakened against the US dollar (by 6,1%) and, to a much lesser extent, against the pound sterling. By contrast, the euro appreciated considerably against the Japanese yen (by 7,5%) and, since early September, it strengthened by 33,5% vis-à-vis the Russian ruble.

Significant events in 2014

Funding operations

Revolving Facility Agreement

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 in order to replace the existing Euro 10.000 million Revolving Credit Facility set to expire in April 2015, starting from the latter expiry date and up to April 2018.

On March 2014 the Company and Enel have considered the opportunity to early cancel the existing facility under 2010 Revolving Facility agreement and, consequently, to anticipate the availability period of 2013 Revolving Facility agreement.

On 18 March 2014, the 2010 Revolving Facility agreement has been closed and the 2013 Revolving Facility agreement has become effective.

On 19 December 2014, considering the improvement of financial market condition, after a long period of instability, the Company and Enel S.p.A. - in line with the policy adopted by the Group to ensure over time the appropriate cash reserves - have resolved to enter into the renegotiation of the financial costs and tenor of the RFA at more favourable terms for the Group.

Global Medium Term Note Programme (GMTN) – 2014 Update

On 28 July 2014 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 2 October 2014 and the Irish Central Bank of hereby approved the Base Prospectus on the same date.

Liability Management Program

The financial markets downward trend, experienced during the last quarter of 2014, encouraged the capital market issuers to evaluate the opportunity to engage in a restructuring plan of their debt in order to reduce the average cost and lengthen the maturity profile.

The above-mentioned restructuring of capital market debts issuances, generally defined as liability management strategy, mainly includes Tender and Exchange offer operations related to the long-term debt portfolio issued in the form of bonds. Such operations have the following main features:

- Tender Offer: Bonds are repurchased by the issuer behind the payment of a consideration in money, usually based on the quoted market price of the security, plus a margin including a premium fee for the consent solicitation;
- Exchange Offer: Bonds are exchanged with new issuance of bonds with price and maturities terms different by the conditions of the original bonds.

On 14 October 2014, in order to achieve necessary flexibility useful to quickly grasp any opportunities that may arise in international markets, the Company resolved about a Liability

Management Program that provides for the debt restructuring relating the bonds issued by the Company for a total maximum amount equal to the equivalent of Euro 4 billion, to be executed no later than 31 December 2015, under the condition that each transaction:

1) ensures the optimization and management of excess cash in terms of the reduction of the gross debt of the Company, and
2) lowers the average cost or improves the maturity profile of the Company's gross debt.

These operations may be performed, in whole or in part of the maximum amount, directly by the Company guaranteed by Enel S.p.A..

On October 2014 the Company has subsequently launched and completed its first transaction under such Liability Management Program which took the form of a Tender Offer for an aggregate nominal amount of Euro 762 million.

Lending Operations

Intercompany financial operations

On June 2014 the Company has resolved to enter as lender into two intercompany financial agreements with Enel Green Power S.p.A.:

> Euro 500 million Intercompany long-term Loan;
> Euro 500 million short-line Intercompany Revolving Credit Line.

These intercompany financial agreements are aimed at providing Enel Green Power S.p.A., as holding of renewable group, with a diversified portfolio of financial instruments, allowing more flexibility in the coverage of the financial needs for capital expenditure programs or capital increase of its operating subsidiary.

On 5 September 2014, following a request from Enel Sole S.r.l., the Company has resolved to enter into an Intercompany Long Term Loan agreement to further expand the lending portfolio in terms of counterparties, risk and interest rate diversification. The new Intercompany Long Term Loan agreement has a nominal amount of Euro 100 million, a fixed interest rate of 2,462% and a final maturity date 5 September 2024.

Carter Project

On 30 July 2014, Enel adopted a reorganization plan of Group activities in Iberia and Latin America, in order to simplify the control chain of Latin America companies and to focus the operations of Endesa S.A. (“Endesa”) as the leading company in the Iberian energy market.

The plan involved the following main steps:

> acquisition by Enel Energy Europe S.r.l. (“EEE”) the 60,62% of Chilean company Enersis S.A. (“Enersis”) from Endesa;
> distribution by Endesa of an extraordinary cash dividend of an amount equal to the consideration received by EEE for the sale of 60,62% of Enersis;

> reorganization of the financial structure of Endesa in order to realize the expected composition of market and intercompany financial operations.

In this framework, the Company has been requested to provided EEE and Endesa the finance resources necessary to execute the project by mean of intercompany short-term and long-term loans; therefore, on 30 September 2014, the Company has resolved to enter into a wide portfolio of new financial operations granting to:

> EEE with an intercompany short term loan of Euro 8.300 million with mandatory prepayment clause of any amount received by EEE as dividends from Endesa during the term of the loan;

> Endesa with an intercompany 10y loan of Euro 4.500 million and a short-term Revolving Credit Line of Euro 1.000 million.

BEG litigation

Following an arbitration proceeding initiated by BEG S.p.A. in Italy, Enelpower S.p.A. obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower S.p.A. of an agreement concerning the construction of a hydroelectric power station in Albania.
Subsequently, BEG S.p.A., acting through its subsidiary Albania BEG Ambient Shpk, filed suit against Enelpower S.p.A. and Enel S.p.A. in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower S.p.A. and Enel S.p.A. to pay tortious damages of about Euro 25 million for 2004 as well as an unspecified amount for subsequent years. Following the ruling, Albania BEG Ambient Shpk demanded payment of more than Euro 430 million, a request that Enelpower S.p.A. and Enel S.p.A. rejected, vigorously contesting its legitimacy.
The European Court of Human Rights, with which Enelpower S.p.A. and Enel S.p.A. had filed an appeal for violation of the right to a fair trial and the rule of law by the Republic of Albania, rejected the petition as inadmissible. The ruling was purely procedural and did not address the substance of the suit.
In addition, in February 2012, Albania BEG Ambient Shpk filed suit against Enel S.p.A. and Enelpower S.p.A. with the Tribunal de Grande Instance in Paris in order to render the ruling of the Albanian court enforceable in France. Enel S.p.A. and Enelpower S.p.A. have challenged the suit. The proceeding is still under way.
Subsequently, again at the initiative of Albania BEG Ambient Shpk, Enel France S.A. was served with two "Saise Conservatoire de Créances" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel S.p.A. in respect of Enel France S.A.. J.P. Morgan Bank Luxembourg S.A. was also served with an analogous order in respect of any receivables of Enel S.p.A..
In addition, Albania BEG Ambient Shpk filed suit against Enel S.p.A. and Enelpower S.p.A. in New York to render the ruling of the Albanian court enforceable in the State of New York. Enel S.p.A. and Enelpower S.p.A., in presenting their defense, are contesting all aspects of the foundation of the plaintiff's case and they took all steps available to them to defend their interests. On 22 April 2014, in response to a motion filed by Enel S.p.A. and Enelpower S.p.A., the court revoked the previous ruling issued against the companies freezing assets of around USD 600 million. The suit is pending and no measures, preliminary or otherwise, have been taken by the court.

On 2 June 2014 Albania BEG Ambient Shpk obtained an order from the court in the Hague, based upon the preliminary injunction, freezing up to Euro 440 million held with a number of entities and the establishment of a lien on the shares of two subsidiaries of Enel S.p.A. in that country. Enel S.p.A. and Enelpower S.p.A. challenged that ruling and on 1 July 2014, the Dutch court, in granting the petition of Enel S.p.A. and Enelpower S.p.A., provisionally determined the value of the suit at Euro 25 million and ordered the removal of the preliminary injunction subject to the issue of a bank guarantee in the amount of Euro 25 million by Enel S.p.A. and Enelpower S.p.A.. Enel S.p.A. and Enelpower S.p.A. have appealed this ruling and, at present, no bank guarantee has been issued.
On 3 July 2014, Albania BEG Ambient Shpk sought to obtain a second order to freeze assets. Following the hearing of 28 August 2014, the court in the Hague granted a preliminary injunction for the amount of Euro 425 million on 18 September 2014. Enel S.p.A. and Enelpower S.p.A. have appealed this injunction.
In end of July 2014, Albania BEG Ambient Shpk started a proceeding before the Dutch courts in order to seek recognition of the Albanian ruling in the Netherlands.
Albania BEG Ambient Shpk has also initiated the procedure for the enforcement of the judgment of the Court of Tirana in Luxembourg and in Ireland and the processes are in the early phases.
Furthermore, proceedings continue in the suit lodged by Enelpower S.p.A. and Enel S.p.A. with the Court of Rome asking the Court to ascertain the liability of BEG S.p.A. for having evaded compliance with the arbitration ruling issued in Italy in favour of Enelpower S.p.A., through the legal action taken by Albania BEG Ambient Shpk. With this action, Enelpower S.p.A. and Enel S.p.A. are asking the Court to find BEG S.p.A. liable and order it to pay damages in the amount that one or the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the sentence issued by the Albanian courts. During the last hearing, which was held on 12 March 2015, the judge retired for deliberation and assigned the parties the statutory terms to file pleadings and responsive pleadings.

Overview of the Company's performance and financial position

Analysis of the Company financial position

Millions of euro

	31 Dec. 2014	31 Dec. 2013	Change
Net non-current assets:			
Other non-current financial assets	422	103	319
Other non-current financial liabilities	(503)	(794)	291
Total	**(81)**	**(691)**	**610**
Net current assets:			
Net Tax Balance	7	4	3
Other Current financial assets	240	277	(37)
Other Current activities	3	-	3
Other Current financial liabilities	(459)	(468)	9
Other Current liabilities	(5)	(1)	(4)
Total	**(214)**	**(188)**	**(26)**
Gross capital employed	**(295)**	**(879)**	**584**
Net Capital Employed	**(295)**	**(879)**	**584**
Total Shareholders' Equity	**723**	**824**	**(101)**
Net Financial Debt	**(1.018)**	**(1.703)**	**685**

The net non-current assets/(liabilities), as at 31 December 2014, increased by Euro 610 million compared to 31 December 2013. The variation refers essentially to the increase of non-current derivative asset (Euro 342 million) and to the decrease of non-current derivative liabilities (Euro 291 million) partially compensated by the decrease of financial prepaid expenses (Euro 23 million) mainly due to the early cancellation of the Revolving Facility Agreement signed on 19 April 2010, for further details please refer to paragraph "4 Non-current financial assets".

Net current assets/(liabilities) came to a negative Euro 214 million with a decrease of Euro 26 million compared to 31 December 2013. The variation is due essentially to the decrease of current assets Cash flow hedge fair value (Euro 51 million) partially compensated by the increased fair value of the trading derivatives (Euro 21 million).

Net capital employed came to a negative Euro 295 million at 31 December 2014, up Euro 584 million compared to the same period of 2013. The variation is due to the increase of the Net Financial Debt (Euro 685 million) partially offset by the decrease of shareholders' equity (Euro 101 million). The debt-to-equity ratio at 31 December 2014 came to a negative 141% (negative 207% as of 31 December 2013).

Net financial debt

Millions of euro

	31 Dec. 2014	31 Dec. 2013	Change
- bank loans	-	-	-
- bonds	18.586	19.877	(1.291)
- debt assumed and loans from Group companies	296	296	-
Long-term debt	*18.882*	*20.173*	*(1.291)*
- loans to Group companies	(22.062)	(26.953)	4.891
Long term financial receivables	*(22.062)*	*(26.953)*	*4.891*
Net long-term financial debt	**(3.180)**	**(6.780)**	**3.600**
- Bonds (short-term portion)	1.319	905	414
- l/t receivables due from Group companies (short-term portion)	(2.000)	-	(2.000)
Current amount of long-termt net financial debt	*(681)*	*905*	*(1.586)*
- Commercial paper	2.400	1.388	1.012
- Short-term loans from Group companies	6.070	4.787	1.283
Short-term loans	*8.470*	*6.175*	*2.295*
- Short-term financial receivables due from Group companies	(2.420)	(1.771)	(649)
- Financial Service Agreement with Enel S.p.A.	(2.201)	(222)	(1.979)
- Cash and cash equivalents	(1.006)	(10)	(996)
Cash and cash equivalents and short-term financial receivables	*(5.627)*	*(2.003)*	*(3.624)*
Net short-term financial debt	**2.162**	**5.077**	**(2.915)**
NET FINANCIAL DEBT	**(1.018)**	**(1.703)**	**685**

Net financial debt amounting to negative Euro 1.018 million at 31 December 2014 showed a significant increase (Euro 685 million) compared with the corresponding period of last year.

Net long-term financial debt stood at negative Euro 3.180 million, up Euro 3.600 million principally as a result of: (i) the partial repayment (Euro 7.492 million) of the long-term loan granted to Enel Energy Europe S.r.l., with an original amount of Euro 18 billion; (ii) the reclassification (Euro 2.000 million) of long-term loans with maturity date included in the next financial year from non-current financial assets to current financial assets; partially compensated by: (i) the new long term loan (Euro 4.500 million) granted on 23 October 2014 to Endesa S.A.; (ii) the decrease of the outstanding bonds position mainly as consequence of the Tender Offer (Euro 762 million) launched by the Company in October 2014, the reclassification (Euro 1.319 million) of two Bonds due at maturity during 2015 within the current financial liabilities and the negative foreign exchange effect (Euro 761 million) on the outstanding Bonds denominated in non-Euro currencies.

Net short-term financial debt decreased by Euro 2.915 million to Euro 2.162 million with the change principally referring to:

> the increased current financial assets (Euro 2.000 million) due to the reclassification of the long-term loans above mentioned;

> the increased financial receivables with Enel S.p.A. (Euro 1.979 million) due to the new Financial Services Agreement signed at the end of the year;

> the increase of cash and cash equivalents for an amount of Euro 996 million.

Partially compensated by the increased: (i) short-term loans (Euro 1.283 million) from Group companies; (ii) Commercial Paper (Euro 1.012 million) issued during the current year.

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 2015, 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

On 27 January 2015, the Company, following the approval by the Irish Central Bank of a supplement to the Offering Circular issued 2 October 2014, has executed a further transactions under the GMTN Programme in the form of an Exchange Offer for certain notes issued by the Company and guaranteed by Enel S.p.A..
According with such exchange, the Company, has partially repaid back notes for an aggregate amount of Euro 1.429 million under six bonds, with final maturity date between 2016 and 2021, and issued a new 10 years bond for a total amount of Euro 1.463 million at a fixed rate of 1,966% and maturity date on 27 January 2025.

On 12 February 2015, following the resolution adopted on 19 December 2014, the Company has renegotiated the Euro 9.440 million Revolving Facility agreement by reducing the applicable margin and the commitment fees and extending the duration until April 2020.

In the frame of Liability Management Program resolved on 14 October 2014, during the month of February a hedging portfolio, for an aggregate amount of Euro 2,5 billion, has been dealt by means of Interest Rate Swap operations forward starting for execution date on second half of 2017 and first half of 2018.

Personnel

As at 31 December 2014 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,

> 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 2014 and the developments during the financial year 2014;

> 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 2014 fiscal year (by 30 April 2015);

> 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 2014 fiscal year (by 30 April 2015).

Amsterdam, 17 April 2015

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

Enel Finance International N.V.

Financial statements 2014

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

Statement of comprehensive income

Millions of euro	Note	2014	2013
Other revenues and income		-	-
Services	1	(5)	(2)
Personnel	1	(1)	(2)
Result from operating activities		**(6)**	**(4)**
Financial income	2	2.435	2.005
Financial expense	2	(2.385)	(1.890)
	Total	**50**	**115**
Profit before income taxes		**44**	**111**
Income tax expense	3	12	13
Net income for the period		**32**	**98**
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		*(133)*	*(322)*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDER		**(101)**	**(224)**

Statement of financial position

Millions of Euro	Note		
ASSETS		**31 Dec 2014**	**31 Dec 2013**
Non-current assets			
Non-current financial assets	4	22.484	27.056
	Total	**22.484**	**27.056**
Current assets			
Current financial assets	5	6.865	2.271
Income tax receivable	6	7	4
Cash and cash equivalents	7	1.006	10
	Total	**7.878**	**2.285**
TOTAL ASSETS		**30.362**	**29.341**

Millions of Euro			
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec 2014**	**31 Dec 2013**
Share capital	8	1.479	1.479
Share premium reserve	8	43	43
Cash flow hedge reserve	8	(1.101)	(968)
Retained earnings		270	172
Net income for the period		32	98
Total shareholder's equity		**723**	**824**
Non-current liabilities			
Long-term loans and borrowings	9	18.883	20.173
Other non-current financial liabilities	10	503	794
	Total	**19.386**	**20.967**
Current liabilities			
Short-term loans and borrowings	11	8.470	6.175
Current portion of long-term loans	9	1.319	905
Other current financial liabilities	12	459	468
Other current liabilities		5	2
	Total	**10.253**	**7.550**
TOTAL EQUITY AND LIABILITIES		**30.362**	**29.341**

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 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**
Allocation of net income from the previous year	-	-	-	-	98	-	(98)	-
Comprehensive income for the year:	-	-	-	-	-	(133)	-	(133)
Loss recognized directly in equity	-	-	-	-	-	*(133)*	-	*(133)*
Net income for period	-	-	-	-	-	-	*32*	*32*
31 Dec 2014 *[Note 8]*	**1.479**	**43**	-	-	**270**	**(1.101)**	**32**	**723**

Statement of cash flows

Millions of euro	Note	2014	2013
Income for the period		**32**	**98**
Adjustments for:			
Financial (income)	2	(2.434)	(2.005)
Financial expense	2	2.383	1.890
Income taxes	3	12	13
Cash flow from operating activities before changes in net current assets		*(7)*	*(4)*
(Increase)/Decrease in financial and non-financial assets/liabilities		6	9
Interest income and other financial income collected		1.617	1.608
Interest expense and other financial expense paid		(1.522)	(1.459)
Income taxes paid		(16)	(16)
Cash flows from operating activities (a)		**78**	**138**
New loans granted to Enel S.p.A. and affiliates	*4.a/b*	*(6.624)*	*(2.412)*
Repayments and other movements from Enel S.p.A. and affiliates	*4.b*	*8.865*	*4.530*
Cash flows from investing/disinvesting activities (b)		**2.241**	**2.118**
Financial debt (new borrowings)	5.d/g	2.887	3.839
Financial debt (repayments and other changes)		(2.231)	(5.973)
Cash flows from financing activities (c)		**656**	**(2.134)**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**2.975**	**122**
Cash and cash equivalents at the beginning of the year		**232**	**110**
Cash and cash equivalents at the end of the year		**3.207**	**232**
current account with banks		*1.006*	*10*
current account with Enel S.p.A.		*2.201*	*222*

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 five 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 2014 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), endorsed by 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 02 February 2015 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 2013, the following IFRS standards and interpretations took effect as from 1 January 2014:

> "Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities". The new version of IAS 32 establishes that financial assets and financial liabilities shall be offset and the net amount reported in the balance sheet if, and only if, both of the following conditions are met:

a) the entity currently has a legally enforceable right to set off the recognised amounts; and

b) it intends either to settle them on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Amendments to IAS 32 clarify that, in order to meet the first requirement, the right to offset must not be contingent on a future event; and it has to be legally enforceable both in the normal course of business, and in case of default, insolvency or bankruptcy.
The intention to settle financial assets and financial liabilities on a net basis can be proved by the normal business practice, the requirements of the financial markets and other circumstances that may limit the ability to settle net or to settle simultaneously. The amendments to IAS 32 clarifies that a gross settlement mechanism may be likened to net settlement or to simultaneously settling only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and it processes receivables and payables in a single settlement process or cycle. The retrospective application of this standard did not have an impact on these financial statements.

> "Amendments to IAS 39 – Novation of derivatives and continuation of hedge accounting". The amendments are intended to allow entities, under certain conditions, to continue hedge accounting in the case of novation of the hedging instrument with a central counterparty as a result of the introduction of a new law or regulation. The retrospective application of this standard did not have an impact on these financial statements.

Standards not yet applicable and not yet adopted

During financial year 2014, the European Commission approved the following standards, amendments and interpretations, which is expected to apply to the Company in the next periods:

> "Annual improvements to IFRSs 2011 – 2013 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Company and that will apply on January 1, 2015. More specifically, the following standards were amended:

– "IFRS 3 – Business combinations"; the amendment clarifies that IFRS 3 does not apply in the financial statements of a joint arrangement to the recognition of the formation of the arrangement.

- "IFRS 13 –Fair value measurement"; the amendment clarifies that the exception for measuring the fair value of group of financial assets and liabilities on a net basis ("the portfolio exception") applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.
- "IAS 40 – Investment property"; according to IAS 40 a property interest that is held by a lessee under an operating lease may be classified and accounted for as an investment property if, and only if, the property meets the definition of an investment property and the lessee uses the fair value model to measure such investments. The amendment clarifies that judgement is also needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of IFRS 3. That judgement shall be based on the guidance in IFRS 3.

> "IFRS 9 – Financial instruments", issued, in its final version, on 24 July 2014, replaces current IAS 39 *Financial Instruments: Recognition and Measurement* and overcome all the previous version. The standard is effective for annual periods beginning on or after 1 January 2018 and the early adoption is allowed, after the relevant endorsement.
The final version of IFRS 9 brings together the results of the three phases of the project to replace IAS 39, related to classification and measurement, impairment and hedge accounting.
About the classification of financial instruments, IFRS 9 provides one classification approach for all types of financial assets, including those that contain embedded derivative features, therefore, financial assets are classified in their entirety rather than being subject to complex bifurcation requirements.
In order to define how financial assets shall be classified and measured, the entity's business model for managing the financial assets and their contractual cash flow characteristics shall be considered. For this purpose, a business model refers to how an entity manages its financial assets in order to generate cash flows, that is by collecting contractual cash flows, selling financial assets or both.
Financial assets at amortised cost are held in a business model whose objective is to hold assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. This measurement category results in amortised cost information being provided in profit or loss and fair value information in the balance sheet.
Financial assets at fair value through profit or loss are any financial assets that are not held in one of the two business models mentioned above, including financial assets that are held for trading and those managed on a fair value basis.
About classification and measurement of financial liabilities, IFRS 9 carries forward IAS 39's accounting treatment provisions with limited amendments. This means that most financial liabilities will continue to be measured at amortised cost; moreover, the option to elect a financial liabilities at fair value through profit or loss, when specific circumstances are met, is still allowed.

The standard introduces new requirements for financial liabilities elected at fair value through profit or loss, according to which changes in the fair value of an entity's own debt shall be recognised in other comprehensive income rather than in profit or loss. Such requirement is readily available for the adoption without applying IFRS 9 in its entirety.
Considering that, during the financial crisis, the existing impairment model based on the incurred credit losses had shown great limitations connected to the delay of the recognition of credit losses until there is evidence of a trigger event, the standard provides a new impairment model providing users of financial statements with more useful information about an entity's expected credit losses.
In substance, the model provides:

a) the application of a unique approach to all financial assets;

b) the recognition of the expected credit losses at all times and the updating of their amount at the end of each reporting period to reflect changes in the credit risk of financial instruments;

c) the measurement of the expected credit losses based on the reasonable and supportable information that is available without undue cost or effort, including historical, current and forecast information;

d) improved disclosures on expected credit losses and credit risk.

IFRS 9 introduces also a new model of hedge accounting, with the aim to align the accounting more closely with risk management activities and to establish a more principles-based approach.
The new approach to hedge accounting will enable companies to better reflect their risk management activities in the financial statements, allowing more items to be eligible as hedged items: risk component of a non-financial item, net positions, layer components of items and aggregated exposures (i.e. a combination of a non-derivative exposure and a derivative). About hedging instruments, the most significant change, compared to hedge accounting under IAS 39, is the possibility to defer the time value of options, the forward element in forward contracts and currency basis spreads (i.e. "costs of hedging") in other comprehensive income until the hedged item affects profit or loss. IFRS 9 also removes the requirement for hedge effectiveness tests to be within the range of 80%-125% and provides the possibility to rebalance the hedging relationship if the risk management objective remains unchanged.
IFRS 9 does not replace the provisions of IAS 39 about the portfolio fair value hedge accounting on interest rate risk (i.e. macro hedge accounting), as such phase of the project to replace IAS 39 has been separated and still under discussion. At this regard, in April 2014, the IASB issued the Discussion Paper *Accounting for Dynamic Risk management: a Portfolio Revaluation Approach to Macro Hedging*.
The Company is assessing the potential impact of the future application of the new provisions of IFRS 9.

> Amendments to IAS 1: *Disclosure Initiative*, issued in December 2014. The amendments, as a part of IASB's major initiative to improve presentation and disclosure in financial statements, include improvements in the following areas:

- materiality: it has been made clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosure;
- disaggregation and subtotals: it has been clarified that the specific line items of the income statement, statement of comprehensive income and balance sheet may be disaggregated. New requirements regarding the use of subtotals are introduced;
- notes structure: it has been clarified that companies have flexibility about the order in which they present the notes to the financial statements. It has been also emphasised that understandability and comparability should be considered by a company when deciding on that order;
- equity accounted investments: the share of OCI of associates and joint ventures accounted for using the equity method shall be split between those items that will and will not be subsequently reclassified to profit or loss and presented in aggregate as single line items within those two sections of the statement of comprehensive income.

The amendments will take effect, subject to endorsement, for annual periods beginning on or after 1 January 2016.

> "Annual improvements to IFRSs 2010 – 2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Company. More specifically, the following standards were amended:

- "IFRS 2 – Share-based payment"; the amendment separates the definitions of performance and service condition from the one related to the vesting condition; the modification has been issued in order to make a clearer description of each condition. The changes will apply prospectively, subject to endorsement, to share-based payment transactions for which the grant date is on or after 1 July 2014.
- "IFRS 3 – Business combinations"; the amendment clarifies that contingent consideration in a business combination shall be measured at fair value with changes in fair value recognised in profit or loss at each reporting period. The changes will apply prospectively, subject to endorsement, to business combinations for which the acquisition date is on or after 1 July 2014.
- "IFRS 8 – Operating segments"; the amendments introduce new disclosure requirements that would provide users of financial statements with an understanding of the judgements made by management on how (and the reasons why) operating segments have been aggregated. The amendments also specify that the reconciliation of the total of the reportable segments' assets to the entity's assets is required only if that amount is regularly provided to the management. The changes will apply, subject to endorsement, to annual periods beginning on or after 1 January 2014.
- "IFRS 13 – Fair value measurement"; the amendment clarifies, within the standard's Basis for Conclusions, that it is already possible to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of discounting is immaterial.

- "IAS 16 – Property, plant and equipment"; the amendment clarifies that when an item of property, plant and equipment is revaluated the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. The changes will apply, subject to endorsement, to annual periods beginning on or after 1 July 2014.
- "IAS 24 – Related party disclosures"; the amendment clarified that a "management entity", namely an entity that provides key management personnel services to a reporting entity, is deemed to be a related party of the reporting entity. As a consequence, the reporting entity is required to disclose, in addition to the amount incurred for the service fee paid or payable to the "management entity", other transactions with the "management entity", for example, borrowings, under the existing disclosure requirements of IAS 24 with respect to related parties. The amendment also clarified that if an entity obtains key management personnel services from another entity the reporting entity is not required to apply the disclosures requirements concerning the compensation paid or payable by the "management entity" to the management entity's employees or directors. The changes will apply, subject to endorsement, to annual periods beginning on or after 1 July 2014.
- "IAS 38 – Intangible assets"; the amendment clarifies that when an item of intangible asset is revaluated the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses. The changes will apply, subject to endorsement, to annual periods beginning on or after 1 July 2014.

> "Annual improvements to IFRSs 2012 – 2014 cycle", issued in September 2014; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Company. More specifically, the following standards were amended:

- "IFRS 5 – Non-current assets held for sale and discontinued operations"; the amendments clarify that changing from the classification of an asset (or disposal group) as held for sale to the classification as held for distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5 and the date of classification doesn't change. The changes will apply prospectively, subject to endorsement, to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016.
- "IFRS 7 – Financial instruments: disclosures"; referring to the disclosures to be provided for any continuing involvement in a transferred asset that is derecognised in its entirety, the amendments clarify that a servicing contract that includes a fee can represent continuing involvement in that financial asset, for disclosure purposes. An entity shall

analyze the nature of the fee and arrangement, in order to asses where the disclosure are required. The amendments also clarify that the disclosures of offsetting financial assets and financial liabilities are not required in the condensed interim financial report. The changes will apply, subject to endorsement, for annual periods beginning on or after 1 January 2016.

- "IAS 19 – Employee Benefits; IAS 19 requires that the rate used to discount post-employment benefit obligation shall be determined by using market rates on high quality corporate bonds or using government bond rate if a deep market for high quality corporate bond does not exist. The amendment to IAS 19 clarifies that deep market of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates shall be used. The changes will apply, subject to endorsement, for annual periods beginning on or after 1 January 2016.
- "IAS 34 – Interim Financial Reporting"; the amendment states that the required interim disclosures shall be given either in the interim financial statements or incorporated by cross-reference between the interim financial statements to other statement (e.g. in the management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. The change will apply, subject to endorsement, for annual periods beginning on or after 1 January 2016.

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 2014. 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 2014.
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 2014.
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 2014 and 31 December 2013:

Millions of euro

	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Cashflow hedge derivatives:								
Interest rate swap	400	400	(52)	(13)	-	2	52	15
Trading derivatives:								
Interest rate swap	100	100	(5)	(6)	3	-	8	6
Total interest rate derivatives	**500**	**500**	**(57)**	**(19)**	**3**	**2**	**60**	**21**

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. 2014	2015	2016	2017	2018	2019	Beyond
Cashflow hedge derivatives:							
Positive Fair value derivatives	-	-	-	-	-	-	-
Negative fair value derivatives	(52)	(5)	(10)	(8)	(7)	(7)	(21)
Trading derivatives:							
Positive Fair value derivatives	3	1	1	1	-	-	1
Negative fair value derivatives	(8)	(1)	(1)	(1)	(1)	(1)	(3)
Total Interest rate derivatives	**(57)**	**(5)**	**(10)**	**(8)**	**(8)**	**(8)**	**(23)**

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 2014, 2 % of gross long term debt towards third parties was floating rate (2 % as at 31 December 2013). Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, 100 % of gross long term debt is hedged against interest rate risk (100 % as at 31 December 2013).

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, please refer to the sensitivity table.

Interest rate risk sensitivity analysis

The Company performs sensitivity analysis by estimating the effects of changes in the level of interest rates on financial instruments portfolio.
In particular sensitivity analysis measures the potential impact of market scenarios both on equity, for the hedging component of derivatives in cash flow hedge, and on income statement for all derivatives that do not qualify for hedge accounting and the portion of net long term floating-rate debt not covered by derivatives.

These scenarios are represented by parallel translation, measured in basis points (bps) in the interest rate yield curve at the reporting date.

All other variables held constant, the Company's income and equity before tax is impacted as follows:

Thousands of euro

Interest rate risk sensitivity analysis		31 December 2014			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Interest Rates scenario	**increase**	**decrease**	**increase**	**decrease**
Change in interest expense related to long term gross floating-rate debt after hedging	25 bp	-	-	-	-
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	25 bp	(862)	862	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	25 bp	-	-	5.383	(5.383)

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 2014 and 31 December 2013:

Millions of euro

	Notional		**Fair value**		**Fair value assets**		**Fair value liabilities**	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Cashflow hedge derivatives:								
Cross currency interest rate swap	8.449	8.587	(61)	(681)	382	92	443	773
Trading derivatives:								
Forward	1.660	1.611	19	4	30	9	11	5
Total exchange rate derivatives	**10.109**	**10.197**	**(41)**	**(677)**	**413**	**101**	**454**	**778**

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. 2014	2015	2016	2017	2018	2019	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	383	34	34	188	21	265	190
Negative fair value derivatives	(443)	18	18	18	3	25	1.045
Forwards							
Positive Fair value derivatives	30	31	-	-	-	-	-
Negative fair value derivatives	(11)	(12)	-	-	-	-	-
Total Exchange rate derivatives	**(41)**	**71**	**52**	**206**	**24**	**290**	**1.235**

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.

Foreign exchange risk sensitivity analysis

The Company performs sensitivity analysis by estimating the effects on financial instruments portfolio of changes in the level of exchange rates.
In particular sensitivity analysis measures the potential impact of market scenarios both on equity, for the hedging component of cash flow hedges derivatives, and on income statement for those derivatives that do not qualify for hedge accounting and the portion of gross long-term foreign denominated debt not covered by derivatives.

These scenarios are represented by the 10% Euro appreciation/depreciation towards all foreign currencies in comparison with end of year level.

All other variables held constant, the Company's income and equity before tax is impacted as follows:

Thousands of euro

Foreign exchange risk sensitivity analysis		**31 December 2014**			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Exchange Rate scenario	**Euro Appr.**	**Euro Depr.**	**Euro Appr.**	**Euro Depr.**
Change in interest expense related to long term foreign denominated gross debt after hedging	10%	-	-	-	-
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	10%	(7.116)	8.708	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	10%	-	-	(1.112.089)	1.359.235

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.

Credit risk from intercompany loans and other financial receivable is managed by the Company. Enel Finance International N.V. is part of the centralising financial flow process and acts as the primary reference for the management of financial needs or liquidity generated by Enel Group entities. The Company manages its lending operations to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2014 are the carrying amounts.

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 2014: (i) a long term revolving credit line for an amount up to Euro 4.720 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 previous year for an amount of Euro 140 million and increased to Euro 250 million in October 2014. The Company has also an outstanding commercial paper programs with a maximum ceiling of Euro 6.000 million, of which only Euro 2.403 million drawn at 2014 year ended.

Furthermore Enel S.p.A. has confirmed through a letter dated 02 February 2015 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 (6) million

Result from operating activities is negative for Euro 6 million with no significant changes compared to previous year. The costs refer to services (mainly related to legal and consultancy charges) for Euro 5 million and to personnel costs for Euro 1 million.

2 Financial income/(expense) – Euro 50 million

Millions of Euro

	2014	2013	Change
Financial income:			
- interest and other income from financial assets	1.350	1.484	(134)
- foreign exchange gains	30	386	(356)
- income from trading derivative instruments	103	72	31
- income from CFH derivative instruments	952	63	889
Total finance income	**2.435**	**2.005**	**430**
Financial expense:			
- interest and other charges on financial debt	(1.338)	(1.370)	32
- foreign exchange losses	(925)	(44)	(881)
- expense on trading derivative instruments	(102)	(92)	(10)
- expense on CFH derivative instruments	(20)	(384)	364
Total financial expense	**(2.385)**	**(1.890)**	**(495)**
Net finance result recognised	**50**	**115**	**(65)**

Interest and other income from financial assets decreased to Euro 1.350 million, down Euro 134 million on 31 December 2013 with the variation essentially due to:

> The lower interest income (Euro 112 million) from Enel S.p.A. due to the complete prepayment (Euro 2.500 million) realized in October 2013 of a long term loan granted by the company in January 2008 and renegotiated during 2010;

> The lower interest income (Euro 10 million) for the decrease of the cash availability deposited with Enel S.p.A. under the short-term deposit agreement;

> The lower interest income (Euro 6 million) due to the full repayment realized in November 2013 of the revolving credit facility granted to Enel Investment Holding B.V..

Interests and other charges on financial debt dropped to Euro 1.338 million with a variation of Euro 32 million.
The above mentioned decrease is attributable, for an amount of Euro 154 million, to the early repayment, during the last quarter of the previous year, of the following long-term loans signed on February 2012 with: (i) a pool of major international banks for an amount of Euro 3.200 million; (ii) JP Morgan Chase Bank N.A. (Euro 250 million); (iii) Banco Bilbao Vizcaya Argentaria S.A. (Euro 100 million).

Partially off-set by the increase of following financial charges:

> Other financial charges (Euro 81 million) deriving by the overall effect of the tender offer launched by the Company on its Bonds for an aggregate nominal amount of Euro 762

million. The latter variation arise from the combined effect of: (i) the negative difference (Euro 87 million) between the accepted nominal amount and the agreed repurchase price; (ii) the positive effect (Euro 6 million) of the operation in term of decreased financial debt's impact on the income statements.

> interest expenses (Euro 10 million) related to the negative balance as at year end of the intercompany current account with Enel S.p.A.;

> commitment fees (Euro 10 million) related to the Euro 2.500 million Intercompany short term revolving agreement with Enel S.p.A. and expired at the end of the current year;

> interest expenses (Euro 6 million) on the short-term deposit accounts with Enel Investment Holding B.V..

The net foreign exchange losses amount to Euro 895 million and they are mainly due to: (i) the apreciation (Euro 761 million) of the notes denominated in foreign currencies; (ii) the realized exchange losses (Euro 134 million) related to the repayment of a USD Notes with a principal amount of USD 1.250 million and due at maturity in October 2014. The amount of the foreign exchange losses arisen from the apreciation above mentioned is entirely covered with the reversal of the Cash Flow Hedge equity reserve resulting in a financial income of Euro 761 million. In the same way the realized exchange losses resulting by the USD Notes repayment have been completely covered by its underlying Cash Flow Hedge derivative.

3 Income tax expense – Euro 12 million

Millions of Euro

	2014	2013
Profit before income taxes	44	111
Tax rate at nominal tax rate (25%)	11	28
Tax effect on non-taxable income	-	(15)
Tax effect on non-deductible expenses for tax purposes	1	-
Current Taxation	**12**	**13**

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 22.484 million

Millions of Euro

	31 Dec 2014	31 Dec 2013	Change
Financial instruments at fair value through other comprehensive income			
Cash flow hedges			
- exchange rates	382	41	341
- interest rates	-	2	(2)
Total instruments at fair value through other comprehensive income	**382**	**43**	**339**
Financial instruments at fair value through profit or loss			
Derivatives not designated as hedges			
- interest rates	3	-	3
Total instruments at fair value through profit or loss	**3**	**-**	**3**
Total derivative instruments	**385**	**43**	**342**
Loans and receivables			
- Loans to Enel Group Entities	22.062	26.953	(4.891)
- other items	37	60	(23)
Total loans and receivables	**22.099**	**27.013**	**(4.914)**
Total non-current financial assets	**22.484**	**27.056**	**(4.572)**

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 2014	31 Dec 2013	Change
Loan receivable from Enel Energy Europe S.r.l.	7.508	15.000	(7.492)
Loan receivable from Enel Produzione S.p.A.	2.000	3.000	(1.000)
Loan receivable from Enel Trade S.p.A.	-	700	(700)
Loan receivable from Enel Energia S.p.A.	-	300	(300)
Loan receivable from Enel Distribuzione S.p.A.	5.500	5.500	-
Loan receivable from Endesa SA	4.500	-	4.500
Loan receivable from Enel Sole S.r.l.	100	-	100
Loan receivable from Enel Green Power International B.V.	2.455	2.453	1
Total loans to Enel Group Entities	**22.062**	**26.953**	**(4.891)**

The decrease (Euro 4.891 million) of loans to Enel Group Entities is due to the following factors:

i. the partial repayment (Euro 7.492 million) of the long term loan granted to Enel Energy Europe S.r.l. for an original amount of Euro 18.000 million;

ii. the reclassification (Euro 2.000 million) to short-term financial assets due to the maturity date within the end of 2015;

partially compensated by the new long-term loan:

iii. Euro 4.500 million granted to Endesa S.A. with a fixed rate of 3,0% and final maturity date 29 October 2024;

iv. Euro 100 million granted to Enel Sole S.r.l. at an interest rate based on 10 years swap rate plus a margin of 125 bps p.a., and final maturity date 24 September 2024.

The above mentioned operations (i) and (iii) have been performed according to the Carter project.

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 bonds and long-term loans or receivables; (ii) Trading derivatives used by the Company to hedge the loan interest rate fluctuations. 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. 2014	**Level 1**	**Level 2**	**Level 3**
Cashflow hedge derivatives on exchange rate	382		382	
Trading derivatives on interest rate	3		3	
Total	**385**		**385**	

"Other items"

Other items refer to the prepayments related to the forward start revolving facility agreement signed in February 2013. The decrease (Euro 23 million) principally refers to: (i) the release in income statement of the Up-front fees (Euro 12 million) due to the early cancellation of the Revolving Facility Agreement signed on 19 April 2010, as replaced with the new revolving facility agreement which anticipates the availability period to 2013; (ii) the cost portion accrued in the period (Euro 11 million).

As at 31 December 2014 non-current financial assets do not include neither past due nor impaired items.

5 Current financial assets – Euro 6.862 million

Millions of Euro

	31 Dec 2014	31 Dec 2013	Change
Short-term financial receivables	4.619	1.993	2.626
Short-term portion of long-term loans and receivables	2.000	-	2.000
Trading derivatives	30	9	21
Cash flow hedge derivatives	-	51	(51)
Other current financial assets	216	218	(2)
Total	**6.865**	**2.271**	**4.594**

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

Short-term financial receivables

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

Million of Euro

	31 Dec 2014	31 Dec 2013	Change
Short-term loans granted to Enel Group Entities			
Short-term deposit agreement with Enel S.p.A.	500	-	500
Revolving short-term facility agreement with Enel Green Power S.p.A.	500	-	500
Short-term deposit agreement with Endesa Latinoamérica S.A.	47	-	47
Revolving short-term facility agreement with Enel Produzione S.p.A.	1.000	1.000	-
Multicurrency revolving facility agreement with Enel Green Power International B.V.	172	517	(345)
Revolving short-term facility agreement with Marcinelle Energie S.A.	199	210	(11)
Loan facility agreement with Enel Lease Sàrl	-	22	(22)
Revolving short-term facility agreement with Enel Energy Europe S.r.l.	-	22	(22)
Enel S.p.A. - Financial Services Agreement	2.201	222	1.979
Total short term loans granted to Enel Group affiliates	**4.619**	**1.993**	**2.626**

The Euro 2.626 million rise in *Financial receivables* principally refers to: (i) the increased financial receivables with Enel S.p.A. (Euro 1.979 million) due to the new Financial Services Agreement subscribed by the Company during the current year; (ii) the increase of the short-term deposits (Euro 500 million) with Enel S.p.A.; (iii) the increase of the short-term deposits (Euro 500 million) with Enel Green Power S.p.A.. Partially compensated by the decrease (Euro 345 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.

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 31 Dec 2014	Rate of Interest	Spread until 31 Dec 2014	Commitment fee until 31 Dec 2014
Enel Energia S.p.A.	Loan facility agreement	300	1,70%	N/A	N/A
Enel Trade S.p.A.	Loan facility agreement	700	1,70%	N/A	N/A
Enel Produzione S.p.A.	Loan facility agreement	1.000	1,70%	N/A	N/A
Enel Produzione S.p.A.	Revolving credit facility	1.000	Euribor	1,40%	1/3 of spread
Enel Energy Europe S.r.l.	Short-term revolving facility	400	Euribor	1,60%	0,10%
Enel Green Power International B.V.	Multicurrency short-term revolving facility	1.200	3M Euribor	2,05%	0,20%
Enel Green Power International B.V.	Multicurrency short-term revolving facility	1.400 (1)	SA Jibar 3 M	1,85%	0,60%
Enel Green Power S.p.A.	Multicurrency short-term revolving facility	200	Euribor	1,25%	1/3 of spread
Enel Green Power S.p.A.	Multicurrency short-term revolving facility	300	Euribor	1,25%	1/3 of spread
Endesa Latinoamérica S.A.	Multicurrency short-term revolving facility	250	3M Euribor	1,00%	0,80%
Enel Trade Romania S.r.l.	Revolving credit facility	10 (2)	3M Robor	2,75%	0,10%
Enel Trade Croatia doo	Revolving credit facility	2	Euribor	1,50%	0,10%
Marcinelle Energie S.A.	Revolving credit facility	225	3M Euribor	3,25%	0,1000%

(1) Millions ZAR
(2) Millions RON

Short-term portion of long-term loans and receivables

The amount completely refers to the reclassification within current assets of the following financial operations with maturity date included in the next fiancial year:

Million of Euro

	31 Dec 2014	31 Dec 2013	Change
Short-term portion of long-term loans granted to Enel Group Entities			
Loan receivable from Enel Produzione S.p.A.	1.000	-	1.000
Loan receivable from Enel Trade S.p.A.	700	-	700
Loan receivable from Enel Energia S.p.A.	300	-	300
Total	**2.000**	**-**	**2.000**

Derivative instruments

Derivative instruments refer to trading derivatives used by the Company to hedge the exchange rate of short-term portion of bonds.

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. 2014	Level 1	Level 2	Level 3
Trading derivatives on exchange rate	30		30	
Total	**30**		**30**	

<u>Other current financial assets</u>

Other current financial assets aggregate is in line with the previous year principally referring to accrued income related to the long-term loan and short-term credit lines granted to Enel Group affiliates.
As at 31 December 2014 current financial assets do not have neither past due nor impaired items.

6 Income tax receivable – Euro 7 million

Income tax receivables increased for an amount of Euro 3 million reaching Euro 7 million as at December 2014. The variation is due to the higher payments (Euro 4 million) performed by the Company during the year respect to the current tax charge; partially compensated by the income tax receivables collected by the Company from the Tax Authority in February 2014, related to the fiscal year 2012 and amounting to Euro 1 million.

7 Cash and cash equivalents – Euro 1.006 million

Cash and cash equivalent represent the cash availabilty deriving by the turnover of lending porfolio of the Company, temporary not invested in lending activities within Enel Group and placed in time deposits operations with primary bank counterparties.
For the purpose of cash flows statement, cash and cash equivalents also includes the positive amount of Financial Services Agreement held with the Parent Company. With reference to 31 December 2014, the amount of the Financial Services Agreement is positive for Euro 2.201 million and it has been classified as current financial assets in the statement of financial position.

8 Shareholder's equity – Euro 724 million

<u>Share capital</u> – 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.

<u>Share premium reserve</u> – 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.

<u>Cash flow hedge reserve</u> – Euro (1.101) 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 2013	Gain/(Losses) recognized in equity for the year	Released to income statement	Taxes	**31 Dec 2014**
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(968)	579	(712)	-	(1.101)
Total gains/(losses) recognized in equity	**(968)**	**579**	**(712)**	**-**	**(1.101)**

The negative variation of Euro 133 million is due to:

> the gains (Euro 579 million) on change in fair value of derivatives. The variation refers to: (i) an increase in fair value measurement of cross currency interest rate swap derivatives on bonds (Euro 619 million); (ii) a decrease of fair value measurement of interest rate swap derivatives on long-term floating rate loans (Euro 40 million);

> the release (Euro 712 million) refers to the combined effect of the following factors:

a. the negative variation (Euro 761 million) aimed to hedge the result of the underlying hedged financial liabilities when the latter impact the Company income statement;

b. the negative variation (Euro 85 million) due to the realized foreign exchange losses of the period attributable to the USD Notes repaid in October 2014;

c. the positive variation (Euro 134 million) due to the Cash flow hedge reserve adjustment for the total realized foreign exchange losses due to the above mentioned USD Notes repayment.

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 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 2014	**31 Dec 2013**
Total Equity	723	824
Cash Flow Hedge reserve	(1.101)	(968)
Adjusted Equity	1.824	1.792
Net Finance result	50	115
Return of capital (*)	**3%**	**6%**

* 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 2014. 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 1.319 million) – Euro 20.200 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 2014, 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 2014	**31 Dec 2014**	**31 Dec 2013**			**2016**	**2017**	**2018**	**2019**	**Beyond**
Bond											
Listed Bond (Fixed rate)	2015-2040	14.699	14.811	15.242	1.319	13.380	1.267	957	1.921	125	9.110
Listed Bond (Floating	2022-2025	344	350	344	-	344	-	-	-	-	344
Unlisted Bond (Fixed rate)	2017-2039	4.863	4.906	5.196	-	4.863	-	1.233	-	1.434	2.196
Total Bond	**2014 - 2040**	**19.906**	**20.067**	**20.782**	**1.319**	**18.587**	**1.267**	**2.190**	**1.921**	**1.559**	**11.650**
GMTN Internal Assumption towards EIH BV											
EUR (Fixed-rate)	2023	296	300	296	-	296	-	-	-	-	296
Total GMTN Internal Assumption	**2023**	**296**	**300**	**296**	**-**	**296**	**-**	**-**	**-**	**-**	**296**
TOTAL	**2014-2040**	**20.202**	**20.367**	**21.078**	**1.319**	**18.883**	**1.267**	**2.190**	**1.921**	**1.559**	**11.946**

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

Millions of Euro

	31 Dec 2014	31 Dec 2014	31 Dec 2013	31 Dec 2014	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*11.824*	*11.918*	*12.560*	*4,69%*	*4,85%*
US dollar	4.701	4.736	5.043	5,94%	6,13%
British pound	2.854	2.889	2.665	5,70%	5,82%
Swiss Franc	606	607	593	2,85%	2,91%
Japanese yen	217	217	217	2,43%	2,46%
Total non-Euro currencies	*8.378*	*8.449*	*8.518*		
TOTAL	**20.202**	**20.367**	**21.078**		

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 technique for each category of financial instrument and market data at the closing date of the year.

Millions of Euro

	31 Dec 2014		31 Dec 2013		2014 - 2013	
	Book Value*	Fair value*	Book Value*	Fair value*	Book Value	Fair value
Bonds in non-Euro currencies and Euro currency	19.906	23.581	20.782	22.177	(876)	1.404
Total long-term financial debt	**19.906**	**23.581**	**20.782**	**22.177**	**(876)**	**1.404**

** 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 2013					**31 Dec 2014**
Bonds in non-Euro currencies and Euro currency	21.260	-	7	(1.753)	853	20.367
Total long-term financial debt	**21.260**	-	**7**	**(1.753)**	**853**	**20.367**

Global Medium Term Note Programme

On 28 July 2014 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 2 October 2014 and the Irish Central Bank of hereby approved the Base Prospectus on the same date.

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.

On March 2014, following an assessment of the financial position at level of Enel Group and taking into consideration that, starting from April 2014 the original 2010 Revolving Facility Agreement was no longer considered relevant by the rating agencies for the purposes of calculation of the liquidity position of Enel Group, the Company and Enel have considered the opportunity to early cancel the existing facility under 2010 Revolving Facility agreement and, consequently, to anticipate the availability period of 2013 Revolving Facility agreement.

On 18 March 2014, the 2010 Revolving Facility agreement has been closed and the 2013 Revolving Facility agreement has become effective.

On 19 December 2014, considering the improvement of financial market condition, after a long period of instability, the Company and Enel S.p.A. - in line with the policy adopted by the Group to ensure over time the appropriate cash reserves - have resolved to enter into the renegotiation of the financial costs and tenor of the RFA at more favourable terms for the Group.
As at 31 December 2014 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 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 Forward Start Facility involving the Company and Enel S.p.A. can be summarized as follows:

> negative pledge clause under which the borrower (and Enel S.p.A.'s 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 a specified financial liability;

> pari passu clause, 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 Enel S.p.A.'s 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 Enel S.p.A.'s 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 clause, the occurrence of a default event in respect of a specified financial liability (above a threshold level) of the borrower or Enel S.p.A.'s "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;

> disposals clause, under which the borrower (and Enel S.p.A.'s controlled subsidiaries) may not dispose of all or any material part of its assets or undertaking with the exception of permitted disposals;

> periodic reporting requirements.

10 Other non-current financial liabilities – Euro 503 million

Millions of Euro

	31 Dec 2014	31 Dec 2013	Change
Cashflow hedge derivatives	495	788	(293)
Trading derivatives	8	6	2
Total	**503**	**794**	**(291)**

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:

	Fair value as 31 Dec. 2014	Level 1	Level 2	Level 3
Cashflow hedge derivatives on exchange rate	443		443	
Cashflow hedge derivatives on interest rate	52		52	
Trading derivatives on interest rate	8		8	
Total	**503**		**503**	

11 Short-term loans and borrowings – Euro 8.470 million

Millions of Euro

	31 December 2014		31 December 2013		Change	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short-term loans Enel Group companies	6.070	6.070	4.787	4.787	1.283	1.283
Short-term bank loan third parties	-	-	-	-	-	-
Commercial papers	2.400	2.400	1.388	1.388	1.012	1.012
Short-term financial debt	**8.470**	**8.470**	**6.175**	**6.175**	**2.295**	**2.295**

Short-term loans

At 31 December 2014 short-term loans increased by Euro 1.281 million from 31 December 2013.

Millions of Euro

	Original currency	Euro countervalue at 31 Dec 2014	Euro countervalue at 31 Dec 2013	Change
Intercompany short-term revolving agreement				
Enel S.p.A.	Euro	-	500	(500)
Total		**-**	**500**	**(500)**
Intercompany Current Accounts denominated in Euro				
Enel Servizio Elettrico S.p.A.	Euro	3.081	3.003	78
Enel S.p.A.	Euro	1.176	-	1.176
Enel Investment Holding B.V.	Euro	1.119	1.026	93
Enel Energy Europe S.r.l.	Euro	404	-	404
Enel Green Power International B.V.	Euro	126	8	118
Enel France S.A.	Euro	88	110	(22)
Total		**5.994**	**4.147**	**1.847**
Intercompany Current Accounts denominated in other currencies				
Enel Green Power International B.V.	USD	76	123	(47)
Enel Green Power International B.V.	CAD	-	17	(17)
Total		**76**	**140**	**(64)**
Total		**6.070**	**4.787**	**1.283**

Short-term loans are mainly composed by the following relashionships:

> The Long Term Deposit Agreement with Enel Servizio Elettrico S.p.A. signed on 27 December 2011 and with 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 time deposits outstanding under the Agreement have a global balance of Euro 3.081 million;

> The debt exposure (Euro 1.176 million) of the Company within the intercompany current account held with Enel S.p.A.;

> The deposit account agreement signed with Enel Investment Holding B.V. in November 2013 to provide a financial instrument to deposit its excess of liquidity resulting from the disposal of some assets and from the day by day activities; as at 31 December 2014 the balance under this agreement is equal to Euro 1.119 million;

> The financial agreement signed with Enel Energy Europe S.r.l. in December 2011 to provide inter alia a financial instrument to deposit its excess of liquidity resulting from the day by day activities; as at 31 December 2014 the balance under this agreement is equal to Euro 404 million.

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 2014 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 2014 is shown as follows:

Millions of Euro

Currencies	**ECP origin amounts**	**Euro counter-value (*)**
Euro	2.255	2.255
USD	180	148
Total Commercial Paper		**2.403**

(*) The Euro Commercial Paper (ECP) expressed in foreign currencies is converted at 2014 year ended exchange rates

The nominal value of the commercial paper is Euro 2.403 million and is denominated in the following currencies: Euro (Euro 2.255 million) and US dollars (the equivalent of Euro 148 million). 94% 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 459 million

Millions of Euro

	31 Dec 2014	**31 Dec 2013**	**Change**
Trading derivatives	11	5	6
Deferred financial liabilities	448	463	(15)
Total	**459**	**468**	**(9)**

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 31 December 2014 mainly due to interests arising from GMTN Programme for Euro 394 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. 2014	**Level 1**	**Level 2**	**Level 3**
Trading derivatives on exchange rate	11		11	
Total	**11**		**11**	

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 2014 and 31 December 2013 respectively:

Millions of euro

		Receivables	Payables	Income	Cost
		31 Dec 2014		2014	2014
Shareholder					
Enel S.p.A		3.104	1.713	60	65
	Total	***3.104***	***1.713***	***60***	***65***
Other affiliated companies					
Enel Distribuzione S.p.A.		5.566	-	339	-
Enel Energy Europe S.r.l.		7.539	404	635	1
Enel Produzione S.p.A.		4.024	-	140	-
Enel Trade S.p.A.		703	-	12	-
Enel Energia S.p.A.		301	-	5	-
Enel Servizio Elettrico S.p.A.		-	3.082	-	29
Enel Investment Holding B.V.		-	1.423	1	25
Marcinelle Energie S.A.		199	-	7	-
Enel France S.A.		-	88	-	-
Enel Lease Sàrl		-	1	-	-
Enel Green Power International B.V.		2.670	206	190	16
ENDESA S.A.		4.524	-	41	-
Enel Sole S.r.l.		101	-	1	-
Enel Green Power S.p.A.		501	-	4	-
Endesa Latinoamérica S.A.		47	-	-	-
	Total	***26.175***	***5.204***	***1.375***	***72***
Total		**29.279**	**6.917**	**1.435**	**137**

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 S.p.A.		5.566	-	339	-
Enel Energy Europe S.r.l.		15.081	-	686	-
Enel Produzione S.p.A.		4.024	-	130	-
Enel Trade S.p.A.		703	-	3	-
Enel Energia S.p.A.		301	-	1	-
Enel Servizio Elettrico S.p.A.		-	3.004	-	27
Enel Investment Holding B.V.		-	1.328	6	18
Marcinelle Energie S.A.		210	-	8	-
Enel France S.A.		-	110	-	-
Enel Lease Sàrl		22	-	1	-
Enel Green Power International B.V.		3.026	149	170	10
ENDESA S.A.		-	-	30	-
	Total	***28.933***	***4.591***	***1.374***	***55***
Total		**29.256**	**5.916**	**1.528**	**107**

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 notes issued by the Company under the GMTN programme are guaranteed by Enel S.p.A. Commercial papers issued the context of the Euro Commercial Paper Programme launched in 2005 by the Company are also guaranteed by Enel S.p.A. Furthermore, Enel S.p.A has confirmed their commitment to provide the Company with support until next year's approval of the financial statements, should the Company remain under control of the Enel S.p.A. The Company has not given guarantees to third parties up to the reporting date.

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 2014, amounted to Euro 87 thousand (Euro 89 thousand in 2013) and they are summarized in the following table:

Thousands of euro

	31 Dec. 2014	31 Dec. 2013
A.J.M. Nieuwenhuizen	19	19
F. Mauritz	19	19
H. Marseille	19	19
E. Di Giacomo	30	32
A. Canta	-	-
	87	**89**

Fees of the auditors

Ernst & Young Accountants LLP has acted as external auditor for the company since 2011. With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, below a summary is provided of services performed by Ernst & Young Accountants LLP and fees paid during the year:

Thousands of euro	31 Dec 2014	31 Dec 2013
Audit	74	71
Audit related	30	30
Tax	-	-
Other	-	-
Total	**104**	**101**

Subsequent events

On 27 January 2015, the Company, following the approval by the Irish Central Bank of a supplement to the Offering Circular issued 2 October 2014, has executed a further transactions under the GMTN Programme in the form of an Exchange Offer for certain notes issued by the Company and guaranteed by Enel S.p.A..
According with such exchange, the Company, has partially repaid back notes for an aggregate amount of Euro 1.429 million under six bonds, with final maturity date between 2016 and 2021, and issued a new 10 years bond for a total amount of Euro 1.463 million at a fixed rate of 1,966% and maturity date on 27 January 2025.

On 12 February 2015, following the resolution adopted on 19 December 2014, the Company has renegotiated the Euro 9.440 million Revolving Facility agreement by reducing the applicable margin and the commitment fees and extending the duration until April 2020.

In the frame of Liability Management Program resolved on 14 October 2014, during the month of February a hedging portfolio, for an aggregate amount of Euro 2,5 billion, has been dealt by means of Interest Rate Swap operations forward starting for execution date on second half of 2017 and first half of 2018.

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 2014 amounting of Euro 32 million to the Company's retained earnings.

Amsterdam, 17 April 2015

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

Independent Auditor’s report

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

Building a better
working world

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To: The Shareholder of ENEL Finance International NV

Independent auditor's report

Our opinion

We have audited the financial statements 2014 of ENEL Finance International NV ('the Company') based in Amsterdam.

In our opinion, the financial statements give a true and fair view of the financial position of ENEL Finance International NV as at December 31, 2014 and of its result and its cash flows for 2014 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.

The financial statements comprise the statement of financial position as at December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Materiality

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

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 280 million. The materiality is based on 0.5% of total outstanding loans. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Identified misstatements in excess of EUR 7 million as well as smaller misstatements that in our view must be reported on qualitative grounds would have been reported to the Board of Directors and the Shareholder. We did not identify any of such misstatements.

Our key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of (intercompany) loans and other financial receivables
The main activity of ENEL Finance International NV is to operate as a financing company of the Enel Group, raising funds from third party lenders through bonds issuance, loans and other facilities and in turn lending the funds raised to companies belonging to the Enel Group ('the Enel Group Companies'). The company runs the risk that an Enel Group Company defaults on meeting its obligations to ENEL Finance International NV. As the loans to and receivables from the Enel Group Companies represent almost all assets of the Company, we consider this risk as a key audit matter. To mitigate that risk, the Company obtained a support letter from the ultimate parent company (Enel SpA), in which the parent company confirmed its commitment to provide the Company with financial support until next year's approval date of the Financial Statements, should the company remain under the control of Enel Group.

Our audit response includes a consideration of the appropriateness of management's assumptions and estimates in relation to the recoverability of the Enel Group Companies loans and receivables. We challenged those assumptions and estimates based on, amongst others, our analysis of the financial position of significant Enel Group Companies and by identification of indicators of non-recoverability of intercompany loans and receivables including an assessment on whether Enel Group Companies throughout the year have not been able to meet their financial obligations towards the Company.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

Report on the Directors' report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Director's report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by those charged with governance as auditor of Enel Finance International NV for the audit for year 2011 and have operated as statutory auditor since that year.

Rotterdam, 17 April 2015
Ernst & Young Accountants LLP

Signed by A.A. Heij