Financial Statements of Enel Finance International N.V. at December 31, 2015

Contents

Director’s report

General information

The Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2015.

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

Global growth remains modest and uneven. While activity continues to expand at a solid pace in advanced economies, developments in emerging market economies remain weak overall and more diverse. After a very weak first half of the year in 2015, global trade is recovering, albeit at a slow pace. Global headline inflation has remained low and recent additional declines in oil and other commodity prices will further dampen inflationary pressures. Global monetary policy has remained generally accommodative in the face of weakening growth and subdued inflationary pressures in many parts of the world. In 2015, developed economies continued to rely on accommodative monetary policy—such as asset purchases in the euro area and Japan and near-zero (or negative) policy rates—to deliver growth. At its meeting on 21 January 2016, based on its regular economic and monetary analyses, and after the recalibration of the ECB's monetary policy measures in December 2015, the Governing Council decided to keep the key ECB interest rates unchanged.

The economic recovery in the euro area is continuing, largely on the back of dynamic private consumption. More recently, however, the recovery has been partly held back by a slowdown in export growth. The latest indicators are consistent with a broadly unchanged pace of economic growth in the fourth quarter of 2015. Looking ahead, domestic demand should be further supported by the ECB's monetary policy measures and their favourable impact on financial conditions, as well as by the earlier progress made with fiscal consolidation and structural reforms. Moreover, the renewed fall in the price of oil should provide additional support for households' real disposable income and corporate profitability and, therefore, private consumption and investment. In addition, the fiscal stance in the euro area is becoming slightly expansionary, reflecting inter alia measures in support of refugees. The risks to the euro area growth outlook remain on the downside and relate in particular to the heightened uncertainties regarding developments in the global economy as well as to broader geopolitical risks.

The weakening of the euro, which had begun back in May 2014, continued in 2015. In mid-January the euro fell considerably against the Swiss franc following the Swiss National Bank's discontinuation of its minimum exchange rate target of 1.20 Swiss francs per euro. In early March the effective exchange rate of the euro stood around 10% below the level recorded one year earlier, the euro declined by around 10% against the US dollar as well. In early April the euro weakened further to new historical lows on account of market expectations of a sustained divergence of monetary policy in the euro area and other jurisdictions. The euro depreciation was broad-based, it also weakened vis-à-vis the Japanese yen, the pound sterling and the currencies of other EU countries, as well as the currencies of most emerging economies. Following a period of broad-based strengthening between mid-April and early-June, the euro remained broadly stable. The depreciation of the euro occurred after the Governing Council's October meeting, reflecting market expectations regarding future monetary policy decisions. In bilateral terms, the euro depreciated by 5.7% against the US dollar. It also weakened against the pound sterling, the Japanese yen.

The euro appreciated markedly in effective terms in the first half of December 2015 as a result of the increase in yields following the December Governing Council meeting.

Significant events in 2015

Funding operations

Revolving Facility Agreement

On 12 February 2015, the Company and Enel S.p.A., in order to amend the financial costs and tenor of the Revolving Facility Agreement and considering the improvement of financial market condition after a long period of instability, have signed with the Lenders a supplemental Agreement.

Therefore, considering the current rating of Enel, the applicable margin, that will be applied in case of utilization, has been reduced from 190 to 80 basis point and the commitment fees from 40% to 38% of the margin. The Final Maturity Date has been extended form April 2018 up to 12 February 2020.

Global Medium Term Note Programme

On 30 September 2015 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 20 October 2015 and the Irish Central Bank of hereby approved the Base Prospectus on the same date.

Liability Management Programme

In order to seize any opportunities deriving by the impact of the monetary policy decisions adopted by European Central Bank ("ECB") on financial market and acting in line with the Group's long term strategy, resolved about a Liability Management Programme with the aim to provide for a long term debt restructuring related to bonds issued by the Company and placed with institutional investors.

In this contest the Company executed on October 2014 a bonds buy back (i.e. Tender Offer) for an amount of Euro 855.6 Million, and on January 2015 a bonds exchange (i.e. Exchange Offer) with a reference amount of Euro 1,463 Million (notional amount of the new 10Y Bond issued by the Company).

At the end of 2015, due the further lowering of the main deposit interest rates by the ECB that couple with the decision to maintain the Quantitative Easing maneuver, the financial market is entering into a new phase of low rates and high level of liquidity.

In this context the Company decided to continue its action to optimize the long term debts structure in terms of tenor and related financial expenses

In particular, the new Liability Management Programme is intended to implement the restructuring of the debt which concern bonds issued by the Company in a public or private capital market and placed with institutional investors, indicating the program for a total amount not higher than the equivalent of 4 billion Euro and no later than 31 December 2017.

Pre hedging strategy

According with the above mentioned Liability Management Program, the Company has also decided to adopt a strategy to hedge the interest rate risk in connection with new bonds to be issued on 2017, 2018, 2019 and 2010 in order to refinance expiring Bonds for a global amount up to Euro 8 billion.

This hedge strategy according with the target of the Company's financial plan has the aim to fix in advance the funding cost taking advantage of the contingent downward trend of the interest rates.

In the frame of such strategy, during the month of February, March, November and December 2015 and also in the first part of 2016 a hedging portfolio, for a total amount of Euro 8 billion, has been dealt by means of Interest Rate Swap operations forward starting for execution date in connection with the forecasted new bonds issuance.

Lending Operations

Intercompany financial operations

On 21 May 2015 the company has resolved to enter as lender into several new intercompany financial agreements to support mainly the growth of the investments in the renewable energy sector and in the gas upstream business line.

Please see a disclosure of short-term financial instruments granted to Enel Group Companies in the note 5 of Financial Statements.

As for long-term facilities the Company has signed:

- a new 15 years Long Term Loan Agreement of Euro 500 million with Enel Green Power S.p.A.

- a new 3 years Long Term Facility for TRY (Turkish Lira) 35 million with Enel Green Power International B.V.

- an increase of the total commitment from ZAR 1.400 million to ZAR 3.400 million of the Revolving Facility Agreement with Enel Green Power International B.V.;

- the agreement with Enel Global Trading S.p.A to grant a two years loan in amount Euro 700 million at fixed interest rate 2.65%;

On 26 June 2015 the Company, following an assessment of the financial market condition has accepted the restructuring of the back-up credit line granted to Endesa on November 2011 and has agreed to increase the commitment from Euro 1 billion to Euro 2 billion, to amend the termination date from 30 November 2016 to 30 November 2018, to reduce the margin from 240 bps to 80 bps and to reduce the commitment fee from 80 bps to 25 bps. At 31 December 2015 such credit line has been partially utilized for an amount of Euro 1,000 million.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favour in 2002, which was upheld by the Court of Cassation in 2010, in which the claim with regard to an alleged breach by Enelpower of the agreement concerning the construction of a hydroelectric power station in Albania was entirely rejected. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk, filed an action against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel SpA to pay tortious damages of about Euro 25 million for 2004 as well as an unspecified amount of tortious damages for the subsequent years. Following the ruling, Albania BEG Ambient claimed a payment of more than Euro 430 million, a request that Enelpower and Enel rejected, vigorously contesting its legitimacy and filing an action in Albania for the revocation of the ruling for conflict with the ruling of the Italian Court of Cassation.

The European Court of Human Rights - to which Enelpower SpA and Enel SpA filed appeal for violation of the right to a fair trial and the rule of law, asking the Court to order the Republic of Albania to pay damages - dismissed the action as inadmissible. The order has been taken without examination or assessment of the merits of the case.

In February 2012, Albania BEG Ambient filed an action against Enel and Enelpower at the Tribunal de Grande Instance in Paris in order to declare the ruling of the Albanian court enforceable in France. Enel and Enelpower have challenged the claim. The proceeding is ongoing. Subsequently, again at the initiative of BEG Ambient:

- Enel France was served with two "Saise Conservatoire de Créances" (orders for the precautionary attachment of receivables) to block any receivables of Enel SpA in respect of Enel France;

- JP Morgan Luxembourg was served with analogous attachment of receivables regarding any potential credit of Enel SpA.

Albania BEG Ambient Shpk commenced in March 2014 an action against Enel SpA and Enelpower SpA before the Supreme Court of the State of New York seeking recognition and enforcement of the Albanian judgment in the State of New York in the alleged amount of USD 597,493,543. Enel SpA and Enelpower SpA believe plaintiff's claims to be improper and without merit, and have contested all aspects of the plaintiff's case and defend their interests vigorously in this matter.

On 22 April 2014, upon the motion of Enel and Enelpower, the judge vacated a previously entered temporary restraining order that restricted Enel's and Enelpower's transfer of certain assets up to the amount of judgment sought.

On 27 April 2015, Enel SpA and Enel Power SpA asked the trial to be remitted by the Court of the State of New York to the Federal Court. By the Federal Court's decision of 10 March 2016, this removal request of Enel Spa and Enelpower SpA, has been rejected and the jurisdiction of the Court of the State of New York has been confirmed. Consequently, the case will continue to be heard by the New York court.

In June 2014, Albania BEG Ambient Shpk obtained a conservatory attachment ex parte interim from the Hague Tribunal of sums up to 440 million and the seizure of the shares of two Dutch subsidiaries Enel Investment Holding B.V. and Enel Finance International N.V..

Enel S.p.A. and Enelpower contested this initiative and on 1 July 2014, the Dutch court - upholding the reasons Enel and Enelpower – i) provisionally estimates ABA's claim (in regard to which the judge in summary proceedings of this district court granted leave for a prejudgment attachment to be levied to secure recovery on 2 June 2014), further at Euro 25,188,500; ii) lift all the attachments and garnishment as soon as Enel provides ABA with a bank guarantee for Euro 25,188,500. Enel and Enelpower have appealed such decision and no bank guarantee has been released so far.

Albania BEG Ambient Shpk filed a second ex parte attachment request on 3 July 2014. Following the hearing held on 28 August 2014, on 18 September 2014, the court of the Hague has granted leave for a prejudgment attachment to be levied for Euro 425 million. Enel and Enelpower have appealed this decision. The Court of Appeal of The Hague, by decision of 9 February 2016, upheld the appeal ordering to lift all the protective attachments after Enel provides a bank guarantee in the amount of Euro 440 million and Albania BEG Ambient provides a counter-guarantee of Euro 50 million (estimated value of the loss sustained as a consequence of attachments including the charges of the bank guarantee).At the end of July 2014, Albania BEG Ambient Shpk started a proceeding to seek recognition of the Albanian ruling in the Netherlands. The last hearing of the proceedings was held in the end of January 2016 and the decision will be rendered taken on 4 May 2016.

Albania BEG Ambient Shpk has also initiated the procedure for the enforcement of the judgment of the Court of Tirana at Luxembourg and in Ireland. In their defence Enel SpA and Enelpower challenged all requests of Albania BEG Ambient Shpk. (and, in Ireland, the jurisdiction of the Irish courts). On 8 March 2016 the Irish Court by its decision admitted the jurisdiction challenge raised by Enel Spa and Enelpower SpA pronouncing the lack of jurisdiction in IrelandIn Luxembourg, the proceedings are still ongoing and Enel Spa and Enelpower SpA are contesting the claims presented by Albania Beg Ambient Shpk. So far no decision has been made by the Court.

It has been terminated the proceedings regarding the suit lodged by Enelpower and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded the arbitration ruling issued in Italy in favor of Enelpower, through the legal action taken by Albania BEG Ambient in Albania. With this action, Enelpower and Enel have asked the Court to find BEG liable and order it to pay damages in the amount that one or the other could be required to pay to Albania BEG Ambient in the event of the enforcement of the judgment issued by the Albanian courts.

By judgment dated 16 June 2015, Court of Rome declared the lack of legitimacy of BEG SpA as well as inadmissibility of the claim for lack of legitimacy of Enel SpA and Enelpower, since the Albanian ruling has not yet been declared enforceable in any country, with compensation costs. Enel SpA and Enel Power SpA have appealed against this judgment at first instance in front of the Court of Appeal of Rome, requesting a complete revision of the judgment .

Overview of the Company’s performance and financial position

Analysis of the Company financial position

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Net non-current assets:			
- non-current financial assets	1,395	422	973
- non-current financial liabilities	(68)	(503)	435
Total net non-current assets	**1,327**	**(81)**	**1,408**
Net current assets:			
- net tax receivable/ (payable)	9	7	2
- current financial assets	210	240	(30)
-other current activities	3	3	0
- current financial liabilities	(422)	(459)	37
- other current liabilities	(1)	(5)	4
Total net current assets	**(201)**	**(214)**	**13**
Gross capital employed	**1,126**	**(295)**	**1,421**
Sundry provisions:			
-deferred tax assets/ (liabilities)	123	0	123
Total provisions	**123**	**0**	
Net Capital Employed	**1,249**	**(295)**	**1,544**
Total Shareholders' Equity	**1,486**	**723**	**763**
Net financial debt	**(237)**	**(1,018)**	**781**

The net non-current assets/(liabilities), at 31 December 2015, increased by Euro 1,408 million compared to 31 December 2014. The variation refers essentially to the increase of non-current derivative asset (Euro 970 million), to the decrease of non-current derivative liabilities (Euro 435 million) and increase of financial prepaid expenses (Euro 4 million). For further details please refer to paragraph “4 Non-current financial assets”.

Net current assets/(liabilities) came to a negative Euro 201 million with an increase of Euro 13 million compared to 31 December 2014. The variation is mainly due to the decrease of interest payables (Euro 30 million) driven by bond repayment partly offset by decrease of Euro 16 million fair value current derivatives (Euro 23 million decrease of assets and Euro 7 million decrease of liabilities) and decrease of interest receivables (Euro 7 million).

Deferred taxes totaled Euro 123 million and were recognized in respect of temporary differences devoted to cash flow hedge transaction accrued directly in other comprehensive income.

Net capital employed amounted 1,249 million at 31 December 2015, up Euro 1,544 million compared to the same period of 2014. The variation is due to the decrease of the Net Financial Debt (Euro 781 million) and increase of shareholders’ equity (Euro 763 million).

The debt-to-equity ratio at 31 December 2015 came to a negative 16% (negative 141% at 31 December 2014).

Net financial debt

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Long-term debt:			
- bank loans	-	-	-
- bonds	18,137	18,586	(449)
- debt assumed and loans from Group companies	297	296	1
Long-term debt	*18,434*	*18,882*	*(448)*
- loans to Group companies	(20,262)	(22,062)	1,800
Long term financial receivables	*(20,262)*	*(22,062)*	*1,800*
Net long-term financial debt	**(1,828)**	**(3,180)**	**1,352**
Short-term debt/(liquidity):			
- bonds (short-term portion)	1,080	1,319	(239)
- l/t receivables due from Group companies (short-term portion)		(2,000)	2,000
Current amount of long-termt net financial debt	*1,080*	*(681)*	*1,761*
- commercial paper	97	2,400	(2,303)
- short-term loans from Group companies	5,878	6,070	(192)
Short-term loans	*5,975*	*8,470*	*(2,495)*
- short-term financial receivables due from Group companies	(3,805)	(2,420)	(1,385)
- other sundry receivables	(12)	-	(12)
- financial Service Agreement with Enel S.p.A.	(1,046)	(2,201)	1,155
- cash and cash equivalents	(601)	(1,006)	405
Cash and cash equivalents and short-term financial receivables	*(5,464)*	*(5,627)*	*163*
Net short-term financial debt	**1,591**	**2,162**	**(571)**
NET FINANCIAL DEBT	**(237)**	**(1,018)**	**781**

Net financial debt amounting to negative Euro 237 million at 31 December 2015 showed a sharp increase (Euro 1,018 million) compared with the corresponding period of last year.

Net long-term financial debt stood at negative Euro 1,828 million, increased by Euro 1,352 million principally as a result of early repayment of loans by Enel IberoAmerica S.A. (Euro 1,000 million) and by Endesa S.A. (Euro 1,500 million) and negative foreign exchange effect (Euro 813 million) on the outstanding bonds denominated in non-Euro currencies. The increase was partly offset by reclassification due to at maturity 2016 within the current financial liabilities (Euro 1,080 million) and by new loan granted to Enel Global Trading S.p.A (Euro 700 million).

Net short-term financial debt decreased by Euro 571 million to Euro 1,591 million with the change principally referring to repayment of commercial papers issued in euro and US dollars (Euro 2,303 million), decrease of short-term loans from Group Companies (Euro 192 million), repayment of current portion of bonds denominated in euro and Swiss franc.

Such effect was partly compensated by decrease of financial receivables with Enel S.p.A (Euro 1,155 million), repayments of loans by Enel Energia (Euro 300 million) and Enel Produzione (Euro 1,000 million) partly offset by new loan issued towards Enel Global Trading S.p.A and decrease of cash and cash equivalents (Euro 405 million);

Main Risks and uncertainties

In compliance with the new provisions in Dutch Accounting Standard 400, the Company has drawn up elements of its risk section as follows.

Methodology

In order to mitigate its exposure to risks described below, Enel Finance International N.V. conducts specific analysis, monitoring, management and control activities.

The Company adopts governance arrangements been in place within Enel Group and applicable for all wholly owned companies and companies with controlling interest for managing and controlling financial risks (market, credit and liquidity risks). The Company operates within Treasury Guidelines, which cover financing structure as well as treasury control framework. Main deals devoted to hedging transactions are the subject of Board of Directors consideration and approval.

Current or planned improvements in the risk management system

The Board of Directors considers that the existing system of risk management and internal controls provides the reasonable assurance that risks are properly assessed and managed to achieve business objectives.

Appetite for significant risks

The company is willing to bear risks that are assessed as moderate or low after mitigation in pursuit of its objectives 1) to perform market financial transactions; 2) to provide intercompany financial services to companies within Enel Group; 3) to concentrate and optimise liquidity at Group level

A key goal of the *funding strategy* is to have a diverse, stable and cost-efficient portfolio. The Company's strategy for funding is derived from moderate risk profile.

The *lending strategy* is based on the nature and duration of the financial needs of the companies within Enel Group, of their financial profile and of the business risk associated to the projects to be financed and to the Country of reference. The company is willing to retain medium level of risk.

Please see "Transactions with related parties" of Financial Statements for better explanation of existed control system.

Liquidity surplus is managed carefully by applying a strict set of criteria to investments, dealings with institutions of high creditworthiness and ensuring exposures to counterparties are appropriately secured. The Company accepts low level of credit risk.

The most significant risks and the risk reduction measures taken

The Company's operations and earining are subject to following risks (aithough not limited to).

The control measures are subsequently defined for each identified risk.

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. The Company has a very low appetite to credit risk. 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 under close control.

There are few transactions entered into and by market counterparties with high credit standards as regards financial derivatives intended to hedge currency.

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. The Company does not aim to eliminate this risk as this would significantly impair its ability to achieve its objectives. Instead, the risks are managed to an acceptable level by balancing the maturity profile of all financial assets and liabilities and adequate level of available resources (mainly available committed credit lines).

Please see Risk management section of financial statements for more detailed information about liquidity risk.

Exchange rate

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. The Company is not willing to bear exchange rate risk and mitigates it in compliance with Enel Group's risk management policies, which call for hedging of significant exposures, encountering no difficulties in accessing the derivatives market. The Company does not execute derivative transactions with mere trading purposes.

Interest rate risk

Floating rates

The main source of exposure to interest rate risk is the variability of funding costs, related to uncertainty in interests paid by floating-rate debt. Enel Finance International N.V. manages the risk by reducing the amount of debt exposed to interest rate fluctuations through derivative hedging transactions, curbing borrowing costs over time and limiting the volatility of results.

The Company provided sources of finance within the Group Companies with shorter maturity than attracts funds. Therefore, the Company may face a risk devoted to (unknown) future prevailing market conditions, meaning that existing cost of funding may occur unfavorable. Enel Finance International N.V. manages this risk by following Liability Management Strategy restructuring the most expensive debt to reduce average cost.

The Company grants short-term loans to the Companies within Enel Group. Risk inherited to these transactions is assumed to be affordable and not necessarily desirable to be eliminated.

Fiscal risk

The Company may be subject to unfavourable changes in the respective tax laws and regulations. The financial position of the Company may be adversely affected by new laws, changes in the interpretation of existing laws or tax policy.The Company has a very low appetite to fiscal risk.

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 ended in 2014 and hasn't been renewed.

Compliance with current legislation and Group procedures

The Company is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies. Identified breaches of compliance will be remedied as soon as practicable. The Company has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.

Compliance with bond and loan agreements

Bonds final terms and loan agreements prescribe a set of covenants which the Company should be compliant with. Any breaches and defaults may have high adverse effect on the Company's activity.

Enel Finance International N.V. has very low appetite to such risk.

Following table represents the summary of main risks, controls and actions taken to mitigate risks.

The Company assesses the impact of each risk. Current Company's risk profile coinsides with desired risk profile. The Company is willing to maintaine the same level of risk in the future.

Risk area	Risk component	Source of risk	Risk control	Risk appetite	Risk mitigation	Impact of Company's results after risk mitigation
financial risks	credit risk	cash surplus placed in deposits; lending and funding activity	- eligibility criteria; - transactions with related parties Policy	**low**	high credit rating	**low**
	liquidity risk	- different maturity of funding and lending facilities; - liquidity surplus	- monthly analysis of funding-lending cash flows	**medium**	-available credit lines; - sufficient level of available cash and cash equivalents; - matching of short-term cash-in and cash-out	**low**
	exchange rate	- non-Euro denominated facilities	Treasury Guidelines	**low**	- hedge strategy	**null, FX risk exposure is fully covered**
	interest rate	- floating rate facilities - future unknown market conditions	Treasury guidelines	**- medium** **- medium**	- hedge strategy; - liability mana-gement program	**- low;** **- medium**
compliance risks	compliance with current legislation and Group procedures	internal governance and busiess processes; systems	internal control system	**nil**	permanent improvement of internal control system	**low**
	fiscal	tax accruals	internal control system	**very low**	- regular reconciliations with Tax Authorities; - preliminary analysis of significant changes	**very low**
	compliance with bond and loan agreements	covenants	covenants monitoring	**very low**	preventive analysis of covenants compliance based of business plan data	**very low**

Quantification of the impact on the result and financial position if the risks materialize

In 2015 the Company was exposed to exchange risk in relation with non-Euro denominated debt. There was a significant exposure to fluctuation of the Euro against the U.S. dollar, which has recently been subject to market volatility, British pound and Swiss franc.

At 31 December 2015 risk was fully covered by corresponding derivatives.

	31 Dec 2015					
million euro	Gross debt		Derivatives		After risk mitigation	
	Book value	Notional value				
Euro	**10,168**	**10,463**	**53.4%**	**9,123**	**19,586**	**100.0%**
US dollar	5,245	5,282	27.0%	(5,282)	-	0.0%
British pound	3,030	3,066	15.7%	(3,066)	-	0.0%
Swiss franc	534	535	2.7%	(535)	-	0.0%
Japanese yen	240	240	1.2%	(240)	-	0.0%
Total Non-Euro	**9,050**	**9,123**	**46.6%**	(9,123)	**-**	**0.0%**
Total	**19,218**	**19,586**	**100.0%**	**-**	**19,586**	**100.0%**

The future significant variations in exchange rates would not materially and adversely affect the Company's financial position.

Please see Risk Management section for sensitivity analysis on exchange rate.

As shown in the table below in 2015 the Company has low exposure to interest rate risk, nevertheless the risk had not be fully eliminated. The Company used derivative instruments aiming at transforming floating rate liabilities into fixed rate liabilities

million euro	31 Dec. 2015			
	Before risk mitigation		**After risk mitigation**	
Floating rate	450	2.3%	50	0.3%
Fixed rate	19,136	97.7%	19,136	99.7%
Total	**19,586**	**100%**	**19,186**	**100%**

The future significant variations in interest rates would not materially and adversely affect the Company's financial position.

Please see Risk Management section for sensitivity analysis on interest rate.

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 2016, 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 5 February 2016, Board of Directors approved the execution of further transactions under the GMTN Programme in the form of an Exchange Offer. The timeframe of such exchange will be defined depends on favourable market conditions.

Personnel

At 31 December 2015 the Company employs seven people.

Statement of the Board of Directors

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

To our knowledge,

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

> the Director's Report gives a true and fair view of the Company's position as per 31 December 2015 and the developments during the financial year 2015;

> 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 2015 fiscal year (by 30 April 2016);
- 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 2015 fiscal year (by 30 April 2016).

Amsterdam, 8 April 2016

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

Financial statements

for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Statement of comprehensive income

Millions of euro	Note	2015	2014
Costs			
Services	1	(3)	(5)
Personnel	1	(1)	(1)
	(Subtotal)	**(4)**	**(6)**
Operating income		**(4)**	**(6)**
Financial income			
Financial income other that from derivatives	2	1,127	1,380
Financial income from derivatives	3	1,375	1,055
	(Subtotal)	**2,502**	**2,435**
Financial expense			
Financial expense other that from derivatives	2	(1,986)	(2,263)
Financial expense from derivative	3	(470)	(122)
	(Subtotal)	**(2,456)**	**(2,385)**
Net financial income/ (expense)		**46**	**50**
Income/(Loss) before taxes		**42**	**44**
Income Taxes	4	11	12
Net income for the year		**31**	**32**
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 net of deferred taxes	13	733	(133)
Total comprehensive income/(loss) for the period (attributable to the shareholder of the Company)		**764**	**(95)**

Statement of financial position

Millions of Euro	Note		
ASSETS		**at Dec. 31, 2015**	at Dec. 31, 2014
Non-current assets			
Deferred tax assets	5	123	0
Long-term loans and financial receivables	6	20,262	22,062
Derivatives	7	1,355	385
Other non-current financial assets	8	41	37
	(Subtotal)	**21,781**	**22,484**
Current assets			
Income tax receivable	9	10	7
Current portion of long-term loans and financial receivables	6	-	2,000
Short-term loans and financial receivables	10	4,851	4,619
Derivatives	7	7	30
Other current financial assets	11	215	213
Other current assets		3	3
Cash and cash equivalents	12	601	1,006
	(Subtotal)	**5,687**	**7,878**
TOTAL ASSETS		**27,468**	**30,362**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Share capital	13	1,479	1,479
Share premium reserve	13	43	43
Cash flow hedge reserve	13	(368)	(1,101)
Retained earnings	13	302	270
Net income for the period	13	31	32
Total shareholder's equity		**1,487**	**723**
Non-current liabilities			
Long-term loans and borrowings	14	18,434	18,883
Derivatives	7	68	503
	(Subtotal)	**18,502**	**19,386**
Current liabilities			
Current portion of long-term loans	14	1,080	1,319
Short-term loans and borrowings	15	5,976	8,470
Derivatives	7	6	11
Other current financial liabilities	16	416	448
Other current liabilities		1	5
	(Subtotal)	**7,479**	**10,253**
TOTAL EQUITY AND LIABILITIES		**27,468**	**30,362**

Statement of changes in equity

Millions of euro

	Share capital	Share premium reserve	Retained earnings	Cash flow hedge reserve	Net income for the period	**Equity attributable to the shareholders**
At 1 January 2014	**1,479**	**43**	**172**	**(968)**	**98**	**824**
Allocation of net income from the previous year	-	-	98	-	(98)	-
Comprehensive income for the year:	-	-	-	(133)	-	(133)
of which:						
- other comprehensive income (loss) for the period	-	-	-	*(133)*	-	*(133)*
- net income for period	-	-	-		*32*	*32*
At 31 December 2014	**1,479**	**43**	**270**	**(1,101)**	**32**	**723**
Allocation of net income from the previous year	-	-	32	-	(32)	-
Comprehensive income for the year:	-	-	-	733		733
of which:						
- other comprehensive income (loss) for the period	-	-	-	*733*		*733*
- net income for period	-	-	-	-	*31*	*31*
At 31 December 2015	**1,479**	**43**	**302**	**(368)**	**31**	**1,487**

Statement of cash flows

Millions of euro	Note	2015	2014
Income for the period		**31**	**32**
Adjustments for:			
Financial (income)	2,3	(2,502)	(2,435)
Financial expense	2,3	2,456	2,385
Income taxes	4	11	12
Cash flow from operating activities before changes in net current assets		*(4)*	*(7)*
(Increase)/Decrease in financial and non-financial assets/liabilities		(13)	6
Interest income and other financial income collected		1,256	1,617
Interest expense and other financial expense paid		(1,129)	(1,522)
Income taxes paid		(13)	(16)
Cash flows from operating activities (a)		**97**	**78**
New loans granted to Enel S.p.A. and affiliates		*(2,702)*	*(6,624)*
Repayments and other movements from Enel S.p.A. and affiliates		*5,083*	*8,865*
Cash flows from investing/disinvesting activities (b)		**2,381**	**2,241**
Financial debt (new borrowings)	14, 15	356	2,887
Financial debt (repayments and other changes)		(4,394)	(2,231)
Cash flows from financing activities (c)		**(4,038)**	**656**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		(1,560)	2,975
Cash and cash equivalents at the beginning of the year		**3,207**	**232**
Cash and cash equivalents at the end of the year		**1,647**	**3,207**
current account with banks		*601*	*1,006*
current account with Enel S.p.A.		*1,046*	*2,201*

Notes to the financial statements

Form and content of the financial statement

Enel Finance International N.V. ("the Company") was 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 2015 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 20 January 2016 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

New accounting standards applied in 2015

The Group has applied the amendments of "IFRS 13 –Fair value measurement" that took effect as from 1 January 2015. 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.

Forthcoming accounting standards

Below is a list of accounting standards, amendments and interpretations that will be effective for the Group after 31 December 2015:

- "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 on 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.

- "IFRS 16 – *Leases*", issued in January 2016, that replaces the previous standard "IAS 17 – *Leases*" and related interpretations, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). Even if IFRS 16 retains the definition of a lease of IAS 17, the main change relate to the concept of control used within the definition. In particular, IFRS 16 requires to assess whether the customer has or has not the right to control the use of an identified asset for a period of time to determine whether a contract contains or not a lease. IFRS 16 eliminates the classification between operating leases and finance leases, as provided by IAS 17 and, instead, introduces a single leases accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

From the lessor's perspective, IFRS 16 substantially carries forward the accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard will take effect, subject to endorsement, for annual period beginning on or after January,1 2019. The Company is assessing the potential impact of the future application of the new provisions.

- "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 for annual periods beginning on or after January 1, 2016. *The future application of the new provisions will not have an impact on the Company.*

- "Amendments to IAS 7: *Disclosure Initiative"*, issued in January 2016. The amendments apply to the liabilities and assets arising from financing activities, defined as those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as "cash flows from financing activities". The amendments require a disclosure of changes in these items, including changes arising from cash flows and non-cash changes (i.e. changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, and changes in fair values). One way suggested by IASB for a entity to fulfil the new disclosure requirements is to provide a reconciliation between its opening and closing balances for liabilities/assets arising from its financing activities. The amendments will take effect for annual periods beginning on or after January 1, 2017. *The future application of the new provisions will not have an impact on the Company.*

- "Amendments to IAS 12 - *Recognition of deferred tax assets for unrealised losses*", issued in January 2016; the amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. In particular these amendments clarify the requirements on the recognition of deferred tax assets for unrealised losses in order to address diversity in practice. The amendments will take effect, subject to endorsement, for annual period beginning on or after January,1 2017. Earlier application is permitted. The Company is assessing the potential impact of the future application of the new provisions.

The amendments will take effect, subject to endorsement, for annual periods beginning on or after January 1, 2016. *The future application of the new provisions will not have an impact on the Company.*

- "Annual improvements to IFRSs 2010 – 2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that will take effect for the Group as from January 1, 2016 and that are not expected to have a significant impact. More specifically, the following standards were amended:

- "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.
- "IFRS 13 –Fair value measurement"; the amendment clarifies 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.

- "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 Group. More specifically, the following standards were amended:

- "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 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 for annual periods beginning on or after 1 January 2016.

Risk management

Market risk

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 at 31 December 2015. 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 at 31 December 2015.

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 at 31 December 2015.

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 2015 and 31 December 2014:

Millions of euro

	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cashflow hedge derivatives:								
Interest rate swap	7,500	400	69	(52)	113		44	52
Trading derivatives:								
Interest rate swap	100	100	(5)	(5)	2	3	7	8
Total interest rate derivatives	**7,600**	**500**	**64**	**(57)**	**115**	**3**	**51**	**60**

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

Millions of euro

	Fair value	Expected cash flows					
	31 Dec 2015	2016	2017	2018	2019	2020	Beyond
Cashflow hedge derivatives:							
Positive Fair value derivatives	113	0	0	(11)	(20)	(12)	168
Negative fair value derivatives	(44)	(10)	(8)	(7)	(6)	(7)	(14)
Trading derivatives:							
Positive Fair value derivatives	2	1	1	1	0	0	0
Negative fair value derivatives	(7)	(1)	(1)	(1)	(1)	(1)	(2)
Total Interest rate derivatives	**64**	**(11)**	**(9)**	**(19)**	**(27)**	**(19)**	**152**

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 2015, 2.3 % of gross long term debt towards third parties was floating rate (2 % at 31 December 2014). Taking into account interest rate derivatives designated as cash flow hedge considered effective pursuant to the IFRS – EU, gross long term debt is mostly fully hedged against interest rate risk.

Having both assets and liabilities indexed to floating rate indices, the sensitivity of the Company income statement to the fluctuation of interest rates depends upon its net 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 Dec 2015			
		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	125	(125)	-	-
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	25 bp	29	(29)	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	25 bp	-	-	125,801	(125,801)

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 2015 and 31 December 2014:

Millions of euro

	Notional		**Fair value**		**Fair value assets**		**Fair value liabilities**	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cashflow hedge derivatives:								
Cross currency interest rate swap	9,123	8,449	1,223	(61)	1,240	382	17	443
Trading derivatives:								
Forward	1,632	1,660	1	19	7	30	6	11
Total exchange rate derivatives	**10,755**	**10,109**	**1,224**	**(41)**	**1,247**	**413**	**23**	**454**

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

Millions of euro

	Fair value	**Expected cash flows**					
	31 Dec 2015	2016	2017	2018	2019	2020	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	1,240	100	396	112	2,061	492	70
Negative fair value derivatives	(17)	(3)	(3)	(12)	0	0	0
Forwards							
Positive Fair value derivatives	7	6	-	-	-	-	-
Negative fair value derivatives	(6)	(6)	-	-	-	-	-
Total Exchange rate derivatives	**1,224**	**97**	**393**	**101**	**2,061**	**492**	**70**

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 Dec 2015			
		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%	25,577	(31,236)	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	10%	-	-	(1,189,742)	1,454,145

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 2015 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. The Company has an access to committed credit line with Mediobanca (Euro 4,720 million). The outstanding commercial paper programs with a maximum ceiling on 6,000 million, of which only Euro 97 million drawn at 31 December 2015.

Furthermore Enel S.p.A. has confirmed through a letter dated 20 January 2016 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2016 financial statements of the Company.

Notes to the financial statements

1 Result from operating activities – Euro (4) million

Result from operating activities is negative for Euro 4 million which is Euro 2 million higher compared to previous year. The costs refer to services (mainly related to legal and consultancy charges) for Euro 3 million and to personnel costs for Euro 1 million.

2 Financial income/(expense) other than from derivatives – Euro (860) million

Millions of euro

	2015	2014	Change
Financial income:			
Interest income			
- interest income on long-term financial assets	1,042	1,298	(256)
- interest income on short-term financial assets	50	52	(2)
Total interest income	1,092	1,350	(258)
Positive exchange rate differences	34	30	4
Total finance income other than from derivatives	**1,126**	**1,380**	**(254)**
Financial expense:			
Interest expense			
- interest expense on bank borrowings	(94)	(162)	68
- interest expense on bonds	(1,037)	(1,164)	127
- interest expense on commercial papers	(6)	(12)	6
Total interest expense	(1,137)	(1,338)	201
Negative exchange rate differences	(849)	(925)	76
Total financial expense other than from derivatives	**(1,986)**	**(2,263)**	**277**
Net financial income/ (expense) other than from derivatives	**(860)**	**(883)**	**23**

Interest income from financial assets decreased to Euro 1.092 million, down Euro 258 million on 31 December 2015 with the variation essentially due to the lower interest income (Euro 330 million) from Enel Iberoamerica S.r.l. as a result of early prepayment realized in the last quarter of 2014 and in February 2015, of the Loan Agreement dated 01 December 2009 and originally amounting to Euro 18.000 million. The above mentioned decrease was partially compensated by the interest (Euro 77 million) deriving by the new long term loan of Euro 4,500 million granted to Endesa S.A. in October 2014 and partly repaid (Euro 1,500 million) in June 2015 and interest (4 million) from loan granted to Enel Global Trading S.p.A. in October 2015

Interests charges on financial debt totaled Euro 1,137 million having a decrease of Euro 201 million maily due to:

- decrease of interests accrued on bonds which were partly replaced by new one with lower interest rate (Euro 100 million);

- decrease of interests accrued for bonds repaid during 2015 and 2014 (Euro 65 million);

- decrease of costs related the commitment fee paid on the Revolving Credit Facility (Euro 39 million);

- decrease of interests paid to Group companies due to lower amount of borrowed facilities (Euro 28 million);

- decrease of interest charges paid by the on Commercial Paper (Euro 6 million)

- decrease of interests accrued for bonds with floating rates (Euro 5 million) due to Libor decrease.

Above mentioned decrease was partly offset by increase of interests demonivated in non-euro currences (Euro 42 million)

The net foreign exchange losses amount to Euro 815 million and they are mainly due to: (i) the apreciation (Euro 807 million) of the bonds and commercial papers denominated in foreign currencies; (ii) the realized exchange losses (Euro 15 million) related to the repayment of a CHF bond with a principal amount of CFH 150 million and due at maturity in December 2015; partly offset by exchange gains devoted to RFA (Euro 7 million).

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 793 million. In the same way the realized exchange losses resulting by the CHF bonds repayment have been completely covered by its underlying Cash Flow Hedge derivative.

3. Financial income/(expense) from derivatives –Euro 906 million

Millions of euro

	2015	2014	Change
Financial income from derivatives:			
- income from cash flow hedge derivatives	942	952	(10)
- income from derivatives at fair value through profit or loss	434	103	331
Total finance income from derivatives	**1,376**	**1,055**	**321**
Financial expense from derivatives:			
- income from cash flow hedge derivatives	(21)	(20)	(1)
- income from derivatives at fair value through profit or loss	(449)	(102)	(347)
Total financial expense from derivatives	**(470)**	**(122)**	**(348)**
Netl income/(expense) from derivatives	**906**	**933**	**(27)**

Net income/ (expenses) from cash flow hedge derivatives decreased by Euro 11 million comparing with the previous period mainly due to decrease of realised income from financial exchange derivatives (Euro 121 million), partly offset by increase of interest income for swaps (Euro 80 million) and increase of financial income transfer to equity (Euro 30 million).

Net income/ (expenses) from derivatives at fair value through profit and loss decreased by Euro 16 million mainly due to increase of realised losses (Euro 21 million) partly offset by increase of change in fair value (Euro 5 million).

For more detail about derivative financial instruments, please refer to the note 7

4 Income tax expense – Euro 11 million

Millions of euro

	2015	2014	Change
Profit before income taxes	42	44	(2)
Tax rate at nominal tax rate (25%)	11	11	-
Tax effect on non-deductible expenses for tax purposes	-	1	(1)
Current Taxation	**11**	**12**	(1)

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. In 2015 such agreement was expired and has not been renewed yet.

5 Deferred tax assets – Euro 123 million

At 31 December 2015 tax deductable temporary differences that arose due to revaluation of derivative and relise to profit and loss forex revaluation of hedged items led to recognition of deferred tax assets in amount of Euro 123 million. The recorded deferred taxes will be utilised in future periods.

6 Long-term loans and financial receivables including portion falling due withing twelve month – Euro 20,262 million

Followinf table represents to medium long-term loans granted to Enel Group companies:

Millions of Euro

	at Dec. 31, 2015	31 Dec 2014	Change
Loan receivable from Enel Enel IberoAmerica S.A.	6,508	7,508	(1,000)
Loan receivable from Enel Produzione S.p.A.	2,000	2,000	0
Loan receivable from Enel Clobal Trading S.p.A.	700	0	700
Loan receivable from Enel Distribuzione S.p.A.	5,500	5,500	-
Loan receivable from Endesa SA	3,000	4,500	(1,500)
Loan receivable from Enel Sole S.r.l.	100	100	0
Loan receivable from Enel Green Power International B.V.	2,455	2,455	0
Total loans to Enel Group Entities	**20,262**	**22,062**	**(1,800)**

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	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)**

The decrease (Euro 1,800 million) of loans to Enel Group Entities is due to the following factors:

- early repayment (Euro 1.000 million) by Enel Iberoaamerica S.r.l., of the Loan Agreement granted on 01 December 2009 and with an original amount of Euro 18.000 million;

- early repayment (Euro 1.500 million) by Endesa S.A, of the Loan Agreement originally dated 29 October 2009 and amounting to Euro 4.500 million;

- partially compensated by the new long-term loan (Euro 700 million) granted to Enel Global Trading S.p.A. with a fixed rate of 2.65% and final maturity in two years;

7. Derivatives – Euro 1,288 million

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) derivatives at fair value through profit and loss used by the Company to hedge the loan interest rate fluctuations. For further details see *"Risk Management"* section.

Milions of euro	**Non Current**				**Current**			
	Notional amount		Fair value		Notional amount		Fair value	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
DERIVATIVE ASSETS								
Cash flow hedge								
on interest rate risk	6,900	-	113	-	-	-	-	-
on foreign exchange risk	9,035	3,906	1,240	382	766	1,000	7	30
Total	**15,935**	**3,906**	**1,353**	**382**	**766**	**1,000**	**7**	**30**
At fair value through profit or loss								
on interest rate risk	50	50	2	3	-	-	-	-
on foreign exchange risk	-	-	-	-	-	-	-	-
Total	**50**	**50**	**2**	**3**	**-**	**-**	**-**	**-**
TOTAL DERIVATIVE ASSETS	**15,985**	**3,956**	**1,355**	**385**	**766**	**1,000**	**7**	**30**
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	600	400	44	52	-	-	-	-
on foreign exchange risk	88	4,418	17	443	-	125	-	-
Total	**688**	**4,818**	**61**	**495**	**-**	**125**	**-**	**-**
At fair value through profit or loss								
on interest rate risk	50	50	7	8	-	-	-	-
on foreign exchange risk	-	-	-	-	866	660	6	11
Total	**50**	**50**	**7**	**8**	**866**	**660**	**6**	**11**
TOTAL DERIVATIVE LIABILITIES	**738**	**4,868**	**68**	**503**	**866**	**785**	**6**	**11**

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:

Milions of euro	Non Current				Current			
	31 Dec 2015	Level 1	**Level 2**	Level 3	**31 Dec 2015**	Level 1	**Level 2**	Level 3
DERIVATIVE ASSETS								
Cash flow hedge								
on interest rate risk	113	-	113	-	-	-	-	-
on foreign exchange risk	1,240	-	1,240	-	7	-	7	-
Total	**1,353**	-	**1,353**	-	**7**	-	**7**	-
At fair value through profit or loss								
on interest rate risk	2	-	2	-	-	-	-	-
on foreign exchange risk	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
TOTAL DERIVATIVE ASSETS	**1,353**	-	**1,353**	-	**7**	-	**7**	-
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	44	-	44	-	-	-	-	-
on foreign exchange risk	17	-	17	-	-	-	-	-
Total	**61**	-	**61**	-	-	-	-	-
At fair value through profit or loss								
on interest rate risk	7	-	7	-	-	-	-	-
on foreign exchange risk	-	-	-	-	6	-	6	-
Total	**7**	-	**7**	-	**6**	-	**6**	-
TOTAL DERIVATIVE LIABILITIES	**68**	-	**68**	-	**6**	-	**6**	-

8 Other non-current financial assets – Euro 41 million

Other non-current financial assets totaled Euro 41 million as t 31 December 2015 having an increase of Euro 4 million comparing to the previous year. They refer to the prepayments related to the forward start revolving facility agreement signed in February 2013 and renegotiated in February 2015.

The increase principally refers to additional payment for amendment of the financial costs and tenor of the revolving facility agreement (Euro 14 million), which was partly offset by the cost portion accrued in the period (Euro 10 million)

At 31 December 2015 non-current financial assets do not include neither past due nor impaired items.

9 Income tax receivable – Euro 10 million

Income tax receivables increased for an amount of Euro 3 million reaching Euro 10 million at December 2015. The variation is due to the higher payments performed by the Company during the year.

10 Short-term loans and financial receivables – Euro 4,851 million

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

Millions of euro

	at Dec. 31, 2015	at Dec. 31, 2014	Change
Short-term loans granted to Enel Group Entities			
Revolving short-term facility agreement with Enel Produzione S.p.A.	2,000	1,000	1,000
Revolving short-term facility agreement with Enel Global Trading S.p.A.	1,300	-	1,300
Multicurrency revolving facility agreement with Enel Green Power International B.V.	305	172	133
Revolving short-term facility agreement with Endesa SA	200	-	200
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)
Revolving short-term facility agreement with Marcinelle Energie S.A.	-	199	(199)
Short-term deposit agreement with Endesa Latinoamérica S.A.	-	47	(47)
Enel S.p.A. - Financial Services Agreement	1,046	2,201	(1,155)
Total short term loans granted to Enel Group affiliates	**4,851**	**4,619**	**232**

The Euro 232 million increase of short-term loans principally refers to: (i)new short-term loan granted to Enel Global Trading S.p.A (Euro 1,300 million), (ii) the increase (Euro 2,000 million) revolving short-term facility granted to Enel Produzione S.p.A., (iii) relovling line granted to Endesa S.A (Euro 200 million), (iv) increase (Euro 133 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. This increase was partly compensated by (i) the decreased financial receivables with Enel S.p.A. (Euro 1,155 million); (ii) the decrease of the short-term deposits (Euro 500 million) with Enel S.p.A.; (iii) the decrease of the short-term deposits (Euro 500 million) with Enel Green Power S.p.A.; (iv) decrease of Euro 199 million revolving facility with Marcinelle and closing of short-term deposit agreement with Endesa Latinoamerica S.A. (Euro 47 million).

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

Millions of Euro

	Financial relationship	Commitment amount until 31 Dec 2015	Rate of Interest	Spread until 31 Dec 2015	Commitment fee until 31 Dec 2015
Enel Produzione S.p.A.	Revolving credit facility	2,000	Euribor	1.15%	0.38%
Enel Global Trading S.p.A.	Revolving credit facility	1,300	Euribor	1.35%	0.45%
Enel Green Power International B.V.	Multicurrency short-term revolving facility	3,400 (1)	SA Jibar 3 M	1,85%	0.60%
Enel Green Power International B.V.	Multicurrency short-term revolving facility	1,200	3M Euribor	1.40%	0.20%
Enel Green Power S.p.A.	Multicurrency short-term revolving facility	500	Euribor	1.15%	0.38%
Enel Iberoamerica S.r.l.	Short-term revolving facility	400	Euribor	1.00%	0.35%
Endesa Latinoamérica S.A.	Multicurrency short-term revolving facility	250	3M Euribor	1.00%	0.35%
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%

(1) Millions ZAR

(2) Millions RON

11 Other current financial assets – Euro 215 million

Other current financial assets is mostly 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.

At 31 December 2015 current financial assets do not have neither past due nor impaired items.

12 Cash and cash equivalents – Euro 601 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 2015, the amount of the Financial Services Agreement is positive for Euro 1,046 million and it has been classified as current financial assets in the statement of financial position.

13 Shareholder's equity – Euro 1,486 million

Share capital – Euro 1.479 million

The authorized share capital of the company amounts to Euro 2.500 million, divided into 2.500 million of shares, each share with a nominal value of Euro 1,0 each.

The issued and paid-up share capital amounts to Euro 1.478,8 million represented by 1.478.810.370 shares with nominal value of Euro 1,0 each.

Share premium reserve – Euro 43 million

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

Cash flow hedge reserve – Euro (368) 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 2014	Gain/(Losses) recognized in equity for the year	Released to income statement	Deferred tax asset	**31 Dec 2015**
Gains/Losses on change in fair value of the effective portion of CFH Derivatives on interest and exchange rates (IAS 39)	(1,101)	1,402	(792)	123	(368)
Total gains/(losses) recognized in equity	**(1,101)**	**1,402**	**(792)**	**123**	**(368)**

The negative variation of Euro 368 million is due to:

- the gains (Euro 1,402 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 1,282 million); (ii) an increase of fair value measurement of interest rate swap derivatives on long-term floating rate loans (Euro 120 million);
- the release (Euro 792 million) refers to the combined effect of the following factors:

a. the negative variation (Euro 791 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 15 million) due to the realized foreign exchange losses of the period attributable to the CHF Notes repaid in December 2015;

c. the positive variation (Euro 14 million) due to the Cash flow hedge reserve adjustment for the total realized foreign exchange losses due to the above mentioned CHG bonds repayment.

> deferred tax asset (Euro 123 million) related to the temporary differences of cash flow hedge operations.

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 2015	31 Dec 2014
Total Equity	1,486	723
Cash flow hedge reserve	(368)	(1,101)
Adjusted equity	1,854	1,824
Net financial result	46	50
Return of capital (*)	**2%**	**3%**

* 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 2015. The Company is not subject to externally imposed capital requirements.

14 Long-term loans and borrowings (including the portion falling due within twelve months for Euro 1,080 million) – Euro 19,514million

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 2015, 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 2015	**31 Dec 2015**	**31 Dec 2014**			**2017**	**2018**	**2019**	**2020**	**Beyond**
Bond											
Listed Bond (Fixed rate)	2016 - 2040	13,360	13,677	14,699	1,080	12,279	695	1,573	125	791	9,095
Listed Bond (Floating rate)	2024	444	450	344	-	444	-	-	-	-	444
Unlisted Bond (Fixed rate)	2017 - 2039	5,414	5,459	4,863	-	5,415	1,376	-	1,601	-	2,438
Total Bond	**2016 - 2040**	**19,218**	**19,586**	**19,906**	**1,080**	**18,138**	**2,071**	**1,573**	**1,726**	**791**	**11,977**
GMTN Internal Assumption towards EIH BV											
Euro (Fixed-rate)	2023	296	300	296	-	296	-	-	-	-	296
Total GMTN Internal Assumption	**2023**	**296**	**300**	**296**	**-**	**296**	**-**	**-**	**-**	**-**	**296**
Total	**2016-2040**	**19,514**	**19,886**	**20,202**	**1,080**	**18,434**	**2,071**	**1,573**	**1,726**	**791**	**12,273**

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

Millions of Euro

	31 Dec 2015	**31 Dec 2015**	**31 Dec 2014**	**31-Dec-15**	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*10,464*	*10,763*	*11,824*	*4.29%*	*4.72%*
US dollar	5,245	5,282	4,701	5.94%	6.13%
British pound	3,030	3,066	2,854	5.70%	5.82%
Swiss Franc	535	535	606	3.07%	3.13%
Japanese yen	240	240	217	2.43%	2.46%
Total non-Euro currencies	*9,050*	*9,123*	*8,378*		
Total	**19,514**	**19,886**	**20,202**		

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 2015		**31 Dec 2014**		**2015 - 2014**	
	Book Value*	Fair value*	Book Value*	Fair value*	Book Value	Fair value
Bonds in non-Euro currencies and Euro currency	19,218	22,474	19,906	23,581	(688)	(1,107)
Total long-term financial debt	**19,218**	**22,474**	**19,906**	**23,581**	**(688)**	**(1,107)**

** 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 2014					**31 Dec 2015**
Bonds in non-Euro currencies and Euro currency	20,367	-	7	(1,301)	813	19,886
Total long-term financial debt	**20,367**	-	**7**	**(1,301)**	**813**	**19,886**

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.

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.

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 30 September 2015 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 20 October 2015 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.

On 12 February 2015, the Company and Enel S.p.A. have signed with the Lenders a supplemental Agreement to amend the financial costs and tenor of the Revolving Facility Agreement.

Therefore, considering the current rating of Enel, the margin that will be applied in case of utilization has been reduced from 190 to 80 basis point and the commitment fees from 40% to 38% of the margin. The Final Maturity Date has been extended form April 2018 up to 12 February 2020

At 31 December 2015 the revolving facility was not utilized

Debt covenants

The main long-term financial debts of the Company are governed by covenants containing undertakings by the borrowers (Enel S.p.A. and the Company) and by 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 main covenants in respect of the bond issues under 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 or revenues 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 unsubordinated and unsecured obligations, present and future, 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 (above a threshold level) in respect of certain indebtedness of the issuer constitutes a default in respect of the bonds in question, which may become 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 their assets to secure certain financial indebtedness;
- pari passu clause, under which the payment obligation of the borrower have at least the same seniority as its other unsubordinated and unsecured payment obligations;

- change of control clause which is triggered in the event (i) control of Enel is acquired by one or more shareholders other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to any other persons 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 facility or (b) compulsory early repayment of the facility by the borrower;
- specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, misrepresentation, insolvency of the borrower or Enel S.p.A.'s significant subsidiaries, cessation of busines, governmental intervention or nationalization, administrative proceeding with potential negative impact) constitutes a default of the facility. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the facility under an acceleration clause;
- under cross-default clause, the occurrence of a default event (above a threshold level) in respect of certain financial indebtedness 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 facility in question, which may become 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 their assets or undertaking with the exception of permitted disposals.

15 Short-term loans and borrowings – Euro 5,976 million

Millions of Euro

	at Dec. 31, 2015		at Dec. 31, 2014		Change	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short-term loans Enel Group companies	5,874	5,874	6,070	6,070	(196)	(196)
Short-term bank loan third parties	5	5	-	-	5	5
Commercial papers	97	97	2,400	2,400	(2,303)	(2,303)
Short-term financial debt	**5,976**	**5,976**	**8,470**	**8,470**	**-2,494**	**(2,494)**

Short-term loans

At 31 December 2015 short-term loans decreased by Euro 196 million from 31 December 2014.

Millions of Euro

	Original currency	**Euro countervalue at 31 Dec 2015**	**Euro countervalue at 31 Dec 2014**	**Change**
Intercompany Current Accounts denominated in Euro				
Enel Servizio Elettrico S.p.A.	Euro	2,894	3,081	(187)
Enel S.p.A.	Euro	1,355	1,176	179
Enel Investment Holding B.V.	Euro	1,214	1,119	95
Enel Iberoamerica S.r.l.	Euro	231	404	(173)
Enel Green Power International B.V.	Euro	2	126	(124)
Enel France S.A.	Euro	85	88	(3)
Marcinelle Energie S.A.	Euro	82	-	82
	(Subtotal)	**5,863**	**5,994**	**(131)**

	Original currency	Euro countervalue at 31 Dec 2015	Euro countervalue at 31 Dec 2014	Change
Intercompany Current Accounts denominated in other currencies				
Enel Green Power International B.V.	USD	11	76	(65)
	(Subtotal)	**11**	**76**	**(65)**
Total		**5,874**	**6,070**	**(196)**

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. The time deposits outstanding under the Agreement have a global balance of Euro 2,894 million;
- The debt exposure (Euro 1,355 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; at 31 December 2015 the balance under this agreement is equal to Euro 1,214 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; at 31 December 2014 the balance under this agreement is equal to Euro 241 million.

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 2015 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 2015 was Euro 97 million (Euro 2,403 million at 31 December 2014).

12 Other current financial liabilities – Euro 416 million

Other current financial liabilities mainly relate to interest expenses accrued on debt outstanding at 31 December 2015 mainly due to interests arising from GMTN Programme for Euro 394 million as well as trading derivative instruments.

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 2015 and 31 December 2014 respectively:

Millions of euro

		Receivables	Payables	Income	Cost
		at Dec. 31, 2015		**2015**	
Shareholder					
Enel S.p.A		2,432	1,459	136	53
	(Subtotal)	*2,432*	*1,459*	*136*	*53*
Other affiliated companies					
Enel Distribuzione S.p.A.		5,566	-	339	-
Enel IberoAmerica S.A.		6,533	231	301	1
Enel Produzione S.p.A.		4,020	-	135	-
Enel Energia S.p.A.				4	
Enel Global Trading S.p.A.		2,005	-	17	-
Enel Servizio Elettrico S.p.A.		-	2,894	-	20
Enel Investment Holding B.V.		-	1,517	0	20
Marcinelle Energie S.A.		0	82-	1	-
Enel France S.A.		-	85	-	-
Enel Green Power International B.V.		2,801	15	198	28
ENDESA S.A.		3,216	-	121	-
Enel Sole S.r.l.		101	-	3	-
Enel Green Power S.p.A.				4	
Endesa Latinoamérica S.A.		0	-	1-	-
	(Subtotal)	***24,242***	***4,824***	***1,123***	***69***
Total		**26,674**	**6,283**	**1,260**	**122**

Millions of euro

		Receivables	Payables	Income	Cost
		at Dec. 31, 2014		**2014**	
Shareholder					
Enel S.p.A		3,104	1,713	60	65
	(Subtotal)	*3,104*	*1,713*	*60*	*65*
Other affiliated companies					
Enel Distribuzione S.p.A.		5,566	-	339	-
Enel IberoAmerica S.A.		7,539	404	635	1
Enel Produzione S.p.A.		4,024	-	140	-
Enel Global Trading 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	-	-	-
	(Subtotal)	***26,175***	***5,204***	***1,375***	***72***
Total		**29,279**	**6,917**	**1,435**	**137**

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 2015, amounted to Euro 75 thousand (Euro 87 thousand in 2014) and they are summarized in the following table:

Thousands of euro

	31 Dec. 2015	31 Dec. 2014
A.J.M. Nieuwenhuizen	18.75	19
F. Mauritz	18.75	19
H. Marseille	18.75	19
E. Di Giacomo	18.75	30
A. Canta	-	-
Total	**75**	**87**

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

	at Dec. 31, 2015	at Dec. 31, 2014
Audit	85	74
Audit related services in conection with GMTN prospectus	31	30
Tax	-	-
Other	-	-
Total	**116**	**104**

Subsequent events

On 5 February 2016, Board of Directors approved the execution of further transactions under the GMTN Programme in the form of an Exchange Offer. The timeframe of such exchange will be defined depends on favourable market conditions.

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 2015 amounting of Euro 31 million to the Company's retained earnings.

Amsterdam, 8 April 2016

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

Report of the independent audit firm on the 2015 financial statements of Enel Financial International BV

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

Independent auditor's report

To: the shareholder and board of directors of Enel Finance International N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Enel Finance International N.V. (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 N.V. as at 31 December 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for 2015 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 N.V. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€125 million
Benchmark used	0.5% of total outstanding loans.
Additional explanation	The main activity of Enel Finance International N.V. 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 . Considering these financing activities, we consider the total amount of outstanding loans to be the most relevant benchmark for the stakeholders of the company.

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 €6,250 thousand, 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.

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.

Risk	Our audit response
Valuation of (intercompany) loans and other financial receivables	
The main activity of Enel Finance International N.V. 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 N.V. 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 S.p.A.), 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. There have been no impairments recorded in 2015.	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 and the supervisory board 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.

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.

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 an the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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 the board of directors and the shareholder, 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 management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board 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 directors' report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the shareholder as auditor of Enel Finance International N.V. for the audit for the year 2011 and have operated as statutory auditor since that year.

Rotterdam, 8 April 2016

Ernst & Young Accountants LLP

signed by P.A.E. Dirks