Interim Condensed Financial Statements of Enel Finance International N.V. at 30 June 2019

Contents

Director’s report

General information

The Management of the Company hereby presents its interim condensed financial statements for the period ended on 30 June 2019.

Enel Finance International N.V. ("the Company") is a public company with limited liability, where 74.99% of the shares are held by Enel Holding Finance S.r.l and 25.01% of the shares are held by Enel S.p.A., parents companies, having their seats in Rome, Italy.

Enel S.p.A. is the ultimate controlling shareholder of the Company.

The Company is registered with the trade register of the Dutch chamber of commerce under number 34313428. The Company operates as a financing company y 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.

Significant events in the 1st half of 2019

Issue of new green bond in Europe for Euro 1,000 million

On 14 January 2019 the Company successfully placed its second green bond on the European market. It is reserved for institutional investors and is backed by a guarantee issued by Enel.

The issue amounted to total of Euro 1,000 million and provided for repayment in a single instalment at maturity on 21 July 2025 and the payment of a fixed rate coupon equal to 1.500%, payable annually in arrears in the month of July as from 2019. The issue price has been set at 98.565% and the effective yield at maturity is equal to 1.736%. The settlement date for the issue is 21 January 2019.

The net proceeds of the issue – carried out under Euro Medium-Term Notes Program – will be used to finance and/or refinance, in whole or in part, the eligible green projects of the Enel Group identified and/or to be identified in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA).

Lending Operations

During the reporting year 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.

Please see a disclosure of long-term and short-term financial instruments granted to Enel Group Companies in the notes 6 and 9.

Overview of the Company's performance and financial position

Analysis of the Company financial position

Millions of euro

	at Jun. 30, 2019	at Dec. 31, 2018	Change
Net non-current assets:			
-other non-current financial assets	277	152	125
-other non-current financial liabilities	(1,503)	(1,145)	(358)
Total net non-current assets/ (liabilities)	**(1,226)**	**(993)**	**(233)**
Net current assets:			
-net tax receivable/ (payable)	(3)	(1)	(2)
-other current financial assets	411	291	120
-other current financial liabilities	(645)	(456)	(189)
-other current liabilities	-	(2)	2
Total net current assets/ (liabilities)	**(237)**	**(168)**	**(69)**
Gross capital employed	**(1,463)**	**(1,161)**	**(302)**
Sundry provisions:			
-deferred tax assets/ (liabilities)	370	311	59
Total provisions	**370**	**311**	59
Net Capital Employed	**(1,093)**	**(849)**	**(244)**
Total Shareholders' Equity	**1,560**	**1,745**	**(185)**
Net financial debt	**(2,653)**	**(2,595)**	**(58)**

Net non-current liabilities at 30 June 2019 increased by Euro 233 million compared to 31 December 2018. The change is largely attributed to the decrease in net fair value of derivatives (Euro 232 million) and a decrease of financial prepaid expences (Euro 1 million).

Net current liabilities totaled Euro 237 million with an increase of Euro 69 million compared to 31 December 2018 mainly due to increase of interests accrued for bonds and deposits (Euro 161 million), decrease of derivatives (Euro 17 million) and increase of tax payable (Euro 2 million). This increase was partly offset by an increase of interest receivables (Euro 109 million) and decrease of other current liabilities (Euro 2 million).

Deferred taxes increased by Euro 59 million reflecting temporary differences in cash flow hedge transaction accrued directly in other comprehensive income and temporary differences mainly attributed to impairment of financial assets accrued in profit and loss.

Net capital employed stood at negative Euro 1,093 million at 30 June 2019 and was funded by shareholder's equity in amount of Euro 1,560 million and net financial position of Euro 2,653 million.

The debt-to-equity ratio at 30 June 2019 came to a negative 170% (negative 149% at 31 December 2018).

Net financial debt

Millions of euro

	at Jun. 30, 2019	at Dec. 31, 2018	Change
Long-term debt:			
- bonds	25,919	25,466	453
Long-term debt	*25,919*	*25,466*	*453*
- loans to Group companies	(20,943)	(18,629)	(2,314)
Long term financial receivables	*(20,943)*	*(18,629)*	*(2,314)*
Net long-term financial debt	**4,976**	**6,837**	**(1,861)**
Short-term debt/(liquidity):			
- bonds (short-term portion	796	125	671
- l/t receivables due from Group companies (short-term portion)	(4,549)	(4,833)	284
Current amount of long-termt net financial debt	*(3,753)*	*(4,708)*	*955*
- commercial paper	500	1,454	(954)
- short-term loans from Group companies	4,210	3,909	301
Short-term loans	*4,710*	*5,363*	*(653)*
- short-term financial receivables due from Group companies	(7,255)	(7,105)	(150)
- cash collateral on derivatives	(1,018)	(932)	(86)
- other sundry receivables	0	(18)	18
- financial Service Agreement with Enel S.p.A.	(143)	(1,931)	1,788
- cash and cash equivalents	(170)	(101)	(69)
Cash and cash equivalents and short-term financial receivables	*(8,586)*	*(10,087)*	*1,501*
Net short-term financial debt/(liquidity)	**(7,629)**	**(9,432)**	**1,803**
NET FINANCIAL DEBT	**(2,653)**	**(2,595)**	**(58)**

Net financial debt showed a net creditor position of Euro 2,653 million at 30 June 2019 (Euro 2,595 million at 21 December 2018).

Net long-term financial debt totaled to Euro 4,976million, having an decrease of Euro 1,861 million due to the combined effect of an increase of Euro 453 million in long-term debt and an increase of Euro 2,314 million in long-term financial receivebles.

Bonds amounted to Euro 25,919 million. The increase of Euro 453 million mainly refer to:

- the issue of new Green Bond amounting to Euro 1,000 million;
- reclassification to short term of bonds maturing in the following 12 months, including the a bond denominated in swiss francs ,maturing in June 2020 in amount Euro 90 million and three euro-denominated bonds, maturing in January 2020 and in March 2020 in the total amount of Euro 581 million;
- exchange losses of Euro 95 million (including exchange differences on the current portion of bonds);
- amortised costs of Euro 29 million

Long-term financial receivables totals to Euro 20,943 million increased by Euro 2,314 million compared to the 31 December 2018 as a result of:

- loan granted to Enel S.p.A. amounting to Euro 2,000 million;

- loan granted to Enel Chile amounting to Euro 352 million;
- net exchange gain of Euro 22 million;
- partly offset by reclassification to current portion of loans maturing in the following 12 months (Euro 60 million)

Net short-term creditor position decreased by Euro 1,803 million to Euro 7,629 million with the change principally referring to:

- reclassification of bonds maturing within 12 months (Euro 671 million);
- decrease of outstanding amount for service agreement with Enel Spa (Euro 1,788 million)
- partial repayment on loan granted to Enel Iberia S.r.l. (Euro 350 million);
- deposits collected from Group companies (Euro 301 million);
- decrease in other receivables (Euro 18 million)

The above mentioned decrease was partly offset by:

- repayment of commercial papers (Euro 955 million);
- increase of outstanding amount of revolving lines granted to Group companies and other receivebles (Euro 90 million);
- net exchange gain (Euro 65 million);
- reclassification of current portion of loans (Euro 60 million)
- reverse of allowance for impairment over short-term financial receivables and current potrion of long-term loans (Euro 1 million).
- increase of cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities (Euro 86 million)
- increase in cash and cash equivalents (Euro 68 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.

Significant risks, risk appetite which could have a material effect on financial position and results as well as risk mitigation strategy have been described in the annual financial statements for 2018. Those categories and risks remain valid and should be read in conjunction with this interim report.

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. For a detailed discussion of transaction with related parties, please see note 18 to the interim condensed financial statements.

Outlook

The Company should evolve normally during the second half of 2019, 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

The Company's organization is characterized by a Board of Directors charged with managing the Company and a Shareholders' Meeting.

The Company is a so-called Public Interest Entity ("Organisatie van Openbaar Belang") which requires the establishment of an audit committee. The Company however makes use of the exemption in Article 3(a) of the Dutch Decree on the Audit Committee ("Besluit instelling auditcommissie") as foreseen in Article 39(3)(a) of Directive 2006/43/CE, as amended by Directive 2014/56/EU of the European Parliament and of the Council, as its Parent Company (Enel S.p.A.) is an entity that fulfils the requirements set out in paragraphs 39(1), (2) and (5) of Directive 2006/43/CE, as amended by Directive 2014/56 EU, Article 11(1), Article 11(2) and Article 16(5) of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Pursuant to Article 19, subsection 2 of Italian Legislative Decree 39/2010 - as amended by Legislative Decree 135/2016, implementing Directive 2014/56 EU - the audit committee of Enel S.p.A. coincides with the "collegio sindacale" (board of statutory auditors).* According to the legislation in force, the members of the board of statutory auditors of Enel S.p.A. must possess the requisites of integrity, professionalism and independence imposed upon the statutory auditors of listed companies, as supplemented (only as regards the professionalism requisites) by specific provisions of the bylaws.

Taking into account the 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 gender diversity within the Board members of the Company is currently 20%. 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.

The Company is looking for the opportunities to reach diversity in the seats' distribution as referred to in Articles 2:166 and 2:276.

Remuneration of Directors is definded in accordance with Remuneration policy of the management board of Enel Finance International N.V., recently amended by the Shareholder (Resolution of the Sole Shareholder 23.01.2017)

The Company's control system

The appropriatness of the administrative and accounting procedures used in the preparation of the financial statements has been verified in the assessment of the internal control system for financial reporting. The assessment of the international control system for financial reporting did not identify any material issues.

16 December 2016 the Company adopted the new Enel Global Compliance Program ("EGCP"), addressed to the foreign subsidiaries of the Enel Group. The aim of EGCP is to reinforce commitement of the Company to the highest ethical, legal and professional standards for enhancing and preserving the reputation as well as the prevention of criminal behaviour abroad, which may lead to a corporate criminal liability to the Company.

Subsequent events

There are no relevant subsequent events to be mentioned.

Reporting of non-financial information

Enel Group, in implementation of the new EU (Directive 2014/97/EU) and national legislation that has introduced mandatory of non-financial information as from 2018 financial year for large public-interest entities, has drafted a "Consilodated Non-Financial Statement" that covers the areas provided for in that decree, accompanying the Group's Sustainability Report.

Report can be obtained from the investor relations section of Enel S.p.A. official website (http://www.enel.com).

Personnel

At 30 June 2019 the Company had, other than the directors, eight employees (eight employees at 31 December 2018). Average headcount comprised 8 people (ten people for the first half of 2018). All people worked in the Netherland.

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 interim condensed 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 30 June 2019 and the developments during the financial period ended 30 June 2019;

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

This interim condensed financial statements is prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and it is externally not audited. Furthermore this interim 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 interim condensed financial statements electronically with the AFM (Autoriteit Financiele Markten) in the Netherlands within five days after their approval;

> making its interim condensed financial report generally available to the public by posting it on Enel S.p.A. official website within 2 months after the end of first sixth months of the 2019 fiscal year (by 31 August 2019);

making its interim condensed 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 2 months after the end of first sixth months of the 2019 fiscal year (by 31 August 2019).

Amsterdam, 24 July 2019

A. Canta

E. Di Giacomo

J. Homan

H. Marseille

A.J.M. Nieuwenhuizen

Interim Condensed Financial statements
for the period ended 30 June 2019
prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Statement of comprehensive income

Millions of euro	Note	1st half	
		2019	**2018**
Costs			
Services	1	(1)	(1)
Personnel	1	0	0
	(Subtotal)	**(1)**	**(1)**
Operating income		**(1)**	**(1)**
Financial income			
Interest income	2	687	549
Financial income from derivatives	3	371	785
Other financial income	2	108	152
	(Subtotal)	**1,166**	**1,486**
Financial expense			
Interest expense	2	(607)	(533)
Financial expense from derivative	3	(332)	(607)
Other financial expense	2	(124)	(308)
	(Subtotal)	**(1,063)**	**(1,448)**
Net financial income/ (expense)		**103**	**38**
Income/(Loss) before taxes		**102**	**37**
Income Taxes	4	48	17
Net income/(loss) for the year (attributable to the shareholder)		**54**	**20**
Other components of comprehensive income recyclable to profit or loss in future periods:			
- effective portion of change in fair value of cash flow hedges net of deferred taxes	17	(237)	(230)
- Change in the fair value of costs of hedging net of deferred taxes	17	(2)	(44)
Total comprehensive income/(loss) for the period		**(185)**	**(254)**

Statement of financial position

Millions of Euro	Note		
ASSETS		**at Jun.30, 2019**	at Dec.31, 2018
Non-current assets			
Deferred tax assets	5	382	324
Long-term loans and financial receivables	6	20,943	18,629
Derivatives	7	267	141
Other non-current financial assets	8	9	11
	(Subtotal)	**21,601**	**19,105**
Current assets			
Current portion of long-term loans and financial receivables	6	4,549	4,833
Short-term loans and financial receivables	9	7,398	9,036
Derivatives	7	41	31
Other current financial assets	10	1,477	1,230
Other current assets		19	4
Cash and cash equivalents	11	170	101
	(Subtotal)	**13,654**	**15,235**
TOTAL ASSETS		**35,255**	**34,340**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	12	1,479	1,479
Share premium reserve	12	1,026	1,026
Cash flow hedge reserve	12	(1,251)	(1,014)
Cost of hedging reserve	12	(156)	(154)
Retained earnings	12	408	309
Net income for the period	12	54	99
Total shareholder's equity		**1,560**	**1,745**
Non-current liabilities			
Long-term loans and borrowings	13	25,919	25,466
Deferred tax liabilities	5	12	13
Derivatives	7	1,503	1,145
	(Subtotal)	**27,434**	**26,624**
Current liabilities			
Income tax payable		3	1
Current portion of long-term loans	13	796	125
Short-term loans and borrowings	14	4,817	5,387
Derivatives	7	55	27
Other current financial liabilities	15	590	429
Other current liabilities		0	2
	(Subtotal)	**6,261**	**5,971**
TOTAL EQUITY AND LIABILITIES		**35,255**	**34,340**

Statement of changes in equity

Millions of euro

	Share capital	Share premium reserve	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Net income for the period	**Equity attributable to the shareholders**
At 1 January 2018	**1,479**	**1,026**	**(717)**	**(208)**	**378**	**(96)**	**1,863**
Application of new accounting standards					36		36
Allocation of net income from the previous year	-	-	-	-	(96)	96	-
Comprehensive income for the year:	-	-	(230)	(44)	-		(274)
of which:							
- other comprehensive income (loss) for the period	-	-	*(230)*	*(44)*	-		*(274)*
- net income for period	-	-	-		-	*20*	*20*
At 30 June 2018	**1,479**	**1,026**	**(947)**	**(251)**	**318**	**20**	**1,645**
At 1 January 2019	**1,479**	**1,026**	**(1,014)**	**(154)**	**309**	**99**	**1,745**
Allocation of net income from the previous year	-	-	-		99	(99)	-
Comprehensive income for the year:	-	-	(237)	(2)	-		(239)
of which:							
- other comprehensive income (loss) for the period	-	-	*(237)*	*(2)*	-		*(239)*
- net income for period	-	-	-		-	*54*	*54*
At 30 June 2019	**1,479**	**1,026**	**(1,251)**	**(156)**	**408**	**54**	**1,560**

Statement of cash flows

Millions of euro	Note	1st half	
		2019	**2018**
Income for the period		**54**	**20**
Adjustments for:			
Financial (income)	2,3	(1,166)	(1,486)
Financial expense	2,3	1,063	1,448
Income taxes	4	48	17
Cash flow from operating activities before changes in net current assets		*(1)*	*(1)*
(Increase)/Decrease in financial and non-financial assets/liabilities		(13)	(83)
Interest income and other financial income collected		607	242
Interest expense and other financial expense paid		(548)	(415)
Income taxes paid		(15)	(2)
Cash flows from operating activities (a)		**30**	**(259)**
New loans granted to Enel S.p.A. and affiliates		*(3,138)*	*(2,979)*
Repayments and other movements from Enel S.p.A. and affiliates		*2,832*	*1,893*
Cash flows from investing/disinvesting activities (b)		**(306)**	**(1,086)**
Financial debt (new borrowings)	13, 14	1,742	1,236
Financial debt (repayments)	13, 14	(1,397)	(146)
Cash flows from financing activities (c)		**345**	**1,090**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		69	(255)
Cash and cash equivalents at the beginning of the year		**101**	**310**
Cash and cash equivalents at the end of the year		**170**	**55**

Notes to the financial statements

Form and content of the financial statement

Enel Finance International N.V. ("the Company") is 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.

Enel Finance International N.V. ("the Company") is a public company with limited liability, where 74.99% of the shares are held by Enel Holding Finance S.r.l and 25.01% of the shares are held by Enel S.p.A., parents companies, having their seats in Rome, Italy.

Enel S.p.A. is the ultimate controlling shareholder of the Company.

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 2018 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.

These financial statements were approved by the Board of Directors and authorised for issue effective on 24 July 2019

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;
- Financial assets 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 Company initially recognizes financial receivables and deposits when, and only when, the Company becomes party to the contractual provision of the instrument (trade date).

All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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 except for IFRS 9 that has been adopted in 2018.

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 13 February 2019 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

The interim condensed financial statements for the six months ended at 30 June 2019 have been prepared in compliance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) in effect at the same date. All of these standards and interpretations are hereinafter referred to as "IFRS-EU".

More specifically, the interim condensed financial statements have been drawn-up in compliance with IAS 34 – Interim financial reporting and consist of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes.

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

The accounting standards adopted, the recognition and measurement criteria and methods used for the condensed interim financial statements at June 30, 2019 are the same as those adopted for the financial statements at December 31, 2018 (please see the related report for more information).

These condensed interim financial statements may therefore not include all the information required to be reported in the annual financial statements and must be read together with the financial statements for the year ended December 31, 2018.

These financial statements were approved by the Board of Directors and authorised for issue effective on 24 July 2019

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 mitigate this risk, 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 30 June 2019. The fair value of over the counter (OTC) instruments is calculated with standard pricing models for each instrument typology.

The transactions compliant with IFRS 9 requirements can be designated as cash flow hedge, otherwise are classified as trading.

Interest rate risk

Interest rate risk is the risk born 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 notional amount of outstanding contracts is reported below.

Millions of euro	Notional amount	
	Jun. 30 2019	Dec. 31 2018
Interest rate derivatives:		
Interest rate swap	5,693	6,438
Total	**5,693**	**6,438**

For more details, please refer to the note 16 and 17.

At 30 June 2019, 1.64 % of gross long term debt towards third parties was floating rate (1.71 % at 31 December 2018). 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.

Exchange rate risk

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. The Company 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 intercompany loans.

Millions of euro	Notional amount	
	Jun. 30 2019	Dec. 31 2018
Foreign exchange derivatives:		
Currency forwards:	2,936	3,445
Cross currency interest rate swaps	18,000	17,855
Total	**20,936**	**21,300**

At 30 June 2019, 57% of gross long term debt towards third parties was denominated in non-euro currencies (59.3% at 31 December 2018) and it was fully hedged against exchange rate risk by cross currency interest rate swaps.

For more details, please refer to the note 16 and 17.

Credit risk

The Company's financial operations expose it to credit risk, i.e. the possibility that a deterioration in the creditworthiness of a counterparty has an adverse impact of the expected value of the creditor position or, for trade payables only, increase average collection items.

The exposure to credit risk is attributable to Lending and hedging transactions.

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.

Finally, with regard to derivative transactions, risk mitigation is pursued with a uniform system for assessing counterparties, as well as with the adoption of specific risk mitigation clauses (e.g. netting arrangements) and possibly the exchange of cash collateral.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 30 June 2019 and 31 December 2018 is the carrying amounts as illustrated in Note 6, 9 and 10.

Credit risk mesurement

The Expected Credit Loss (i.e. ECL), determined considering Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), is the difference between all contractual cash flows that are due in accordance with the contract and all cash flows that are expected to be received (i.e., all short falls) discounted at the original EIR.

EAD is established on a quarterly basis using outstanding exposure data. PD and LGD are determined at least annualy.

The methods used in measuring main paramenter are consistent with those used in the most recent annual report.

Liquidity risk

Liquidity risk manifests itself as uncertainty about the Company's ability to discharge its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by implementing measures to ensure an appropriate level of liquid financial resources minimizing the associated opportunity cost and maintaining a balanced debt structure in terms of its maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile for our debt, access to a range of resources of funding sources on different markets, in different currencies and with different counterparties.

The mitigation of liquidity risk enables the Company to maintain a credit rating that ensures access to the capital market and limits the cost of funds, with a positive impact on its performance and financial position.

The Company has an access to committed credit line with Mediobanca (Euro 5,000 million). The outstanding commercial paper programs with a maximum ceiling on 6,000 million, of which Euro 500 million drawn at June 30, 2018 (Euro 1,454 million drawn at December 31, 2018).

Furthermore, Enel S.p.A. has confirmed through a letter dated 13 February 2019 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2019 financial statements of the Company.

Maturity analysis

The table below summarizes the maturity profile of the Company's long-term debt on contractual undiscounted payments.

	Maturing in					
Millions of Euro	**2019**	**2020**	**2021**	**2022**	**2023**	**Beyond**
Bond						
Listed Bond (Fixed rate)	589	1,131	961	2,478	1,272	10,488
Listed Bond (Floating rate)	15	15	15	165	160	157
Unlisted Bond (Fixed rate)	549	549	549	2,358	2,694	13,624
Total Bond	**1,153**	**1,695**	**1,525**	**5,001**	**4,125**	**24,269**

Notes to the financial statements

1 Result from operating activities – Euro (1) million

Result from operating activities is negative for Euro 1 million in line with the same period previous year and refer to services and to personnel costs.

2 Interest income/ (expense) other other financial income/(expense) – Euro 64 million

Millions of euro	1st half		
	2019	2018	Change
Financial income:			
Interest income			
- interest income on long-term financial assets	471	482	(11)
- interest income on short-term financial assets	216	67	149
Total interest income	687	549	138
Positive exchange rate differences	105	150	(45)
Impairment reversal of financial assets	3	2	1
Total interest income and other financial income	**795**	**701**	**94**
Financial expense:			
Interest expense			
- interest expense on borrowings	(40)	(43)	3
- interest expense on bonds	(569)	(495)	(74)
- interest expense on commercial papers	2	5	(3)
Total interest expense	(607)	(533)	(74)
Negative exchange rate differences	(124)	(308)	184
Total interest expense and other financial expense	**(731)**	**(841)**	**110**
Net interest income (expense) and ther financial income (expense)	**64**	**(140)**	**204**

Net interest income (expense) and other financial income (expense) increased by Euro 204 and Euro 64 million.

More specifically, this was attributed to combined effect of:

- an increase of Euro 138 million in interest income mainly associated with the variation mainly attributed to interest income from Enel subsidiaries and affilates incorporated in in Brazil (Euro 109 million), in Italy (Euro 36 million), in the Netherlands (Euro 7 million), in Chile (Euro 5 million), in Peru (Euro 3 million) and in South Africa (Euro 3 million). The above mentioned increase was partly offset by interest income decrease from Enel subsidiaries and affilates incorporated the USA (Euro 15 million and Spain (Euro 10 million).
- an increase of Euro 74 million in interests expenses mainly associated with US bonds issued in September 2018 (Euro 82 million) and Green bond issued in January 2019 (Euro 8 million), increase of interest expenses for US bonds due to USD appreciation in first half of 2019 compaing with first half of 2018 (Euro 10 million) and increase of interests expenses from commercial papers (Euro 3 million). This increasepartly offset by a decrease of interest expenses associated to the bonds repaid in2018 (Euro 28 million);

- a decrease of Euro 1 million in impairment allowance mainly reflecting change in structure of short-term revolving credit lines and loans granted to Enel Group Companies.
- a decrease of Euro 139 million of expenses in net exchange rate differences. Net exchange rate differences amounted to Euro 19 million and consisted of: the negative revaluation of the bonds denominated in foreign currencies (Euro 95 million) and positive foreign currency evaluation of non-euro group portfolio (Euro 76million).

  The amount of the foreign exchange losses Euro 95 million arisen from the revaluation of bonds and foreign exchange gain Euro 49 millionarisen from loan demoninated in brasilian reals are entirely neutralized by the same amount recycled to the Cash Flow Hedge equity reserve.

3. Financial income/(expense) from derivatives –Euro 39 million

Millions of euro	1st half		
	2018	2017	Change
Financial income from derivatives:			
- income from cash flow hedge derivatives	240	347	(107)
- income from derivatives at fair value through profit or loss	131	438	(307)
Total finance income from derivatives	**371**	**785**	**(414)**
Financial expense from derivatives:			
- expense from cash flow hedge derivatives	(159)	(16)	(143)
- expense from derivatives at fair value through profit or loss	(173)	(591)	418
Total financial expense from derivatives	**(332)**	**(607)**	**275**
Net income/(expense) from derivatives	**39**	**178**	**(139)**

Net income on cash flow hedge derivatives totaled Euro 81 million (Euro 331 million in the 1st Half of 2018) and mainly concerned exchange rates and net realized income, whereas derivatives at fair value through profit or loss resulted in net expense of Euro 42 million (Euro 153 million in the 1st Half of 2018).

For more detail about derivative financial instruments, please refer to the note 16 and 17.

4 Income tax (income)/expenses – Euro 48 million

Income tax for the first half of 2019 the totaled to Euro 48 million (Euro 17 million for the first half of 2018) from which Euro 29 million (Euro 11 million for the first half of 2018) reffered to withholding tax.
The effective tax rate amounted to 47% (46% for the first half of 2018).

5 Deferred tax assets (liabilities) – Euro 370 million

Changes in deferred tax assets and deferred tax liabilities, grouped by type of temporary difference, are shown below.

Millions of euro

	at Dec.31, 2018	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	**at Jun. 30, 2019**
Deferred tax asset				
Nature of temporary differences:				
- derivatives	302		61	363
- losses with deferred deductibility	22	(3)		19
Total deferred tax assets	**324**	**(3)**	**61**	**382**
Deferred tax liability				
Nature of temporary differences:				
- measurement of financial instruments	(13)	1		(12)
Total deferred tax liabilities	**(13)**	**1**	**-**	**(12)**
Net deferred tax asset	**311**	**(2)**	**61**	**370**

At 30 June 2019 net deferred tax assets in amount of Euro 370 million increased by Euro 59 million following the combined effect of the increase of deferred tax asset connected with the fair value measurement of cash flow hedge operations (Euro 61 million), absorbation of prior tax losses (Euro 3 million) and decrease of deferred taxes on expected credit losses and modification of financial liabilities.

On a basis of current estimates of future taxable income there is a reasonable certainty of recoverability of deferred tax assets.

6 Long-term loans and financial receivables including portion falling due within twelve month – Euro 25,492 million

Long-term financial receivables totaled to Euro 25,492 million, having an increase of Euro 2,030 million compared to December 31, 2018. The change is mainly refer to:

- loans granted to Enel S.p.A amounting to Euro 2,000 million;
- loan granted to Enel Chile amounting to Euro 352 million;
- partial repayment of loan granted to Enel Iberia S.r.l. and amounting to Euro 350 million;
- exchange gain of Euro of Euro 28 million

During 1st half of 2019 the fixed or floating interest rates varied from 0.55% to 10.18% (the same period of 2018: 0.51% to 10.17%) for loans nominated in EUR, from 4.25 % to 7.60 % (the same period of 2018: 3.27% to 8.37%) for loans nominated in USD, from 12.27% to 12.73 % for loans nominated in MXN and from 25.90% for loans nominated in ZMW.

7. Derivatives – Euro (1,250) 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 mitigate the loan interest rate fluctuations.

Millions of euro	Non Current		Current	
	at Jun. 30., 2019	at Dec 31., 2018	**at Jun. 30, 2019**	at Dec 31., 2018
Derivative financial assets	267	141	41	31
Derivative financial liabilities	(1,503)	(1,145)	(55)	(27)

For more details about the nature, the recognition and classification of derivative financial assets and liabilities, please refer to the note 17.

8 Other non-current financial assets – Euro 9 million

Other non-current financial assets totaled Euro 9 million as at 30 June 2019 (Euro 11 million as at 31 December 2018) is essentially accounted for transaction costs on Euro 10 billion revolving credit facility agreed on December 18, 2017 between Enel SpA, Enel Finance International N.V. and Mediobanca. The cange of Euro 2million reflects the transaction costs for this facility.

9 Short-term loans and financial receivables – Euro 7,398 million

Short-term loans and revolving credit lines granted to the Enel Group companies and associated companies totaled to Euro 7,398 million, having a decrease by Euro 1,638 million.

The main repayments made in the first half of 2019 concerned:

- Enel S.p.A. under service agreement in amount of Euro 1,788 million
- Enel X North America Inc in amount of US 170 million (equivalent to Euro 153 million);
- Proyecto Solar Don José, S.A. De C.V. in amount of US 177 million (equivalent to Euro 158 million);
- Proyecto Solar Villanueva Tres, S.A. De C.V. in amount of US 193 million (equivalent to Euro 173 million);
- Villanueva Solar, S.A De C.V. in amount of US 235 million (equivalent to Euro 210 million);

The main financing facilities granted in the first half of 2019 concerned:

- Enel Global Trading S.p.A in amount of Euro 200 million;
- Enel Produzione S.p.A in amount of Euro 200 million;
- EPM Eolica Dolores SA DE CV. in amount of US 81 million (equivalent to Euro 71 million);
- Enel Green Power Mexico Srl de Cv in amount of US 69 million (equivalent to Euro 61 million);
- Parque Amistad II S.A De C.V. in amount of US 58 million (equivalent to Euro 51 million);
- EGP Magdalena Solar, S.A. de C.V. in amount of US 53million (equivalent to Euro 47 million);
- Enel Green Power Hellas Sa in amount of Euro 37 million;

- Enel Green Power Rsa (PTY) Ltd in amount of ZAR 495 million (equivalent to Euro 31 million);
- Enel Green Power Canada Inc. in amount of CAD 41 million (equivalent of Euro 27 million);
- Parque Amistad III S.A De C.V. in amount of US 18 million (equivalent to Euro 16 million);
- Parque Amistad IV S.A De C.V. in amount of US 18 million (equivalent to Euro 16 million);
- Enel Green Power Peru S.A. in amount of US 12 million (equivalent of Euro 10 million);
- El Paso Solar S.a.s in amount of US 11 million (equivalent of Euro 10 million);
- Parque Eolico Pampa S.A. in amount of US 3 million (equivalent of Euro 3 million);
- Enel Rinnovabile,S.A. de C.V. in amount of US 3 million (equivalent of Euro 3 million);
- Enel Green Power Panama S.A. in amount of US 4 million (equivalent of Euro 3 million);

Exchange gain attributed to short term loans and revolving credit lines totalled to of Euro 58 million.

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

Facility Agreements denominated in Euro	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
Enel Green Power Bulgaria EAD	Revolving credit facility	15.00	3M Euribor	1.30%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	16.05	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	23.20	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	3.40	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	35.00	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	39.50	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	5.50	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	20.00	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	2.65	3M Euribor	2.80%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	6.30	3M Euribor	2.80%	35% of the margin
Enel Green Power S.p.A.	Revolving credit facility	2,000	3M Euribor	1.01%	35% of the margin
Enel Produzione S.p.A.	Revolving credit facility	1,500	3M Euribor	0.79%	35% of the margin
Enel Trade S.p.A.	Revolving credit facility	800	3M Euribor	1.74%	35% of the margin
Endesa SA	Revolving credit facility	1,000	Fixed	0.55%	35% of the margin
Facility Agreements denominated in US$	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
EGP Argentina	Revolving credit facility	7	3M US Libor	5.90%	35% of the margin
Parque Eolico Pampa S.A	Revolving credit facility	7	3M US Libor	4.60%	35% of the margin
Enel Green Power El Paso	Revolving credit facility	20	3M US Libor	2.25%	35% of the margin
Enel Green Power Colombia	Revolving credit facility	6	3M US Libor	3.20%	35% of the margin
EPM Eolica Dolores SA DE CV	Revolving credit facility	110	3M US Libor	4.70%	35% of the margin
EPM Eolica Dolores SA DE CV	Revolving credit facility	210	3M US Libor	0.00%	35% of the margin
EGP Magdalena Solar S.A de C.V	Revolving credit facility	50	3M US Libor	4.70%	35% of the margin
EGP Magdalena Solar S.A de C.V	Revolving credit facility	90	3M US Libor	5.06%	35% of the margin

Enel Green Power Mexico S.A.	Revolving credit facility	400	3M US Libor	2.70%	35% of the margin
Kino Contractor SA DE CV	Revolving credit facility	20	3M US Libor	4.70%	35% of the margin
Proveedora de Electricidad de Occidente S de RL de Cv	Revolving credit facility	15	3M US Libor	4.61%	35% of the margin
Parque Amistad II SA DE CV	Revolving credit facility	115	3M US Libor	4.70%	35% of the margin
Parque Amistad III SA DE CV	Revolving credit facility	70	3M US Libor	4.70%	35% of the margin
Parque Amistad IV SA DE CV	Revolving credit facility	90	3M US Libor	4.70%	35% of the margin
Enel Rinnovable SA DE CV	Revolving credit facility	20	3M US Libor	4.70%	35% of the margin
Enel Green Power Gene Solar	Revolving credit facility	5	3M US Libor	4.20%	35% of the margin
Enel Green Power Panama S.A.	Revolving credit facility	15	3M US Libor	2.80%	35% of the margin
Enel Green Power Peru S.A.	Revolving credit facility	225	3M US Libor	3.31%	35% of the margin
Facility Agreements denominated in CAD	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
EGP Canada INC	Revolving credit facility	70	3M CAD CDOR	2.00%	35% of the margin
Facility Agreements denominated in ZAR	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
EGP RSA PTY LTD	Revolving credit facility	1.800	3M ZAR JIBAR	10.00%	35% of the margin
Facility Agreements denominated in GBP	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
Tynemouth Energy Storage Lmtd	Revolving credit facility	9	3M GBP LIBOR	3.20%	35% of the margin
Facility Agreements denominated in RON	**Financial relationship**	**Commitment amount until Jun 30, 2019**	**Rate of Interest**	**Spread until Jun 30, 2019**	**Commitment fee until Dec 31, 2018**
Enel Trade Romania	Revolving credit facility	25	Fixed	0.63%	35% of the margin

10 Other current financial assets – Euro 1,477 million

Millions of euro

	at Jun. 30, 2019	at Dec. 31, 2018	Change
Cash collateral on derivatives	1,125	955	170
Current financial accrued income	352	258	95
Other current financial receivables	-	18	(18)
Total other current financial assets	**1,477**	**1,230**	247

Other current financial assets increased by Euro 247 million comparing with December 31, 2018 due to combined effect of an increase of Euro 170 in cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates and exchange rates; an increase of Euro 95 million in accrued income related to the long-term loan and short-term credit lines granted to Enel Group affiliate and a decrease of Euro 18 million in Group financial receivables.

While other current financial assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

11 Cash and cash equivalents – Euro 170 million

Cash and cash equivalent represent the cash availability deriving by the turnover of lending portfolio of the Company, temporary not invested in lending activities within Enel Group and placed in time deposits operations with primary bank counterparties.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash balances are mostly denominated in euro. Cash balances are not restricted by any encumbrances.

12 Shareholder's equity – Euro 1,560million

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 1.478.810.371 shares with nominal value of Euro 1,0 each increased by 1 share as a result of demerger of Enel Green Power International B.V.

Legal reserves includes reserves such as share premium reserve, reserve from effective portion of change in the fair value of cash flow hedges and reserve from cost of hedging.

Share premium reserve (legal reserve) – Euro 1,026 million

The reserve arises from the cross-border merger finalized during 2010 between Enel Finance International S.A. and Enel Trading RUS B.V. (Euro 43 million) and demerger of net assets from Enel Green Power International B.V. in October 2016 (Euro 983 million).

Reserve from effective portion of change in the fair value of cash flow hedges (legal reserve) – Euro (1,251) 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. Deferred taxes attributed to this reserve totaled to Euro 323 million. For more details about the nature, the recognition and classification of derivative financial assets and liabilities, please refer to the note 17.

Reserve from cost of hedge (legal reserve) – Euro (156) million

The reserve includes the "basis spread element" of the fair value of hedging instruments. As at 31 December 2018 the "basis spread element" totaled to Euro 196 million comparing with Euro 194 as at 31 December 2018. Deferred taxes attributed to this reserve totaled to Euro 40 million (as at 31 December 2018: Euro 40 million). For more details please refer to the note 17.

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

	at Jun. 30, 2019	at Dec. 31, 2018
Total Equity	1,560	1,745
Cash flow hedge reserve	(1,408)	(1,168)
Adjusted equity	2,967	2,913
Net financial result	54	99
Return of capital (*)	**2%**	**2%**

* 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 first half of 2019. The Company is not subject to externally imposed capital requirements.

13 Long-term loans and borrowings (including the portion falling due within twelve months for Euro 1,439 million) – Euro 26,715 million

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk see paragraph "*Risk management"*.

The aggregate includes long-term payables in respect of bonds, bank loans, revolving credit facility and other loans in Euro and other currencies.

The following table shows the nominal values, carrying amounts of long-term debt at 30 June 2019, including the portion falling due within 12 months, grouped by type of borrowing and type of interest rate:

Millions of Euro

	Balance	Nominal value	Portion falling due after more than 12 months	Current portion	Balance	Nominal value	Portion falling due after more than 12 months	Current portion
	at Jun.30 2019	**at Jun.30 2019**	**at Jun.30 2019**	**at Jun.30 2019**	at Dec.31 2018	at Dec.31 2018	at Dec.31 2018	at Dec.31 2018
Bond								
Listed Bond (Fixed rate)	13,410	13,967	12,614	796	12,387	12,963	12,262	125
Listed Bond (Floating rate)	447	450	447	-	446	450	446	-
Unlisted Bond (Fixed rate)	12,858	12,957	12,858	-	12,758	12,860	12,758	-
Total Bond	**26,715**	**27,374**	**25,919**	**796**	**25,591**	**26,273**	**25,466**	**125**

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

Millions of Euro

	at Jun. 30 2019	at Jun. 30 2019	at Dec.31 2018	at Jun. 30 2019	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*11,159*	*11,702*	*10,135*	*0.00%*	*0.00%*
US dollar	12,659	12,751	12,563	3.03%	3.88%
British pound	2,487	2,511	2,490	4.28%	4.46%
Swiss Franc	410	410	403	5.70%	5.82%
Total non-Euro currencies	*15,556*	*15,672*	*15,456*		
Total	**26,715**	**27,374**	**25,591**		

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
	at Dec.31 2018					**at Jun.30 2019**
Bonds in non-Euro currencies and Euro currency	26,273	1,004	-	-	97	27,374
Total long-term financial debt	**26,273**	**1,004**	**-**	**-**	**97**	**27,374**

The fair value of bonds as at 30 June 2019 amounted to Euro 28,845 million (Euro 27,345 million as at 31 December 2018).

Issue of new green bond in Europe for Euro 1,000 million

On 14 January 2019 the Company successfully placed its second green bond on the European market. It is reserved for institutional investors and is backed by a guarantee issued by Enel.

The issue amounted to total of Euro 1,000 million and provided for repayment in a single instalment at maturity on 21 July 2025 and the payment of a fixed rate coupon equal to 1.500%, payable annually in arrears in the month of July as from 2019. The issue price has been set at 98.565% and the effective yield at maturity is equal to 1.736%. The settlement date for the issue is 21 January 2019.

The net proceeds of the issue – carried out under Euro Medium-Term Notes Program – will be used to finance and/or refinance, in whole or in part, the eligible green projects of the Enel Group identified and/or to be identified in accordance with the "Green Bond Principles" published by the International Capital Market Association (ICMA).

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 Euro / Global Medium-Term Notes Programme and the Revolving Facility Agreement executed on December 18, 2017 by Enel S.p.A. and the Company with a pool of banks of up to Euro 10 billion.

For more detailed description, please see the 2018 financial statements.

14 Short-term loans and borrowings – Euro 4,817 million

Millions of Euro

	at Jun. 30, 2019	at Dec. 31, 2018	Change
Short-term borrowings from Enel Group companies	4,210	3,909	301
Commercial papers	500	1,454	(954)
Cash collaterals on derivatives	107	24	83
Short-term financial debt	**4,817**	**5,387**	**(570)**

Short-term borrowings

Short-term borrowings from Enel Group companies increased by Euro 301 million due to a combined effect of new borrowings and repayments

Main borrowings made in the first half of 2019 were made from:

- Enel Energia S.p.A in amount of Euro 500 million;
- Enel Iberia S.r.l. in amount of Euro 189 million;
- Enel Green Power Romania S.r.l. in amount of RON 250 million (equalent to Euro 53 million)

Main repayments made in the first half of 2019 were made to:

- Enel Servizio Elettrico S.p.A. in amount of Euro 357 million;
- Proveedora de Electricidad de Occidente S de RL de Cv in amount of MXN 1,270 million (equalent to Euro 86 million);

Foreign exchange losses totaled to Euro 2 million

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 30 June 2019 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 30 June 2019 was Euro 500 million (Euro 1,454 million at 31 December 2018).

15 Other current financial liabilities – Euro 590 million

Other current financial liabilities amounted to Euro 590 million and increased by Euro 161 million and mainly related to interest expenses accrued on debt outstanding at 30 June 2019.

16 Fair value measurement

In compliance with the disclosure requirements under paragraph 15B 9(k) of IAS 34, the Company determines fair value in conformity with IFRS 13 any time that treatment is required by an international accounting standard.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs to valuation techniques used to measure fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the company has access at the measurement date;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no changes in the level of the fair value hierarchy used for purposes of measuring financial instruments compared with the most recent annual report. The methods used in measuring Level 2 and 3 fair value are consistent with those used in the most recent annual report.

17 Hedging activities and derivatives

For a more complete discussion of the hedging instruments used by the Company to manage the various risks associated with its business, please see the financial statements at 31 December 2018.

The folloing table reports the fair value of derivative contracts classified under non-current assets, broken down by type of risk and designation.

Milions of euro	**Non Current**				**Current**			
	Notional amount		Fair value		Notional amount		Fair value	
	Jun. 30 2019	Dec 31 2018	**Jun. 30 2019**	Dec 31 2018	**Jun. 30 2019**	Dec 31 2018	**Jun. 30 2019**	Dec 31 2018
DERIVATIVE ASSETS								
Cash flow hedge								
on interest rate risk	831	833	42	11	-	-	-	-
on foreign exchange risk	5,613	5,005	182	116	90	162	7	1
Total	**6,444**	**5,838**	**225**	**127**	**90**	**162**	**7**	**1**
At fair value through profit or loss								
on interest rate risk	481	478	42	15	-	-	-	-
on foreign exchange risk	-	-	-	-	2,599	2,812	34	30
Total	**481**	**478**	**42**	**15**	**2,599**	**2,812**	**34**	**30**
TOTAL DERIVATIVE ASSETS	**6,925**	**6,316**	**267**	**141**	**2,689**	**2,974**	**41**	**31**
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	3,900	4,650	(390)	(248)	-	-	-	-
on foreign exchange risk	9,968	10,571	(1,068)	(880)	2,329	2,117	(53)	(18)
Total	**13,868**	**15,221**	**(1,458)**	**(1,128)**	**2,329**	**2,117**	**(53)**	**(18)**
At fair value through profit or loss								
on interest rate risk	481	478	(45)	(17)	-	-	-	-
on foreign exchange risk	-	-	-	-	304	633	(2)	(9)
Total	**481**	**478**	**(45)**	(17)	**304**	**633**	**(2)**	(9)
TOTAL DERIVATIVE LIABILITIES	**14,349**	**15,698**	**(1,503)**	**(1,145)**	**2,633**	**2,750**	**(55)**	**(27)**

18 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 centralizing 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 30 June 2019 and 30 June 2018 respectively:

Millions of euro	Receivables	Payables	Income	Cost
	at Jun. 30, 2018		**1st half 2018**	
Shareholder				
Enel S.p.A	6,307	175	59	33
(Subtotal)	*6,307*	*175*	*59*	*33*
Other affiliated companies				
Villanueva Solar S.A. de C.V.	52	-	10	(2)
EE0105a Proyecto Solar Villanueva Tres S.A. de	37	-	8	(2)
Proyecto Solar Don JosA S.A. de C.V.	26	-	6	(1)
Energia Limpia de Amistad, S. de R.L. de C.V.	73	-	6	-
Enel Green Power Peru (USD)	196	-	9	-
Slovak Power Holding BV	251	-	7	1
Enel Green Power Romania	-	95	1	1
Parque Salitrillos, S.A. de C.V.	70	-	3	-
EGP Argentina	2	-	0	-
Enel Green Power Australia	1	1	1	1
nel Green Power Canada Inc.	38	-	8	4
Tynemouth Energy Storage Limited	9	-	0	-
Enernoc, Inc	3	-	6	-
ENEL DISTRIBUCION CEARA S.A.	71	-	5	-
El Paso Solar S.a.s	62	-	2	-
Enel Rinnovabile,S.A. de C.V.	12	-	1	-
Dolores Wind, S.A. de C.V.	105	-	6	2
Parque Amistad II, S.A. de C.V.	75	-	4	2
Parque Amistad III, S.A. de C.V.	27	-	2	2
Parque Amistad IV, S.A. de C.V.	30	1	3	2
EGP Hellas	308	-	11	-
ENDESA	3,015	-	45	-
ENEL BRASIL	2,279	-	163	-
Enel Green Power Costa Rica	-	3	-	-
e-distribuzione S.p.A.	5,561		168	-
Enel X International srl	2	-	-	-
Enel Energia	-	1,500		-
Parque Eolico Pampa	3		0	-
Enel Iberia SRL	4,415	311	105	(1)
Enel Fortuna SA	-	27	0	-
EGP Bulgaria EAD	10	-	0	-

Enel Green Power Spa GLO	-	-	54	-
Enel Green Power Spa IT	4,339	0		-
ENEL INVESTMENT HOLDING BV	-	7		-
Enel Green Power North America Inc.	-		2	1
Enel Green Power Panama SA	58		2	-
EE2030a Enel Produzione IT	3,517		56	-
EE2120a Enel Servizio Elettrico		2,114		6
EE2150a Enel Sole	101		1	-
EE2155a EGP Magdalena Solar, S.A. de C.V.	56	-	2	2
EE2200a Enel Global Trading S.p.A. IT	401		4	1
EE2295a Enel Distribuicao Sao Paulo	100		6	-
EE2840a Generadora Montecristo SA		43		1
EE3180a Enel Green Power Mexico	218		9	1
EE3830a P.H. Chucas SA	106		6	-
EE4230a Proveedora de Electricidad de Occidente	-	113	4	10
EE6660a Enel Green Power Colombia SAS	5	-	-	-
EE7930a Kalenta SA	16	-	-	-
EE8110a Dominica Energia Limpia S. de R.L. de	43	-	4	-
EE8120a Energias Renovables La Mata S.A.P.I. de	100	-	5	-
EE8620a Enel Green Power Rsa (PTY) Ltd	100	-	6	1
EE8800a Estrellada S.A.	-	-	(2)	
EE8870a Kongul Enerji Sanayi Ve Ticaret Anonim	-	3	1	1
EE9170a PARQUE EOLICO RENAICO SPA	565	-	27	-
EE9510a Energia Limpia de Palo Alto, S. de R.L. de	156	-	6	-
EE9520a Vientos de Altiplano, S. de R.L. de C.V.	27	-	3	-
EE9840a ESTRELLA SOLAR	-	-	-	-
EE9900a ENEL CHILE	-	-	2	6
(Subtotal)	*26,996*	*4,216*	*780*	*39*
Total	***33,302***	***4,392***	***839***	***72***

Millions of euro

	Receivables	Payables	Income	Cost
	at Dec. 31, 2018		**1st half 2018**	
Shareholder				
Enel S.p.A	3,735	756	40	35
(Subtotal)	*3,735*	*756*	*40*	35
Other affiliated companies				
E-distribuzione SpA	6,566	-	169	-
Enel Iberia, SRL	5,260	100	115	(1)
Enel Produzione S.p.A.	3,520	-	56	-
Enel Energia S.p.A.	-	500	-	-
Enel Servizio Elettrico S.p.A.	-	2,560	-	7
Enel Trade SpA	500	-	1	-
EL PASO SOLAR SAS	2	-	1-	-
Enel Investment Holding B.V.	0	1,087		
Enel Green Power Peru	81	-	10	2
Energia Limpia de Amistad, S. de R.L. de C.V.	97	0	17	1
ENERNOC INC	365	0	5	-
ENDESA S.A.	3,018	-	46	1
EGP Bulgaria EAD	18	-	0	-
Enel Sole S.r.l.	101	-	1	-
Enel Green Power S.p.A.	3,484	4	11	-
Enel Green Power Chile Ltda	0	65	4	10
Enel Green Power Costa Rica	0	8	0	1
P.H. Chucas SA	119	0	7	-
Generadora Montecristo SA	0	34	0	3-
Enel Green Power Mexico	83	1	7	-
Proveedora de Electricidad de Occidente Srl de cv	13	5	3	6-
Enel Green Power Panama SA	58	-	3	-
Enel Green Power Romania	0	-	0	-
EGP HELLAS	270	-	9	(1)

Enel Green Power Canada Inc.	0	8	0	-
Enel Green Power North America Inc.	395	-	65	6
Kalenta SA	21	-	0	-
Dominica Energia Limpia S. de R.L. de C.V.	259	-	11	(12)
Energias Renovables La Mata S.A.P.I. de C.V.	108	-	7	6-
Enel Green Power Rsa (PTY) Ltd	29	-	2	3-
Estrellada S.A.	44	-	3	-
Kongul Enerji Sanayi Ve Ticaret Anonim Sirketi	0	4	2	-
PARQUE EOLICO RENAICO SPA	537	0	33	-
Energia Limpia de Palo Alto, S. de R.L. de C.V.	111	-	7	(1)
Vientos de Altiplano, S. de R.L. de C.V.	91	-	4	2
Erdwärme Oberland Gm	0	1		
Villanueva Solar, S.	259	-	24	4
Enel OpEn Fiber S.p.A.	220	-	3	-
Parque Salitrillos,	19	-	4	2-
Proyecto Solar Don José, S.A. De C.V.	146	-	13	(1)
Proyecto Solar Villanueva Tres, S.A. De C.V.	206	-	13	(2)
Enel Rinnovabile,S.A. de C.V.	-	-	1	-
Dolores Wind, S.A. de C.V.	-	-	0	1
Parque Amistad II, S.A. de C.V.	-	-	(2)	(3)
Enel X International srl	-	-	1	(2)
Enel Holding Cile Srl	-	-	2	7
(Subtotal)	***26,000***	***4,377***	***658***	***39***
Total	**29,735**	**5,133**	**698**	**74**

For further details of the each relation with related parties please refer to notes 6, 9, 14.

19 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.

20 Offsetting financial assets and financial liabilities

At 30 June 2019, the Company did not hold offset positions in assets and liabilities, as it is not the Enel policy to settle financial assets and liabilities on a net basis.

21 Compensation of Directors

The emoluments of the Company Directors as intended in Section 2:383 (1) of the Dutch Civil Code, which were charged in the fist half of 2019, amounted to Euro 87 thousand (Euro 87 thousand in 2017) represented short-term employee benefits and summarized in the following table:

Thousands of euro

	at Jun. 30,2018	at Dec. 31, 2017
A.J.M. Nieuwenhuizen	14.50	14.50
H. Marseille	14.50	14.50
E. Di Giacomo	14.50	14.50
J. Homan	-	-
A. Canta	-	-
Total	**43.5**	**43.5**

Amsterdam, 24 July 2019

A. Canta

E. Di Giacomo

J. Homan

H. Marseille

A.J.M. Nieuwenhuizen