Annual Report
of Enel Finance International N.V.
at 31 December 2020

Contents

Director's report

General information

The Management of the Company hereby presents its financial statements for the financial year ended on 31 December 2020.

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 (direct parent) and 25.01% of the shares are held by Enel S.p.A., both companies, have their seats in Rome, Italy. 100% of the shares of Enel Holding Finance S.r.l. are held by Enel S.p.A. Therefore, 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 for the Enel Group ("Enel"), 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 2020

Financial assets sale and new loan to Enel Italia S.p.A.

In January 2020 in several loans initially granted to Enel S.p.A. from the Company, the lender was substituted to Enel Italia S.p.A- sub-holding company under direct control of Enel S.p.A. . The transaction was executed as a result of spin-off of business unit , aiming to separate the resources dedicated to the management of the various Italian businesses from the global functions and foreign investments.

On 20 April 2020 the Company sold the long-term loans granted to E-Distribuzione S.p.A, Enel Produzione S.p.A and Enel Sole S.p.A. with outstanding nominal value of Euro 7,600 million to Enel Italia S.p.A. Cash consideration of the deal totaled to Euro 706 million.

At the same date a new long-term loan was granted to Enel Italia S.p.A with the total amount up to Euro 6,500 million.

The first "Sustainability-Linked bond "on the sterling market

On 13 October 2020 the Company launched a single-tranche "sustainable" bond for institutional investors on the sterling market totaling 500 million pounds sterling, equivalent to about 548 million euros.

This bond issue, the first of its kind on the sterling market, is intended to meet the Enel's ordinary financing needs and follows the adoption by Enel of a "Sustainability-Linked Financing Framework" ("Framework"), that presents the whole Sustainability-Linked financing strategy across multiple funding solutions (commercial papers, loans and bonds), fully integrating sustainability into the Group's global funding program. The Framework is aligned with the International Capital Market Association's (ICMA) "Sustainability-Linked Bond Principles" and Loan Market Association's (LMA) "Sustainability-Linked Loan Principles", as verified by the Second-Party Provider Vigeo Eiris.

In line with the Framework, the bond is linked to the Key Performance Indicator (KPI) of "Renewable Installed Capacity Percentage" (i.e., the percentage of consolidated renewable installed capacity on total consolidated installed capacity) and to the related achievement of a Sustainability Performance Target ("SPT") equal to or greater than 60% by 31 December 2022 (as of 30 June 2020, the figure was equal to 51.9%). To ensure the transparency of the results, the achievement of the target will be certified by a specific assurance report issued by an external auditor engaged for this purpose.

The issuance has been structured as a single tranche issue of 500 million pounds sterling paying an internal rate of 1.000% maturing 20 October 2027. The issue price has been set at 99.747% and the effective yield at maturity is equal to 1.038%. The settlement and consequent recognition date for the issue is 20 October 2020.

The interest rate will remain unchanged to maturity subject to achievement of the SPT indicated above as of 31 December 2022. If per that date the target is not achieved, a step-up mechanism will be applied, increasing the rate by 25 bps as of the first interest period subsequent to the publication of the assurance report of the auditor (the first interest period is expected to be 20 October 2023).

The bond reflects the commitment of Enel, leading private electricity company in the world by renewable installed capacity, to contribute to the achievement of SDG 7.2, i.e. "Increase substantially the share of renewable energy in the global energy mix by 2030".

Alongside the issue, Enel has signed a new and innovative "Sustainability-Linked Cross Currency Swap" with a bank, to be hedged against the pound sterling-euro exchange rate and interest rate risk. The unique feature of this derivative instrument is the commitment of both counterparties to achieve specific and ambitious SPTs, with a discount in the cost of the transaction based on the ability of each counterparty to meet its respective SPT.

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 loans and facility agreements granted to Enel Group Companies in the notes 6 and 9 of the financial statements.

Overview of the Company’s performance and financial position

Analysis of the Company financial position

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Net non-current assets:			
-other non-current financial assets	182	534	(352)
-other non-current financial liabilities	(1,590)	(899)	(691)
Total net non-current assets / (liabilities)	**(1,408)**	**(365)**	**(1,043)**
Net current assets / (liabilities):			
-net tax payable	(46)	(16)	(30)
-other current financial assets	244	240	4
-other current activities	-	-	-
-other current financial liabilities	(398)	(423)	25
-other current liabilities	(2)	(1)	(1)
Total net current assets / (liabilities)	**(202)**	**(200)**	**(2)**
Gross capital employed	**(1,610)**	**(565)**	**(1,045)**
Provisions:			
-deferred tax assets/ (liabilities)	-	318	(318)
Total provisions	**-**	**318**	
Net Capital Employed	**(1,610)**	**(247)**	**(1,363)**
Total Shareholders' Equity	**2,116**	**1,870**	**246**
Net financial debt	**(3,726)**	**(2,117)**	**(1,609)**

The net non-current liabilities at 31 December 2020 increased by Euro 1,043 million compared to 31 December 2019 mainly due to the negative change of fair value of derivatives (Euro 1,047 million) partly offset by a decrease of net financial deferred income (Euro 4 million).

Net current liabilities totaled Euro 202 million with an increase of Euro 2 million compared to 31 December 2019 mainly due to an increase of tax payable (Euro 30 million) and a decrease of interest receivables (Euro 35 million).

This increase was partly offset by a decrease of interests accrued for bonds and deposits (Euro 23 million), an increase of derivatives (Euro 32 million) and an increase of other current assets (Euro 8 million).

Deferred taxes decreased by Euro 318 million due to lack of reasonable certainty of their recoverability.

Net capital employed stood at negative 1,610 million at 31 December 2020, up Euro 1,363 million compared to the same period of 2019. The variation is due to the decrease of the Net Financial Debt (Euro 1,609 million) and increase of shareholders’ equity (Euro 246 million).

The net-debt-to-equity ratio at 31 December 2020 came to a negative 176% (negative 113% at 31 December 2019). Please see Note 12 of financial statements for more detailed information about Capital Management.

Net financial debt

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Long-term debt:			
- bonds	28,858	30,066	(1,208)
Long-term debt	*28,858*	*30,066*	*(1,208)*
- loans to Group companies	(31,662)	(24,398)	(7,264)
Long term financial receivables	*(31,662)*	*(24,398)*	*(7,264)*
Net long-term financial debt	**(2,804)**	**5,668**	**(8,472)**
Short-term debt / (liquidity):			
- bonds (short-term portion)	532	674	(142)
- l/t receivables due from Group companies (short-term portion)	(515)	(2,544)	2,029
Current amount of long-termt net financial debt	*17*	*(1,870)*	*1,887*
- commercial paper	2,739	500	2,239
- short-term loans from Group companies	461	2,547	(2,086)
Short-term loans	*3,200*	*3,047*	*153*
- short-term financial receivables due from Group companies	(402)	(3,333)	2,931
- cash collateral on derivatives	(1,290)	(283)	(1,007)
- other sundry receivables		0	0
- financial Service Agreement with Enel S.p.A.	(2,275)	(5,136)	2,861
- cash and cash equivalents	(172)	(210)	38
Cash and cash equivalents and short-term financial receivables	*(4,139)*	*(8,962)*	*4,823*
Net short-term financial debt	**(922)**	**(7,785)**	**6,863**
NET FINANCIAL DEBT	**(3,726)**	**(2,117)**	**(1,609)**

Net financial debt amounted to negative Euro 3,726 million at 31 December 2020 (Euro 2,117 million at 31 December 2019).

Net long-term financial debt totaled to negative Euro 2,804 million, having a sharp change by Euro 8,472 million due to an increase of long-term financial receivables (Euro 7,264 million) and a decrease of long-term debt (Euro 1,208 million).

Bonds stood at Euro 28,858 million decreased by Euro 1,208 million mainly due to foreign exchange effect (Euro 1,324 million) on the outstanding bonds denominated in non-Euro currencies and reclassification due to at maturity 2021 within the current financial liabilities (Euro 532 million).

This decrease was partly offset by the issuance of GBP SDG bond (Euro 548 million) and amortized costs for the period (Euro 101 million).

Long-term financial receivables totals to Euro 31,662 million increased by Euro 7,264 million compared to the same period of 2019 mainly due to new loans granted to Enel S.p.A. and transfer of loans initially granted to E-Distribuzione S.p.A, Enel Sole S.r.l. to Enel Italia S.p.A. partly offset by repayment of loan granted to Enel Green Power S.p.A

Net short-term financial liquidity decreased by Euro 6,863 million to Euro 922 million with the change principally referring to:

- decrease of service agreement with Enel Spa (Euro 2,861 million);
- transfer of loan initially granted to Enel Produzione S.p.A. to Enel Italia S.p.A. (Euro 2,000);
- decrease of outstanding amount of revolving lines granted to Group companies and other receivables (Euro 2,931 million);
- repayment of current portion of loans (Euro 548 million);
- issue of commercial papers (Euro 2,239 million);
- decrease of cash and cash equivalents (Euro 38 million);
- reclassification of bond within the current financial liabilities (Euro 532 million);

This decrease was partly offset by:

- increase of cash collaterals on (Euro 1,007 million);
- repayment of bonds (Euro 674 million);
- decrease of deposits placed by Group companies (Euro 2,086 million);
- reclassification of current portion of long-term loans (Euro 515 million);
- decrease of impairment allowance over short-term financial receivables and current portion of long-term loans (Euro 4 million).

At 31 December 2020 gross financial debt amounted to Euro 32,590 million increased by Euro 1,197 million on the previous year.

Millions of Euro

	at Dec. 31, 2020			at Dec. 31, 2019		
	Gross long-term debt	Gross short-term debt	Gross debt	Gross long-term debt	Gross short-term debt	Gross debt
Gross financial debt	29,390	3,200	32,590	30,740	3,047	33,787
of which:						
-debt linked with the achievement of SDGs	7,707	-	7,707	7,260	-	7,260
Debt connected with achievement of SDGs/Total gross financial debt (%)			24%			21%

Gross long-term debt (including the short-term portion) amounted to Euro 29,390 million, of which Euro 7,707 million in respect of financing connected with achievement of SDG.

Main Risks and uncertainties

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

Methodology

Enel Finance International N.V. ("EFI") adopts risk governance and control arrangements defined at Group level, applicable for all wholly owned companies and companies with controlling interest, with specific reference to financial risks (market, credit and liquidity risks). In order to mitigate its risk exposure, the Company conducts specific analysis, monitoring, management and control activities.

The Company operates within Treasury Guidelines, which provide capital markets and treasury operational framework. Based on current power of attorney, hedging 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 reasonable assurance that risks are properly assessed and managed to achieve business objectives.

The most significant risks and the risk reduction measures taken

The Company is willing to bear a low-to-moderate level of residual risk for those factors that are intrinsically related to the pursuit of its mission of providing financial services, including funding, lending and liquidity management, to Enel Group companies, namely liquidity, interest rate, foreign exchange, credit and counterparty risk.

Additionally, the Company, as a global issuer, is exposed to compliance risks with applicable laws and regulation, as well as fiscal risk. No risk appetite is defined for compliance risks and the Company control activities aim at ensuring full compliance and consequently, no residual risk is acceptable.

Financial risks

Credit risk and counterparty risk

Lending and hedging transactions expose the Company to credit and counterparty risk, i.e. the possibility of a deterioration in the creditworthiness of its counterparties that could have an adverse impact on the expected value of the creditor position or could lead to a failure to honor their obligations.

The lending activity is the most important source of credit risk, and, for the very nature of its activity, the Company is prepared to bear a medium level of risk. However, such level of risk is mitigated as borrowers are related parties and in case of specific risk situations, deemed not in line with acceptable level, has been further reduced receiving a guarantee by a relevant shareholder with higher creditworthiness.

The Company has a consistent counterparty risk exposure to banking counterparties, stemming from derivative transactions traded for hedging purposes and short term treasury activity. The Company has a very low appetite to counterparty risk and pursues risk mitigation through the selection of counterparties with a high credit standing and the adoption of specific standardized contractual frameworks that contain risk mitigation clauses and possibly the exchange of cash collateral.

Liquidity risk

Liquidity risk is the risk that the Company, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to situations of tension or systemic crises (credit crunches, sovereign debt crises, etc.) or changes in the perception of Company riskiness by the market.

Among the factors that define the risk perceived by the market, the credit rating assigned to Enel Finance International NV by rating agencies plays a decisive role, since it influences its ability to access sources of financing and the related financial terms of that financing. A deterioration in the credit rating could therefore restrict access to the capital market and/or increase the cost of funding, with consequent negative effects on the performance and financial situation of the Company. In 2021, Moody's has revised its rating for Enel upwards, from "Baa2" to "Baa1". Accordingly, at the end of the year, Enel's rating was: (i) "BBB+" with a stable outlook for Standard & Poor's; (ii) "A-" with a stable outlook for Fitch; and (iii) "Baa1" with a stable outlook for Moody's. Short-term rating at the end of the year was: (i) "A-2" for Standard & Poor's; (ii) "P-2" for Fitch; and (iii) "F2" for Moody's.

EFI liquidity risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon, without having recourse to additional sources of financing, as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Company can meet its medium and long-term commitments, EFI pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile. Additionally, ENEL SpA is the guarantor for the repayment of the issued Bonds and Commercial Papers, which is a relevant consideration for management with respect to their liquidity risk management procedures.

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

Exchange rate

Due to its international funding and lending activity, the Company is significantly exposed to exchange rate risk associated with cash flows and value of financial assets and liabilities denominated in foreign currencies.

Consistently with Enel Group risk policy and with the Company low risk appetite, the currency profiles of funding and lending portfolios are balanced by making recourse to derivative transactions, with the aim of minimizing the residual exposure, or by means of a back to back structure to prevent high hedging fee associated to not liquid currencies or in the case of high volatility in the underling financial operation.

Interest rate risk

The Company is exposed to the risk that changes in the level of interest rates could produce unexpected changes in net financial expense or the value of financial assets and liabilities measured at fair value, related to its funding, lending and hedging portfolios.

The exposure to interest rate risk derives mainly from the variability of the terms of financing and lending, in case of new issues, and from the variability of the cash flows of floating-rate assets and liabilities.

The policy for managing interest rate risk aims to contain financial expense and its volatility by optimizing the Company's portfolio of financial assets and liabilities and by entering financial derivatives on OTC markets.

A certain level of interest rate risk is intrinsic in the Company's mission and has been actively managed to ensure value creation.

Compliance risks

Fiscal risk

The Company may be subject to unfavorable 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 adopts a conservative approach based on an open collaboration with tax authorities.

Compliance with current legislation

The Company is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards. Internal monitoring activities allow prompt identification of possible breaches of compliance and consequent remediation actions, when needed.

Compliance with bond and loan agreements

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

Internal monitoring activities allow prompt identification of possible breaches of compliance and consequent remediation actions, when needed.

COVID-19 Impact

The outbreak of COVID-19 does not directly and significantly affect the ability of the Company and its ultimate Parent to continue as a going concern. The volatility and uncertainty of the financial markets during the pandemic, mostly return to pre-COVID-19 levels and their impact in any case were offset by risk mitigation actions taken by the Company.

There are no significant changes in estimates of the recoverability of financial receivables. None of borrowers has asked for forbearance or payment moratoria measures.

Summary table

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

Risk area	Risk component	Source of risk	Risk control	Risk appetite	Risk mitigation	Impact of Company's results after risk mitigation
Financial risks	Credit and counterparty risk	Lending activity Cash deposits, derivatives	Financial Risk Policy	**Medium**	Related parties High credit profile, cash collaterals	**Medium / Low**
	Liquidity risk	Different maturity of funding and lending facilities Liquidity surplus	Financial Risk Policy Monthly analysis of funding-lending cash flows	**Medium**	Matching of short-term cash-in and cash-out Available credit lines Sufficient level of available cash and cash equivalents	**Low**
			Financial Risk Policy	**Medium**	Full hedging	**Low**

	Exchange rate	Non-Euro denominated funding and lending	Treasury Guidelines		policy with derivatives	
	Interest rate	Floating rate facilities	Financial Risk Policy Treasury guidelines	Low	Hedging policy with derivatives	Low
		Future unknown market conditions		Medium		Medium
compliance risks	Fiscal	Change in applicable tax laws or policy	Collaboration with tax authorities	Nil	Collaboration and regular reconciliations with tax authorities Monitoring of significant changes	Very low
	Compliance with current legislation	Remote cases of systems disruption, new business processes to be integrated within existing compliance processes, possible regulatory uncertainties	Internal control system	Nil	Permanent improvement of internal control system and procedures	Very low
	Compliance with bond and loan agreements	Covenants	Covenants monitoring	Nil	Preventive analysis of covenants compliance	Very low

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

In 2020 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 2020 risk was fully covered by corresponding derivatives.

	at Dec. 31, 2020					
million euro	Gross debt		Derivatives		After risk mitigation	
	Book value	Notional value				
Euro	**13,060**	**13,510**	**45.12%**	**16,431**	**29,941**	**100.00%**
US dollar	12,971	13,040	43.55%	(13,040)	-	0.00%
British pound	3,031	3,062	10.23%	(3,062)	-	0.00%
Swiss franc	328	329	1.10%	(329)	-	0.00%
Total Non-Euro	**16,330**	**16,431**	**54.88%**	**(16,431)**	-	**0.00%**
Total	**29,390**	**29,941**	**100.00%**	-	**29,941**	**100.00%**

At 31 December 2019 risk was fully covered by corresponding derivatives.

million euro	at Dec. 31, 2019					
	Gross debt			Derivatives	After risk mitigation	
	Book value	Notional value				
Euro	**13,547**	**14,082**	**44.86%**	**17,309**	**31,391**	**100.00%**
US dollar	14,155	14,247	45.39%	(14,247)	0	0.00%
British pound	2,619	2,643	8.42%	(2,643)	0	0.00%
Swiss franc	419	419	1.33%	(419)	0	0.00%
Total Non-Euro	**17,193**	**17,309**	**55.14%**	**(17,309)**	**0**	**0.00%**
Total	**30,740**	**31,391**	**100.00%**	**0**	**31,391**	**100.00%**

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 2020 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	at Dec. 31, 2020			
	Before risk mitigation		After risk mitigation	
Floating rate	450	1.5%	50	0.2%
Fixed rate	29,491	98.5%	29,891	99.8%
Total	**29,941**	**100.0%**	**29,941**	**100.0%**

The table below represented the exposure to interest risk in 2019.

million euro	at Dec. 31, 2019			
	Before risk mitigation		After risk mitigation	
Floating rate	450	1.4%	50	0.2%
Fixed rate	30,941	98.6%	31,341	99.8%
Total	**31,391**	**100.0%**	**31,391**	**100.0%**

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 arm's length basis in line with Standard intra-Group contract market prices.

Outlook

The Company should evolve normally during 2021, with the aim to maintain the same funding and lending activities currently ongoing, keeping on supporting Enel Group in its developing and consolidation process.

The outbreak of Coronavirus does not impact the assessment of the ability to continue as a going concern. Notwithstanding in a context of greater uncertainty and volatility it is not possible to make a reasonable estimate of the quantitative impact.

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"), since it has issued listed bonds on EU-regulated markets, 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.

The gender diversity within the Board members of the Company is currently 20%. The Company does not have its own diversity policy, but follows the diversity policy of Enel S.p.A., which strives for example to have equal hiring of male/female and to increase the number of female managers. 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.

Remuneration of Directors is defined 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 appropriateness 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 internal control system for financial reporting did not identify any material issues.

On 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 the commitment 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

On 5 March 2021 Enel S.p.A. and Enel Finance International N.V. signed the sustainability-linked revolving credit facility for an amount of 10 billion euros and a maturity of five years.

Based on the achievement of a Direct Green House Gas Emissions amount equal to or lower than 148 gCO2eq/kWh by 31 December 2023, the revolving credit line provides for a step-up/step-down mechanism that will impact the margin applicable to subsequent drawings of the line and commitment fees for any unused portion of the credit facility.

The Facility replaces the previous 10 billion euro revolving credit line signed by Enel S.p.A and Enel Finance International N.V. in December 2017. The cost of the new credit facility varies on the basis of the pro tempore rating assigned to Enel, and based on the current rating, presents a spread of 40 bps above Euribor (the Euribor presents a floor at zero); the commitment fee is equal to 35% of the spread. The new Facility presents a lower all-in cost compared to the previous one.

Reporting of non-financial information

Enel Group, in the implementation of the new EU (Directive 2014/97/EU) and national legislation that has been introduced as mandatory of non-financial information from 2020 financial year for large public-interest entities, has drafted a “Consolidated 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 31 December 2020 the Company had, other than the directors, eleven employees (eleven people at 31 December 2019). Average headcount comprised ten people (ten people for the 2019). All people worked in the Netherlands.

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 2020 and the developments during the financial year 2020;

- 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 its financial statement is audited by KPMG Accountants N.V. The company complies with the conditions of article 3:2 Wft and therefore makes use of the group financing company exemption"

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 has to comply with this transparency Directive, since the nominal value for certain bonds is lower than EUR 100.000. 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 2020 fiscal year (by 30 April 2021);
- 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 2020 fiscal year (by 30 April 2021).

Amsterdam, 29 April 2021

A. Canta

E. Di Giacomo

J. Homan

H. Marseille

A.J.M. Nieuwenhuizen

Financial statements

for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Statement of comprehensive income

Millions of euro	Note	2020	2019 (restated)
Interest income			
Interest income	1	757	1,285
Other income	1	710	0
	(Subtotal)	**1,467**	**1,285**
Interest expenses			
Interest expenses	1	(1,212)	(1,249)
Other expenses	1	(4)	0
	(Subtotal)	**(1,216)**	**(1,249)**
Net interest income / (expense)		**251**	**36**
Other operating expense	2	(5)	(3)
Financial income			
Financial income from derivatives	3	686	900
Other financial income	3	1,424	265
	(Subtotal)	**2,110**	**1,165**
Financial expense			
Financial expense from derivative	3	(1,716)	(511)
Other financial expense	3	(345)	(538)
	(Subtotal)	**(2,061)**	**(1,049)**
Net financial income / (expense)		**49**	**116**
Income / (Loss) before taxes		**295**	**149**
Income Taxes	4	78	69
Net income / (loss) for the year (attributable to the shareholders)		**217**	**80**
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	130	(27)
- Change in the fair value of costs of hedging net of deferred taxes	17	(101)	72
Total comprehensive income / (loss) for the period (attributable to the shareholders)		**246**	**125**

Statement of financial position

Millions of Euro	Note	at Dec.31, 2020	at Dec.31, 2019
ASSETS			
Non-current assets			
Deferred tax assets	5	0	327
Long-term loans and financial receivables	6	31,662	24,398
Derivatives	7	144	493
Other non-current financial assets	8	37	41
	(Subtotal)	**31,843**	**25,259**
Current assets			
Current portion of long-term loans and financial receivables	6	515	2,544
Short-term loans and financial receivables	9	2,677	8,469
Derivatives	7	54	23
Other current financial assets	10	1,579	793
Other current assets		8	1
Cash and cash equivalents	11	172	210
	(Subtotal)	**5,005**	**12,040**
TOTAL ASSETS		**36,848**	**37,299**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	12	1,479	1,479
Share premium reserve	12	1,026	1,026
Cash flow hedge reserve	12	(911)	(1,041)
Cost of hedging reserve	12	(183)	(82)
Retained earnings	12	488	408
Net income for the period	12	217	80
Total shareholder's equity		**2,116**	**1,870**
Non-current liabilities			
Long-term loans and borrowings	13	28,858	30,066
Deferred tax liabilities	5	0	9
Derivatives	7	1,539	841
Other non-current financial liabilities		51	59
	(Subtotal)	**30,448**	**30,975**
Current liabilities			
Income tax payable		46	17
Current portion of long-term loans	13	532	674
Short-term loans and borrowings	14	3,305	3,339
Derivatives	7	4	5
Other current financial liabilities	15	395	418
Other current liabilities		2	1
	(Subtotal)	**4,284**	**4,454**
TOTAL EQUITY AND LIABILITIES		**36,848**	**37,299**

Statement of changes in equity

Millions of euro

	Share capital	Share premium reserve	Cash flow hedge reserve	Costs of hedging reserve	Retained earnings	Net income for the period	**Equity attributable to the shareholders**
At January 1, 2019	**1,479**	**1026**	**(1,014)**	**(154)**	**309**	**99**	**1,745**
Allocation of net income from the previous year	-	-	-	-	99	*(99)*	-
Comprehensive income for the year:	-	-	(27)	72	-	-	45-
of which:							
- other comprehensive income (loss) for the period	-	-	*(27)*	*72*	-	-	*45-*
- net income for period	-	-			-	*80*	*80*
At January 1, 2020	**1,479**	**1,026**	**(1,041)**	**(82)**	**408**	**80**	**1,870**
Allocation of net income from the previous year	-	-	-		80	(80)	-
Comprehensive income for the year:	-	-	130	(101)	-	-	29
of which:							
- other comprehensive income (loss) for the period	-	-	*130*	*(101)*	-	-	*29*
- net income for period	-	-	-		-	*217*	*217*
At December 31, 2020	**1,479**	**1,026**	**(911)**	**(183)**	**488**	**217**	**2,116**

Statement of cash flows

Millions of euro	Note	2020	2019
Income for the period		**217**	**80**
Adjustments for:			
Interest (income)	1	(757)	(1,285)
Interest expense	1	1,212	1,249
Other income	1	(710)	-
Other expense	1	4	-
Financial (income)	3	(2,110)	(1,165)
Financial expense	3	2,061	1,049
Income taxes	4	78	69
(Increase)/Decrease in financial and non-financial assets/liabilities		(672)	390
Interest income and other financial income collected		777	1,294
Interest expense and other financial expense paid		(1,147)	(1,182)
Income taxes paid		(32)	(7)
Cash flows from operating activities (a)		**(1,079)**	**492**
New loans granted to Enel S.p.A. and affiliates		*(14,946)*	*(7,476)*
Repayments and other movements from Enel S.p.A. and affiliates		*15,935*	*4,666*
Cash flows from investing/disinvesting activities (b)		**989**	**(2,810)**
Financial debt (new borrowings)	13,14	2,990	4,868
Financial debt (repayments and other changes)	13,14	(2,938)	(2,441)
Cash flows from financing activities (c)		**52**	**2,427**
Increase/(Decrease) in cash and cash equivalents (a+b+c)		(38)	109
Cash and cash equivalents at the beginning of the year		**210**	**101**
Cash and cash equivalents at the end of the year		**172**	**210**

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 (direct parent) and 25.01% of the shares are held by Enel S.p.A., both companies, have their seats in Rome, Italy. 100% of shares of Enel Holding Finance S.r.l. are held Enel S.p.A.

Therefore, 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 Board of Directors 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 2020 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 and specifically Section 2:362(9).

The financial statements were approved by the Board of Directors and authorised for issue effective on 16 March 2021, with an update on the final version as per today.

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 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.

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.

Restatement in presentation of the Statement of Comprehensive income

During the reporting year 2020, it was identified that the Statement of Comprehensive income for the year ended 31 December 2019 did not visibly reflect the income from primary activities as the revenue figure. The resulting restatement relates to the presentation of revenue and related expenses and several other items for 2019. The Company, as a principal, provides finance to other group companies for its own risk and rewards and therefore shall present interest income and interest expenses in the top lines of the Statement of Comprehensive income on a gross basis.

As a consequence, Euro 1,285 million and Euro 1,249 million have been restated in the top lines Interest Income and Interest Expense respectively, split from Net Financial income/ (expense).

Line items "Services" and "Personnel" have been aggregated in "Other operating expenses" and presented below "Interest expense" in total amount of Euro 3 million.

These restatements had no impact on net profit or on shareholders' equity and assets & liabilities in the statement of financial position.

The comparative figures 2019 as previously reported have been restated by adjusting each of the affected line items in the Statement of Comprehensive Income. The following table summarizes the impact on the Statement of Comprehensive income for the year 2019:

Millions of euro

		2019	reclassification	2019 restated
Interest Income:				
Interest income		-	1,285	1,285
	(Subtotal)	-	**1,285**	**1,285**
Interest Costs:				
Interest expenses		-	(1,249)	(1,249)
	(Subtotal)	-	**(1,249)**	**(1,249)**
Net interest income / (expense)			**36**	**36**
Other operating expense		-	(3)	(3)
Services		(2)	2	-
Personnel		(1)	1	-
Operating expenses		**(3)**	**3**	-
Financial income				
Interest income		1,285	(1,285)	-
Financial income from derivatives		900	-	900
Other financial income		265	-	265
	(Subtotal)	**2,450**	**(1,285)**	**1,165**
Financial expense				
Interest expenses		(1,249)	1,249	-
Financial expense from derivative		(511)	-	(511)
Other financial expense		(538)	-	(538)
	(Subtotal)	**(2,298)**	**1,249**	**(1,049)**
Net financial income / (expense)		**152**	**(36)**	**116**
Income / (Loss) before taxes		**149**	-	**149**
Income Taxes		69	-	69
Net income for the year (attributable to the shareholder)		**80**	-	**80**
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		(27)	-	(27)
- Change in the fair value of costs of hedging		72	-	72
Total comprehensive income / (loss) for the period (attributable to the shareholder)		**125**	-	**125**

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

The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU.

Enel S.p.A. would provide financial support to the Company should it not be able to meet its obligations. In relation to this, this annual intent has been formally confirmed by Enel S.p.A. in a support letter issued on 22 January 2021 and valid until next year's approval date of the Financial Statements, should the company remain under control of the Enel Group.

Based upon the assessment of management, supported by the fact that Enel S.p.A. is the guarantor of the bonds and the ECPs, management has not identified any going concern triggers and therefore has prepared these financial statements on a going concern basis.

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

Covid-19 disclosures

Given the complexities of the current environment, the Company has analysed the impacts of COVID-19 on business activities, on the financial situation and on performance that are reported in the paragraph "COVID-19 impacts" of the Director's report.

Use of estimates and management judgments

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

Expected credit losses on financial assets

Loss allowances for financial assets are based on assumptions about risk of default and on the measurement of expected credit losses. Management uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Determining the fair value of financial instruments

Fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximise the use of observable market inputs. In the rare circumstances were this is not possible, the inputs are estimated by management considering the characteristics of the instruments being measured.

Recovery of deferred tax assets

The financial statements report deferred tax assets in respect of income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and the tax rates applicable at the date of reversal.

Classification and measurement of financial assets

At initial recognition, in order to classify financial assets as financial assets at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, management assesses both the contractual cash flows characteristics of the instrument and the business model for managing financial assets in order to generate cash flows.

For the purpose to evaluate the contractual cash flows characteristics of the instrument, management performs the "SPPI test" at an instrument level, in order to define if it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, performing specific assessment on the contractual clauses of the financial instruments, as well as quantitative analysis, if required.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Hedge Accounting

Hedge accounting is applied to derivatives in order to reflect into the financial statements the effect of risk management strategies.

At such regard, the Company documents at the inception of the transaction the hedge relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also assesses, both at hedge inception and on an ongoing basis, whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

Based on management judgement, the effectiveness assessment based on the existence of an economic relationship between the hedging instruments and the hedged items, on the dominance of credit risk on the value changes and on the hedge ratio, as well as the measurement of the ineffectiveness, is evaluated through a qualitative assessment and/or a quantitative computation, depending on the specific facts and circumstances and on the characteristics of the hedged items and the hedging instruments.

For cash flow hedges of forecast transactions designated as hedged items, management assesses and documents to what extend they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

Moreover, during the year, the Company has carefully monitored the effect of uncertainties related to the Covid-19 pandemic on its hedge accounting relationships.

Uncertainty over income tax treatments

The Company determines whether to consider each uncertain income tax treatment separately or together with one or more other uncertain tax treatments as well as whether to reflect the effect of uncertainty by using the most likely amount or the expected value method, depending on which approach the Company expects to better predicts the resolution of the uncertainty for each uncertain tax treatments, taking account of local tax regulations.

The Company applies judgment in identifying uncertainties over income tax treatments and reassesses any judgments and estimates made if a change in facts and circumstances might change a conclusions about the acceptability of a tax treatment or the estimate of the effect of uncertainty, or both.

Significant accounting policies

Related parties

Related parties are mainly parties that have the same parent entity as Enel Finance International N.V., companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of the Company. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

All transactions with related parties were carried out on normal market terms and conditions.

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.

Any exchange rate differences are recognized in profit or loss.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Company applies IFRS 13.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the entity has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.

When measuring fair value an entity shall take into account the characteristics of the asset or liability, in particular:

> for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;

> for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e the risk that an entity will not fulfill an obligation, including but not limited to the entity's own credit risks;

> in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or counterparty credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

A financial asset or liability is recognised in the financial statements when, and only when, the Company becomes party to the contractual provision of the instrument (trade date).

Conversely, the Company initially measures financial assets other than trade receivables at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets are classified, at initial recognition, as financial assets at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss, on the basis of both Company's business model and the contractual cash flows characteristics of the instrument.

For this purposes, the assessment in order to define if the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Financial assets measured at amortised cost

This category mainly includes trade receivables, other receivables and financial receivables.

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such assets are initially recognised at fair value, adjusted for any transaction costs, and subsequently measured at amortised cost using the effective interest method and are subject to impairment.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

At the end of each reporting date, the Company recognizes a loss allowance for expected credit losses on trade receivables and other financial assets measured at amortised cost and all other assets in the scope of IFRS 9 expected credit loss model.

The Company impairment model is based on the determination of expected credit losses (ECL) using a forward- looking approach. In essence, the model provides for:

- the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, reflecting changes in the credit risk of the financial instrument;

- the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions.

For all financial assets, other than trade receivables, the Company applies the general approach under IFRS 9, based on the assessment of a significant increase in credit risk since initial recognition. Under such approach, loss allowance on financial assets is recognized at an amount equal to the lifetime expected credit losses, if the credit risk on those financial assets has increased significantly, since initial recognition, considering all reasonable and supportable information, including also forward-looking inputs.

If at the reporting date, the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for those financial assets at an amount equal to 12-month expected credit losses.

For financial assets on which loss allowance equals to lifetime expected credit losses has been recognized in the previous reporting date, the Company measures the loss allowance at an amount equal to 12-month expected credit losses when significant increase in credit risk condition is no longer met.

The Company recognizes in profit or loss, as impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with IFRS 9.

The loss allowances for financial assets are based on assumptions about risk of default and expected credit losses. The Company uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly short-term liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

Financial liabilities at amortised cost

This category mainly includes borrowings, trade payable and debt instruments.

Financial liabilities, other than derivatives, are recognised when the Company becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised whenever one of the following conditions is met:

- the contractual right to receive the cash flows associated with the asset expires;
- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements provided by IFRS 9 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

When an existing financial asset or liability is replaced by another from the same borrower or lender on substantially different terms, or the terms of an existing asset or liability are substantially modified, such an exchange or modification is treated as the derecognition of the original asset or liability and the recognition of a new asset or liability. The difference in the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

A derivative is a financial instrument or another contract:

- whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a receivable rating or other variable;
- that requires no initial net investment, or one that is smaller than would be required for a contract with similar response to changes in market factors;
- that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on the positive or negative fair value and they are classified as “held for trading” within “Other business model” and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please refer to the note 17 “Derivatives and hedge accounting”.

All derivatives held for trading, are classified as current assets or liabilities.

Derivatives not held for trading purposes, but measured at fair value through profit or loss since they are not designed as hedge instruments for hedge accounting and derivative designated as effective hedging instruments are classified as current or not current on the basis of their maturity date and the Group intention to hold the financial instrument till maturity or not.

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.

Reference is made to note 13 for the other relevant elements of equity.

Interest income and expense

Interest 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 method.

Interest income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured.

Other interest income and expense

Other interest income and expense primarily includes gain/loss on the disposal of financial assets/ liabilities that are not an output of the Company’s ordinary activity.

Financial income and expense

Financial income and expense from derivatives include:

- income and expense from derivatives measured at fair value through profit or loss;
- income and expense from fair value hedge derivatives;
- income and expense from cash flow hedge derivatives on interest rate and foreign exchange risks.

Financial income and expense include also changes in the fair value of financial instruments other than derivatives.

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.

Corporate income tax is calculated on the basis of the profit before taxation shown in the Statement of comprehensive income, taking into account tax allowances and tax adjustments. As of 1 January 2015, the Company forms part of a fiscal unity with Enel Investment Holding B.V, whereby the Company is the head of the fiscal unity. Starting from 1 January 2020 Enel Insurance N.V. has joined the fiscal unity.

The Company is jointly and severally liable for all corporate income tax liabilities of the fiscal unity. Taxation for entities within the fiscal unity is calculated on a stand-alone basis.

Current tax and deferred tax are 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 and Standards issued but not yet effective

New accounting standards applied in 2020

The Company has applied the following new standards, interpretation and amendments that took effect as from January 1, 2020:

> *"Amendments to IAS 1 and IAS 8 – Definition of Material",* issued in October 2018 in order to align the definition of '*material*' across the Standards and the Conceptual Framework for Financial Reporting and to clarify certain aspects of the definition. The new definition states that, *"information is material* if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". More specifically, the amendments clarify that:

- "obscuring information" addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole;
- "primary users of general purpose financial statements", to whom those financial statements are directed, are "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need; and
- "materiality" depends on the nature or the magnitude of information, either individually or in combination with other information, in the financial statements, and that a misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

> *"Amendments to IFRS 9, IAS 39, IFRS 7 - Interest Rate Benchmark Reform"* (issued in September 2019) provide temporary reliefs which enable hedge accounting to continue during the uncertainty period until an alternative risk free rates will be defined by the Interbank Offered Rates (IBORs) Reform and require to provide additional disclosures about hedging relationship which are directly affected by uncertainties. At such regard, it should be noted that, the Reform will affect the fair value measurement, the hedge accounting effects and the net financial results as soon as the alternative rates will be set.

> *"Amendments to References to the Conceptual Framework in IFRS Standards",* issued on 29 March 2018. The document sets out amendments to affected Standards in order to update references to the revised Conceptual Framework. These amendments accompany the latest version of "Revised Conceptual Framework for Financial Reporting", issued on March 2018 and applicable starting from 1 January 2020, and includes some new concepts, provides updated definitions and recognition criteria and clarifies some important concepts. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition while adding guidance on derecognition;
- adding guidance on different measurement basis; and

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The application of these amendments did not have an impact in the financial statements.

Standards issued but not yet effective

Below is a list of accounting standards, amendments and interpretations that will be effective for the Group after December 31, 2020:

> *"IFRS 17 – Insurance Contracts",* issued in May 2017. The standard will take effect, subject to endorsement, for annual period beginning on or after 1 January 2023, with earlier application permitted.

> *"Amendment to IFRS 16: COVID 19-related rent concessions",* issued on 28 May 2020 in order to allow lessees not to account for rent concessions (rent holidays, deferrals of lease payments, rent reductions for a period of time, possibly followed by increased rent payments in future periods) as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. According to IFRS 16, a lease modification is a change in the scope or consideration of a lease that was not part of the original terms and conditions of the lease; therefore, rent concessions would be lease modifications, unless they were envisaged in the original lease agreement. The amendment only applies to lessees, while lessors are required to apply the existing requirements of IFRS 16. The amendment, which applies retrospectively for annual reporting periods beginning on or after 1 June 2020, has not been early adopted by the Group.

> *"Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*", issued in September 2014. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3). The IASB has deferred the effective date of these amendments indefinitely, but if the amendments are applied early then must be applied prospectively.

> *"Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*", issued in January 2020. The amendments affect requirements in IAS 1 for the presentation of liabilities. More in detail, the amendments clarify:

- the criteria for classifying a liability as current or non-current, specifying what is meant by an entity's right to defer settlement and that this right must exist at the end of the reporting period;
- that classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability;
- that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
- that settlement refers to the transfer to the counterparty of cash, equity instruments, other goods or services.

The amendments will be effective, subject to endorsement, for annual period beginning on or after 1 January 2023, with earlier application permitted.

> *"Amendments to IFRS 3 - Reference to the Conceptual Framework",* issued in May 2020. The amendments are intended to replace a reference to definitions of asset and liability as provided by the replaced *Conceptual Framework for Financial Reporting* issued in March 2018 (*Conceptual Framework*) without significantly changing its requirements.

The amendments also added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, an acquirer applies these standards, instead of the Conceptual Framework, to identify the liabilities it has assumed in a business combination.

Lastly, the amendments clarify existing guidance in IFRS 3 for contingent assets acquired in a business combination, specifying that, if it is uncertain whether an asset exists at the acquisition date, the possible asset does not qualify for recognition.

The amendments will be effective, subject to endorsement, for annual periods beginning on or after 1 January 2022.

> *"Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use*", issued in May 2020. The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity shall recognize the proceeds from selling such items and the costs of their production in profit or loss. The amendments will be effective, subject to endorsement, for annual periods beginning on or after 1 January 2022, with early application permitted.

> *"Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract*", issued in May 2020. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. To this end, the "cost of fulfilling" a contract comprises the costs that relate directly to the contract; they can be either incremental costs of fulfilling that contract or an allocation of other costs that relate directly to contract fulfillment. The amendments will be effective, subject to endorsement, for annual periods beginning on or after 1 January 2022, with early application permitted.

> *"Annual improvements to IFRS Standards 2018-2020",* issued in May 2020. The document mainly make any amendments to:

- *"IFRS 1 First-time Adoption of International Financial Reporting Standards"*; the amendment simplifies the application of IFRS 1 for an investee (subsidiary, associates and joint ventures) that becomes a first-time adopter of IFRSs later than its parent/investor. In particular, if the investee adopts IFRSs later than its parent/investor and applies IFRS 1.D16(a), then this investee may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent/investor, based on the parent/investor's date of transition to IFRSs.
- *"IFRS 9 Financial Instruments"*; with reference to the fees included in the '10 per cent' test for the derecognition of financial liabilities, the amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. In particular, these fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf;

- *"IFRS 16 Leases"*; the International Accounting Standards Board amended *Illustrative Example 13* accompanying IFRS 16 *Leases.* In particular, the amendment removes potential for confusion in applying IFRS 16 because of the way *Illustrative Example 13* had illustrated the requirements for lease incentives. In fact, the example included a reimbursement for leasehold improvements without an explanation on whether the reimbursement would meet the definition of a lease incentive. The amendment removes from the example the illustration of the reimbursement relating to leasehold improvements.
- "IAS 41 *Agriculture"*: the amendment removes the requirement to exclude cash flows for taxation when measuring fair value. Thus the entity shall use post-tax cash flows and a post-tax rate to discount those cash flows.

The amendments shall be applied prospectively, subject to endorsement, for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

- "*Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16 - Interest Rate Benchmark Reform - Phase 2*", issued in August 2020. The amendments complement those issued in 2019 ("*Interest Rate Benchmark Reform-Phase 1"*) and address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The objectives of the *Phase 2 amendments* are to assist entities in: (i) applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and (ii) providing useful information to users of financial statements.

  Moreover, when the *Phase 1* reliefs cease to apply, entities are required to amend the hedge documentation to reflect changes that are required by IBOR reform by the end of the reporting period during which the changes are made (such amendments do not constitute a discontinuation). The amounts accumulated in the cash flow hedge reserve, when amending the description of a hedged item in the hedge documentation, are deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

  The amendments will require to disclose additional information about the entity's exposure to risks arising from *Interest Rate Benchmark Reform* and related risk management activities. The amendments will be effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

- "*Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*", issued in February 2021. The amendments are intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. Guidance on how to apply the concept of materiality to the accounting policy disclosures is provided by the amendments to IFRS Practice Statement 2. The amendments, subject to endorsement, are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

- "*Amendments to IAS 8 - Definition of Accounting Estimates"* issued in February 2021. The amendments help entities to distinguish between changes in accounting policies from changes in accounting estimates; the definition of *changes in accounting estimates* is replaced with a definition of *accounting estimates* as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments, subject to endorsement, are effective for annual periods beginning on or after January 1, 2023, with early application permitted.

The Company is assessing the potential impact of the future application of the new provisions.

Risk management

Market risk

As part of its operation as a financing company for the Enel Group, Enel Finance International N.V. is exposed to different market risks, notably interest rate and exchange rates risks. The primary objective of the Company is to mitigate such risks appropriately so that they do not give rise to unexpected changes in results.

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 derivatives compliant with IFRS 9 requirements can be designated as cash flow hedge or fair value hedge, otherwise are classified as trading.

There we no changes in the source of exposure to interest rate and exchange rate risk compared with the previous year.

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 on both liabilities and 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	
	2020	2019
Interest rate derivatives:		
Interest rate swap	2,605	3,703
Total	**2,605**	**3,703**

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

At 31 December 2020, 1.50% of gross long term debt towards third parties was floating rate (1.43% at 31 December 2019). 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. The Company's assets and liabilities are accounted for at amortised costs, and not impacted by changes in the level of interest rates.

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:

Millions of euro

Interest rate risk sensitivity analysis		2020			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Interest Rates scenario	**increase**	**decrease**	**increase**	**decrease**
Change in interest expense related to long term gross floating-rate debt after hedging	25 bp	-	-	-	-
Change in interest expense related to floating-rate financial receivables after hedging	25 bp	42	(42)		
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	25 bp	-	-	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	25 bp	-	-	(2)	2

Millions of euro

Interest rate risk sensitivity analysis		2019			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Interest Rates scenario	**increase**	**decrease**	**increase**	**decrease**
Change in interest expense related to long term gross floating-rate debt after hedging	25 bp	-	-	-	-
Change in interest expense related to floating-rate financial receivables after hedging	25 bp	19	(19)		
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	25 bp	-	-	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments	25 bp	-	-	16	(16)

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 commercial papers and intercompany loans.

Millions of euro	Notional amount	
	2020	2019
Foreign exchange derivatives:		
Currency forwards:	3,738	3,341
Cross currency interest rate swaps	15,992	17,310
Total	**19,730**	**20,651**

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

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 carrying value of the Company's assets and liabilities denominated in foreign currencies are impacted following the exchange rate scenario disclosed (10%), the Company's income and equity before tax is impacted as follows:

Millions of euro

Foreign exchange risk sensitivity analysis		**2020**			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Exchange Rate scenario	**Euro Appr.**	**Euro Depr.**	**Euro Appr.**	**Euro Depr.**
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	10%	235	(288)	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments					
Cash Flow hedge	10%	-	-	(1,972)	2,411
Fair value hedge	10%	(53)	65		

Millions of euro

Foreign exchange risk sensitivity analysis		**2019**			
		Pre-tax impact on income		**Pre-tax impact on equity**	
	Exchange Rate scenario	**Euro Appr.**	**Euro Depr.**	**Euro Appr.**	**Euro Depr.**
Change in Fair value of Derivative financial instruments not qualifying for hedge accounting	10%	215	(263)	-	-
Change in Fair value of Derivative Financial instruments designated as hedging instruments					
Cash Flow hedge	10%	-	-	(2,047)	2,502

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.

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 in different countries and regions 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 31 December 2020 and 2019 is the carrying amounts as illustrated in Note 6, 9 and 10.

Credit risk measurement

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 annually.

Probability of Default (PD) indicates the likelihood that a counterparty will default within one-year time horizon.

The Company defines a default to have occurred when:

- the counterparty is overdue by more then 90 days; or
- the Company considers the borrower to be unlikely to meet its contractual obligations;
- besides mandatory triggers, judgmental triggers also apply.

The PD is estimated mainly in relation to the creditworthiness of each counterparty. The Company computes the PD as the average of the P provided by the major rating agencies (e.g. Standard & Poor's, Moody's) for each credit score, updated on yearly basis. Internal methodology to assess the creditworthiness considers qualitative and quantitative information in order to reflect possible future events and macroeconomic scenarios, which may affect the risk of the portfolio or the financial instrument.

Rating	Moody's PD %	Standard&Poors PD%	PD%
Aaa/AAA	0.00	0.00	0.00
Aa1/AA+	0.00	0.00	0.00
Aa2/AA	0.00	0.02	0.01
Aa3/AA-	0.04	0.03	0.04
A1/A+	0.07	0.05	0.06
A2/A	0.05	0.05	0.05
A3/A-	0.06	0.06	0.06
Baa1/BBB+	0.12	0.10	0.11
Baa2/BBB	0.16	0.16	0.16
Baa3/BBB-	0.22	0.25	0.24
Ba1/BB+	0.42	0.31	0.36
Ba2/BB	0.71	0.51	0.61
Ba3/BB-	1.33	0.91	1.12
B1/B+	1.93	1.98	1.96
B2/B	2.97	3.20	3.09
B3/B-	4.67	6.49	5.58

Exposure at Default (EAD) estimates the expected exposure at the time of a counterparty default and contains the carrying exposure at the reporting date net of eventual cash deposits obtained as guarantees or, in some cases, as the amortized cost

Loss Given Default (LGD) consider each specific exposure at default, date of default, guarantee and deposit information, recovery rate (portfolio or benchmark), credit insurance and legal/post default classification details.

The Company uses qualitative triggers to determine whether a financial instrument should be classified as stage 1 or stage 2. The Company is monitoring the status of borrower and the instruments is transferred from stage 1 to stage 2 if the credit risk increases and there is a significant past due. A transfer to stage 3 will always be the result of default of the financial instrument.

The following table provides information about the exposure to credit risk and ECL, measured on an individual basis, for financial assets subject to impairment other than trade receivables and contract assets:

Millions of euro			**at Dec. 31 , 2020**		
Staging	Basis for recognition of expected credit loss provision	Weighted average expected credit loss rate (PD*LGD)	Gross carrying amount	Impairment loss allowance	Net amount
Performing	12 m ECL	-0.11%	34,892	(38)	34,854
Underperforming	Lifetime ECL	-	-	-	-
Non-performing	Lifetime ECL	-	-	-	-
Total			**34,892**	**(38)**	**34,854**

Millions of euro	**Dec. 31, 2019**

Staging	Basis for recognition of expected credit loss provision	Weighted average expected credit loss rate (PD*LGD)	Gross carrying amount	Impairment loss allowance	Net amount
Performing	12 m ECL	-0.15%	35,463	(52)	35,411
Underperforming	Lifetime ECL	-	-	-	-
Non-performing	Lifetime ECL	-	-	-	-
Total			**35,463**	**(52)**	**35,411**

The table below reports the movement in expected credit loss that has been recognized for financial assets measured at amortised cost

Millions of euro			
	2020	2019	Change
Impairment allowance as at 1 January	**(52)**	**(47)**	**(5)**
Impairment losses recognised in profit or loss	(16)	(32)	16
Reversal of impairment losses in profit or loss	28	27	1
Exchange rate differences	2		2
Impairment allowance as at 31 December	**(38)**	**(52)**	**14**

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.

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

On long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile for our debt, access to a range of resources of funding 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 holds the following undrawn lines of credit

Millions of euro	**at Dec. 31, 2020**		at Dec. 31, 2019	
	Expiring within one year	**Expiring beyond one year**	Expiring within one year	Expiring beyond one year
Committed credit lines		5,000		5,000
Commercial paper	3,261		5,500	
Total	3,261	5,000	5,500	5,000

Furthermore, Enel S.p.A. has confirmed through a letter dated January 2021 its commitment to explicitly provide the Company with the financial support until the date of approval of full year 2021 financial statements of the Company. Enel S.p.A is a Guarantor on the bonds and commercial paper program.

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	**2021**	**2022**	**2023**	**2024**	**2025**	**Beyond**
Bond						
Listed Bond (Fixed rate)	990	2,508	1,302	3,683	2,854	8,136
Listed Bond (Floating rate)	11	163	157	105	51	-
Unlisted Bond (Fixed rate)	541	2,198	2,515	1,643	1,610	10,552
Total Bond	**1,542**	**4,869**	**3,974**	**5,431**	**4,515**	**18,688**

Notes to the financial statements

1 Interest income / (expense) – Euro 251 million

Millions of euro

	2020	2019	Change
Interest income:			
- interest income on long-term financial assets	702	1,048	(346)
- interest income on short-term financial assets	55	237	(182)
- other income	710	-	710
Total interest income	**1,467**	**1,285**	**182**
Interest expense:			
- interest expense on borrowings	(12)	(28)	16
- interest expense on bonds	(1,147)	(1,170)	23
- interest expense on commercial papers	4	3	1
- guarantee fee	(57)	(54)	(3)
- other expense	(4)	-	(4)
Total interest expense	**(1,216)**	**(1,249)**	**33**
Net interest income / (expense)	**251**	**36**	**215**

Interest income from assets amounted to Euro 1,467 million on 31 December 2020, having an increase of Euro 182 million on 31 December 2019 with the variation mainly attributed to the transfer of long-term loans granted to E-Distribuzione S.p.A, Enel Produzione S.p.A to Enel Italia S.p.A. (Euro 710 million). This increase was partly offset by lower interest income from Enel subsidiaries and affiliates incorporated in Brazil (Euro 116 million), in Italy (Euro 201 million), in Spain (Euro 162 million), Mexico (Euro 37 million) in South Africa (Euro 6 million) and in Peru (6 million)

Interests expenses on financial debt totaled Euro 1,216 million decreased by Euro 33 million mainly due to:

- decrease of interest attributed to the bonds repaid in 2019 and 2020 (Euro 28 million);

- lower interest expenses due to exchange rate differences (Euro 33 million);

- lower interests paid to Group companies (Euro 14 million) mainly due to termination of deposit with Servizio Elettrico Nazionale S.p.A.

- negative interest charges received from the Commercial Paper (Euro 1 million) and cash collaterals (2 million);

This decrease was partly offset by:

- an increase of interest expenses attributed to bond issuance made in 2020 and 2019 (Euro 38 million);

- an increase of guarantee fee paid to Enel S.p.A. (Euro 3 million)

- transfer of long-term loan granted to Enel Sole to Enel Italia S.p.A. (Euro 4 million).

2. **Other operating expense** – Euro (5) million

Other operating expense totaled to Euro 5 million having an increase by 2 million in respect to the previous year and refer to services (mainly related to legal and consultancy charges) for Euro 4 million and to personnel costs for Euro 1 million.

3. **Financial income / (expense)**– Euro (49) million

3.1 Financial income/(expense) from derivatives

Millions of euro

	2020	2019	Change
Financial income from derivatives:			
- income from cash flow hedge derivatives	305	708	(403)
- income from fair value hedge derivatives	10	-	10
- income from derivatives at fair value through profit or loss	371	192	179
Total finance income from derivatives	**686**	**900**	**(214)**
Financial expense from derivatives:			
- expenses from cash flow hedge derivatives	(1,548)	(201)	(1,347)
- expenses from derivatives at fair value through profit or loss	(168)	(310)	142
Total financial expense from derivatives	**(1,716)**	**(511)**	**(1,205)**
Net income / (expense) from derivatives	**(1,030)**	**389**	**(1,419)**

Net financial expense from derivatives totaled to Euro 1,030 million and essentially reflected net financial expense from cash flow derivatives (Euro 1,243 million), net financial income from derivatives at fair value through profit and loss (Euro 203 million) and income from fair value hedge derivatives (Euro 10 million).

The deterioration of Euro 1,419 million compared with the previous year was due to increase in net financial expense from cash flow hedge derivatives (Euro 1,750 million) partly offset by increase of net financial income from derivatives at fair value though profit and loss (Euro 312 million) and increase of financial income from fair value hedge derivatives (Euro 10 million).

The net balance recognized in 2020 on both hedging and trading derivatives mainly reflected the hedging of currency risk.

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

3.2 Other net financial income/ (expense)

Millions of euro

	2020	2019	Change
Other financial income			
- positive exchange rate differences	1,412	265	1,147
-reversal of impairment	12	-	12
Total other financial income	**1,424**	**265**	**1,159**
Other financial expenses			
-negative exchange rate differences	(345)	(533)	188
-impairment	-	(5)	5
Total other financial expense	**(345)**	**(538)**	**193**
Net other financial income / (expense)	**1,079**	**(273)**	**1,352**

Net other financial income totaled to Euro 1,079 million composed to net exchange rate differences (Euro 1,067 million) and reversal of impairment (Euro 12 million).

The increase of net other financial income (Euro 1,352 million) was attributed to increase of:

- Net foreign exchange gain increased by Euro 1,335 million consisted of: the positive revaluation of the outstanding value of bonds denominated in foreign currencies (Euro 1,324 million) and negative foreign currency evaluation of non-euro group portfolio (Euro 257 million);

- reversal of impairment (Euro 17 million).

The amount of the foreign exchange losses arisen from the revaluation of notional amount of bonds (Euro 1,343 million) and the amount of forex exchange gains arisen from BRL loan (Euro 1 million) are mitigated by the same amount recycled to the Cash Flow Hedge equity reserve.

The following table shows impairment losses recognized and reversed during the period.

Millions of euro

	2020	2019	Change
Impairment losses:			
Long-term loans and financial receivables (including current portion)	(14)	(22)	8
Short-term loans and financial receivables	(2)	(10)	8
Total impairment losses	**(16)**	**(32)**	**16**
Reversals of impairment losses:			
Long-term loans and financial receivables (including current portion)	17	9	8
Short-term loans and financial receivables	11	18	(7)
Total reversals of impairment losses	**28**	**27**	**1**
Total impairment	**12**	**(5)**	**17**

Reversal of impairment is mainly attributed to the repayment of long-term loans and change in structure of short-term revolving credit lines and loans granted to Enel Group Companies.

4 Income tax (income) / expenses – Euro 78 million

Millions of euro

	2020	2019	Change
Profit before income taxes	295	149	146
Withholding tax on foreign interests	11	44	(33)
Tax charge	61	23	38
Deferred tax assets	6	2	5
Income taxes	**78**	**69**	9
Effective tax rate	*26%*	*46%*	

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2020	2019	Change
Accounting profit before income tax	295	149	146
Tax rate applicable	25%	25%	
Theoretical tax expense	**74**	**37**	**37**
Adjustments in respect of current income tax of previous years	(4)	(1)	(3)
Withholding tax deduction	(3)	(11)	8
Withholding tax paid abroad	11	44	(33)
Tax charge	78	69	9

The Company has concluded a ruling with the taxation authority that covers the period January 1, 2017 until December 31, 2021. The Company has historically had an open collaboration with the taxation authority and is currently having conversations on the applicability of the ruling. Considering these conversations are at an early stage, this uncertainty is not measurable.

5 Deferred tax assets (liabilities) – Euro nil 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, 2019	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	Impact of tax rate decrease taken to income statement	Impact of tax rate decrease taken to equity	(De)recognition	**at Dec. 31, 2020**
Deferred tax asset							
Nature of temporary differences:							
- derivatives	311	-	(82)	-	46	(275)	-
- losses with deferred deductibility	16	(6)		1		(11)	-
- measurement of financial instruments	(9)	1	-	(1)	-	9	-
Net deferred tax asset	**318**	**(5)**	**(82)**	-	**46**	**(277)**	-

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom

Millions of euro

	2020		**2019**	
	Gross amount	Tax effect	Gross amount	Tax effect
- deductible temporary difference taken to equity	1,103	275	-	-
- deductible temporary difference taken to income statement	7	2	-	-
Total unrecognised deferred tax assets		**277**	-	-

6 Long-term loans and financial receivables including portion falling due within twelve month – Euro 26,971 million

Following table represents medium long-term loans granted to Enel Group companies and affiliated companies:

Millions of Euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Long-term loans			
Loan receivable from Enel S.p.A.	11,156	6,095	5,061
Loan receivable from Enel Italia S.p.A.	8,750	-	8,750
Loan receivable from Endesa SA	3,000	3,000	-
Loan receivable from Enel Iberia Srl	3,704	4,054	(350)
Loan receivable from Enel Green Power S.p.A.	1,755	3,189	(1,434)
Loan receivable from Enel Chile SA	815	356	459
Loan receivable from Enel Green Power del Sur SpA (Parque Eólico Renaico SpA)	525	574	(49)
Loan receivable from Slovak Power Holding BV	453	351	102
Loan receivable from Enel Green Power México S de RL de Cv	231	125	106
Loan receivable from Enel Global Trading S.p.A.	200	-	200
Loan receivable from Enel Green Power Hellas SA	168	170	(2)
Loan receivable from Energía Limpia de Palo Alto S de RL de Cv	119	138	(19)
Loan receivable from Ampla Energia E Serviços S.A.	118	-	118
Loan receivable from Energia Limpia de Amistad S de RL de CV	78	81	(3)
Loan receivable from PH Chucas SA	70	90	(20)
Loan receivable from Energías Renovables La Mata SAPI de Cv	75	90	(15)
Loan receivable from EGP Magdalena Solar SA DE CV	69	67	2
Loan receivables from EPM Eolica Dolores SA DE CV	69	76	(7)
Loan receivable from Parque Salitrillos SA de Cv	64	69	(5)
Loan receivable from Dominica Energía Limpia S de RL de Cv	41	44	(3)
Loan receivable from Villanueva Solar SA de CV	39	40	(1)
Loan receivables from Parque Amistad II SA DE CV	32	45	(13)
Loan receivable from Enel Green Power Panama SA	32	39	(7)
Loan receivables from Parque Amistad III SA DE CV	31	35	(4)
Loan receivable from Vientos del Altiplano S de RL de Cv	26	28	(2)
Loan receivable from Parque Solar Villanueva Tres SA de CV	26	27	(1)
Loan receivables from COHUNA SOLAR FARM Trust	24	19	5
Loan receivable from Parque Solar Don Jose SA de CV	16	16	-
Loan receivable from Enel X Korea Ltd	5	5	-
Loan receivables from NGONYE POWER COMPANY Ltd	2	2	-
Loan receivable from Viva Labs AS	2	-	2
Loan receivable from Enel X Polska Sp. Zo.O.	1	-	1
Loan receivable from E-Distribuzione S.p.A.	-	5,500	(5,500)
Loan receivable from Enel Sole S.r.l.	-	100	(100)
Loan receivables from Parque Amistad IV SA DE CV	-	8	(8)
Total loans	**31,696**	**24,433**	**7,263**
Expected credit loss	(34)	(35)	1
Total loans net of impairment	**31,662**	**24,398**	**7,264**

Short-term portion of long-term loans represented in the table below:

Millions of euro	at Dec. 31, 2020	at Dec. 31, 2019	Change
Short-term portion of long-term loans			
Loan receivable from Enel Produzione S.p.A.	-	2,000	(2,000)
Loan receivable from Enel Iberia Srl	350	350	-
Loan receivable from Enel Green Power S.p.A.	77	68	9
Loan receivable from Enel S.p.A.	46	46	-
Loan receivable from PH Chucas SA	11	13	(2)
Loan receivable from Enel Green Power México S de RL de Cv	4	9	(5)
Loan receivable from Energías Renovables La Mata SAPI de Cv	8	8	-
Loan receivable from Energía Limpia de Palo Alto S de RL de Cv	7	7	-
Loan receivable from Enel Green Power Panama SA	4	5	(1)
Loan receivable from El Paso Solar SAS	-	39	(39)
Loan receivables from COHUNA SOLAR FARM Trust	3	-	3
Loan receivable from Parque Salitrillos SA de Cv	3	1	2
Loan receivable from Enel Green Power Hellas SA	2	2	-
Total	**515**	**2,548**	**(2,033)**
Expected credit loss	-	(4)	4
Total loans net of impairment	**515**	**2,544**	**(2,029)**

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

Millions of Euro	at Dec. 31, 2020	at Dec. 31, 2020	at Dec. 31, 2019	
	Balance	Nominal value	Balance	Effective interest rate
Total Euro	*29,665*	*29,665*	*24,930*	*1.66%*
Australian Dollar	26	26	19	2.17%
Brazilian Real	118	118	-	4.00%
Mexican Peso	150	150	153	12.13%
Norwegian Krone	2	2	-	3.78%
Polish zloty	1	1	-	2.77%
US dollar	2,247	2,247	1,877	3.43%
Zambian Kwacha	2	2	2	25.90%
Total non-Euro currencies	*2,546*	*2,546*	*2,051*	
Total	**32,211**	**32,211**	**26,981**	

7. **Derivatives** – Euro (1,345) 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 and (iii) fair value hedge derivative on interest rate risk.

Millions of euro	Non Current		Current	
	at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Derivative financial assets	144	493	54	23
Derivative financial liabilities	(1,539)	(841)	(4)	(5)

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 37 million

Other non-current financial assets totaled Euro 37 million as at 31 December 2020 (Euro 41 million as at 31 December 2019) are essentially accounted for by transaction costs on Euro 10 billion revolving credit facility agreed on December 18, 2017 between Enel SpA, Enel Finance International N.V. and Mediobanca and prepaid expenses of derivative agreements.

9 Short-term loans and financial receivables – Euro 2,677 million

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

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Short-term loans			
Enel S.p.A. - Financial Services Agreement	2,275	5,136	(2,861)
Revolving short-term facility agreement with Enel Green Power Hellas Sa	152	152	-
Revolving short-term facility agreement with Enel Americas SA	122	0	122
Revolving short-term facility agreement with Enel Green Power México S de RL de Cv	37	105	(68)
Revolving short-term facility agreement with Enel Green Power RSA	16	29	(13)
Revolving short-term facility agreement with Enel Rinnovabile,S.A. de C.V.	16	17	(1)
Loan receivables from EPM Eolica Dolores SA DE CV	16	-	16
Revolving short-term facility agreement with PARQUE AMISTAD IV SA	12	-	12
Revolving short-term facility agreement with EGP Magdalena Solar SA DE CV	8	56	(48)
Revolving short-term facility agreement with PARQUE AMISTAD II SA	8	10	(2)
Revolving short-term facility agreement with PARQUE AMISTAD III SA	7	-	7
Revolving short-term facility agreement with PH Chucas SA	6	-	6
Revolving short-term facility agreement with Parque Eolico Pampa Sa	4	4	-
Revolving short-term facility agreement with Enel Green Power Bulgaria EAD	2	9	(7)
Revolving short-term facility agreement with Enel Green Power S.p.A.	-	2,000	(2,000)
Revolving short-term facility agreement with Enel Global Trading S.p.A.	-	600	(600)
Revolving short-term facility agreement with Enel Green Power Perú SA	-	157	(157)
Revolving short-term facility agreement with Enel Green Power Canada Inc	-	111	(111)
Revolving short-term facility agreement with EPM EOLICA DOLORES S	-	72	(72)
Revolving short-term facility agreement with Tynemouth Energy Storage Limited	-	9	(9)
Revolving short-term facility agreement with KINO Contractor,S.A. de C.V.	-	8	(8)
Other short term loans	-	7	(7)
Total short term loans	**2,681**	**8,482**	**(5,801)**
Expected credit loss	(4)	(13)	9
Total loans net of impairment	**2,677**	**8,469**	**(5,792)**

Millions of Euro	at Dec. 31, 2020	at Dec. 31, 2020	at Dec. 31, 2019	
	Balance	Nominal value	Balance	Effective interest rate
Total Euro	*2,429*	*2,429*	*7,897*	*0.16%*
US dollar	236	236	436	2.18%
British pound	-	-	9	-
Canadian dollar	-	-	111	-
South African rand	16	16	29	6.20%
Total non-Euro currencies	*252*	*252*	*585*	-
Total	**2,681**	**2,681**	**8,482**	

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

Facility Agreements denominated in Millions of Euro	**Financial relationship**	**Commitment amount as at 31 Dec 2020**	**Rate of Interest**	**Spread as at 31 Dec 2020**	**Commitment fee as at 31 Dec 2020**
Enel Green Power Hellas SA	Revolving credit facility	16.05	EUR EURIBOR 3M	3.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	2.65	EUR EURIBOR 3M	3.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	20.00	EUR EURIBOR 3M	103.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	23.20	EUR EURIBOR 3M	203.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	3.40	EUR EURIBOR 3M	303.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	35.00	EUR EURIBOR 3M	403.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	39.50	EUR EURIBOR 3M	503.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	5.55	EUR EURIBOR 3M	603.10%	35% of the margin
Enel Green Power Hellas SA	Revolving credit facility	6.30	EUR EURIBOR 3M	703.10%	35% of the margin
Endesa SA	Revolving credit facility	1,000.00	EUR EURIBOR	0.55%	0.18%
Endesa SA	Revolving credit facility	700.00	EUR EURIBOR	0.80%	0.25%
Enel Global Trading SPA	Revolving credit facility	600.00	EUR EURIBOR	1.90%	35% of the margin
JuiceNet GmbH	Revolving credit facility	1.00	EUR EURIBOR 3M	1.75%	35% of the margin
Millions of USD					
Enel Americas S.A.	Revolving credit facility	150.00	US LIBOR	1.35%	35% of the margin
EPM Eolica Dolores SA DE CV	Revolving credit facility	90.00	US LIBOR 3M	2.20%	35% of the margin
EGP Magdalena Solar S.A de C.V	Revolving credit facility	60.00	US LIBOR 3M	1.80%	35% of the margin
Enel Green Power Mexico S.A.	Revolving credit facility	35.00	US LIBOR 3M	3.50%	35% of the margin
Enel Green Power Mexico S.A.	Revolving credit facility	45.00	US LIBOR 3M	3.00%	35% of the margin
Parque Amistad II SA DE CV	Revolving credit facility	55.00	US LIBOR 3M	1.10%	35% of the margin
Parque Amistad III SA DE CV	Revolving credit facility	55.00	US LIBOR 3M	1.80%	35% of the margin
Parque Amistad IV SA DE CV	Revolving credit facility	20.00	US LIBOR 3M	2.00%	35% of the margin
Enel Rinnovable SA DE CV	Revolving credit facility	20.00	US LIBOR 3M	3.50%	35% of the margin

EGP Américas SpA	Revolving credit facility	0.25	US LIBOR 3M	0.75%	35% of the margin
Enel Green Power Peru S.A.	Revolving credit facility	20.00	US LIBOR 3M	2.00%	35% of the margin
PH Chucas S.A.	Revolving credit facility	10.00	US LIBOR 3M	1.10%	35% of the margin
Parque Eolico Pampa S.A	Revolving credit facility	7.00	US LIBOR 3M	0.70%	35% of the margin
Enel Chile S.A.	Revolving credit facility	290.00	US LIBOR	1.40%	35% of the margin
Enel Chile S.A.	Revolving credit facility	50.00	US LIBOR	0.90%	0,25% of the margin
Enel Green Power Panama S.R.L.	Revolving credit facility	15.00	US LIBOR 3M	0.40%	35% othe margin
Enel Green Power Mexico	Loan	155.00	US LIBOR 6M	3.75%	35% othe margin
Millions of NOK					
Enel X Norway AS	Revolving credit facility	3.00	NIBOR 3M	2.40%	35% of the margin
Viva Labs AS	Loan	50.00	NIBOR 6M	3.35%	35% of the margin
Millions of PLN					
Enel X Polska Sp. Z.o.o.	Revolving credit facility	7.00	WIBR 3M	2.56%	35% of the margin
Millions of RON					
Enel X Romania	Revolving credit facility	4.77	BUBR 3M	2.30%	35% of the margin
Enel X Mobility Romania	Revolving credit facility	2.39	BUBR 3M	2.30%	35% of the margin
Millions of ZAR					
EGP RSA PTY LTD	Revolving credit facility	1,800.00	fixed	6.20%	35% of the margin
Millions of SEK					
Enel X Sweden	Revolving credit facility	0.50	Stib 3M	1.70%	35% of the margin
Millions of BRL					
Enel Brasil S.A.	Loan	800.00	CDI	2.15%	35% of the margin

10 Other current financial assets – Euro 1,579 million

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Cash collateral on derivatives	1,396	575	821
Current financial accrued income	183	218	(35)
Total other current financial assets	**1,579**	**793**	786

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 172 million

Cash and cash equivalent represent the cash availability deriving by the turnover of the 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 2,116 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 1,478,810,371 shares with nominal value of Euro 1.0 each increased by 1 share as a result of demerger in 2016 of Enel Green Power International B.V.

Share premium 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).

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

Reserve from effective portion of change in the fair value of cash flow hedges (legal reserve) – Euro (911) 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.

Considering the nature of the reserve (legal), up to the amount of the negative balance of this reserve, no distributions may be charged to the free reserves.

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 hedging (legal reserve) – Euro (183) million

This reserve includes net gains (losses) recognised directly in equity resulting from the measurement of fair value cost of hedging (i.e. time value, forward element and currency basis) when excluded from hedging relationship.

Considering the nature of the reserve (legal), up to the amount of the negative balance of this reserve, no distributions may be charged to the free reserves.

For more details please refer to the note 17.

Capital Management

It is the policy of the Company to maintain a strong capital base to preserve creditors and market confidence and so to sustain future development of the business. The Board of Directors monitors the return on capital that the Company defines as total shareholder's equity, the developments in the level of its debt in relation to 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 Dec. 31, 2020	at Dec. 31, 2019
Total Equity	2,116	1,870
Cash flow hedge and cost of hedging reserves	(1,094)	(1,123)
Adjusted equity	3,210	2,993
Net financial result	217	80
Return of capital (*)	**7%**	**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.

The developments in the level of its debt in relation to equity is summarised in the following table.

Millions of euro

	at Dec. 31, 2020	at Dec. 31, 2019
Non-current financial debt	28,858	30,066
Net current financial position	(922)	(7,785)
Non-current financial receivables and long-term securities	(31,662)	(24,398)
Net financial debt	**(3,726)**	**(2,117)**
Shareholders' equity	**2,116**	**1,870**
Debt/Equity ratio	**(1.76)**	**(1.13)**

There were no changes in the Company's approach to capital management during 2020. The Company is not subject to externally imposed capital requirements.

Proposal for net result appropriation

The Board of Directors proposes to the General meeting of Shareholders the allocation of the net result of the year 2020 to the Company's retained earnings.

13 Long-term loans and borrowings (including the portion falling due within twelve months for Euro 674 million) – Euro 29,390 million

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortized 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 31 December 2020, 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 Dec. 31, 2020	**at Dec. 31, 2020**	**at Dec. 31, 2020**	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2019**	**at Dec. 31, 2019**	**at Dec. 31, 2019**
Bond								
Listed Bond (Fixed rate)	15,757	16,229	15,225	532	15,934	16,483	15,260	674
Listed Bond (Floating rate)	448	450	448	-	447	450	447	-
Unlisted Bond (Fixed rate)	13,185	13,262	13,185	-	14,359	14,458	14,359	-
Total Bond	**29,390**	**29,941**	**28,858**	**532**	**30,740**	**31,391**	**30,066**	**674**

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

Millions of Euro

	at Dec. 31, 2020	**at Dec. 31, 2020**	**at Dec. 31, 2019**	**at Dec. 31, 2020**	
	Balance	Nominal value	Balance	Current average interest rate	Effective interest rate
Total Euro	*13,060*	*13,510*	*13,547*	2.43%	3.18%
US dollar	12,971	13,040	14,155	4.13%	4.30%
British pound	3,031	3,062	2,619	4.85%	4.96%
Swiss Franc	328	329	419	1.81%	1.84%
Total non-Euro currencies	*16,330*	*16,431*	*17,193*		
Total	**29,390**	**29,941**	**30,740**		

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, 2019					**at Dec. 31, 2020**
Bonds in non-Euro currencies and Euro currency	31,391	548	10	(675)	(1,333)	29,941
Total long-term financial debt	**31,391**	548	10	**(675)**	**(1,333)**	**29,941**

Global Medium Term Programme

“Sustainability-Linked bond "on the sterling market

On 13 October 2020 a single-tranche “sustainable” bond for institutional investors on the sterling market totaling 500 million pounds sterling launched, equivalent to about 548 million euros.

This bond issue, the first of its kind on the sterling market, is intended to meet the Enel Group’s ordinary financing needs and follows the adoption by Enel of a “Sustainability-Linked Financing

Framework" ("Framework"), that presents the whole Sustainability-Linked financing strategy across multiple funding solutions (commercial papers, loans and bonds), fully integrating sustainability into the Group's global funding program. The Framework is aligned with the International Capital Market Association's (ICMA) "Sustainability-Linked Bond Principles" and Loan Market Association's (LMA) "Sustainability-Linked Loan Principles", as verified by the Second-Party Provider Vigeo Eiris.

In line with the Framework, the bond is linked to the Key Performance Indicator (KPI) of "Renewable Installed Capacity Percentage" (i.e., the percentage of consolidated renewable installed capacity on total consolidated installed capacity) and to the related achievement of a Sustainability Performance Target ("SPT") equal to or greater than 60% by 31 December 2022 (as of 30 June 2020, the figure was equal to 51.9%). To ensure the transparency of the results, the achievement of the target will be certified by a specific assurance report issued by an auditor engaged for this purpose.

The issuance has been structured as a single tranche issue of 500 million pounds sterling paying a rate of 1.000% maturing 20 October 2027. The issue price has been set at 99.747% and the effective yield at maturity is equal to 1.038%. The settlement date for the issue is 20 October 2020.

The interest rate will remain unchanged to maturity subject to achievement of the SPT indicated above as of 31 December 2022. If the target is not achieved, a step-up mechanism will be applied, increasing the rate by 25 bps as of the first interest period subsequent to the publication of the assurance report of the auditor.

The bond reflects the commitment of Enel, leading private electricity company in the world by renewable installed capacity, to contribute to the achievement of SDG 7.2, i.e. "Increase substantially the share of renewable energy in the global energy mix by 2030".

Alongside the issue, Enel has signed a new and innovative "Sustainability-Linked Cross Currency Swap" with a bank, to be hedged against the pound sterling-euro exchange rate and interest rate risk. The unique feature of this derivative instrument is the commitment of both counterparties to achieve specific and ambitious SPTs, with a discount in the cost of the transaction based on the ability of each counterparty to meet its respective SPT.

Bond repayment

The Company repaid following bonds at maturity:

- Euro 100 million on 08 January 2020
- Euro 482 million on 11 March 2020
- CHF 100 million on 23 June 2020 (Euro 93 million)

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. Covenants are non-financial. To date none of the covenants have been triggered.

The main covenants in respect of the bond issues under the Global/Euro Medium-Term Notes program (including the Green Bonds of the Company guaranteed by Enel S.p.A., which are used to finance the

Group's eligible green projects) and those related to the bonds issued by the Company on the US market guaranteed by Enel SpA 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;
- 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;

From 2019, the Company issued some "sustainable" bonds on the European market (as part of the Euro Medium Term Notes - EMTN bond issue program) and on the US market, guaranteed by Enel SpA, linked to the achievement of a number of the Sustainable Development Goals (SDGs) of the United Nations that contain the same covenants as other bonds of the same type.

The main covenants for the Revolving Facility Agreement 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;
- rating clauses, which provide for the borrower to maintain their rating above a certain specified level;
- 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.

14 Short-term loans and borrowings – Euro 3,305 million

Millions of Euro

	at Dec. 31, 2020	at Dec. 31, 2019	Change
Short-term loans Enel Group companies	460	2,547	(2,087)
Commercial papers	2,739	500	2,239
Cash collaterals on derivatives	106	292	(186)
Short-term financial debt	**3,305**	**3,339**	**(34)**

Short-term loans

At 31 December 2020 short-term loans decreased by Euro 2,087 million from 31 December 2019.

Millions of Euro

	Original currency	Euro countervalue at 31 Dec 2020	Euro countervalue at 31 Dec 2019	Change
Enel Green Power Romania Srl	RON	124	126	(2)
Enel Iberia S.r.l.	Euro	223	84	139
Generadora Montecristo SA	USD	60	33	27
Enek Fortuna SA	USD	33	27	6
Enel Green Power Costa Rica SA	USD	7	5	2
Enel Investment Holding B.V.	Euro	2	5	(3)
Kongul Energì Sanayive Tìcaret Anonìm Sìrket	TRY	3	5	(2)
EnerNOC Ireland Limited	Euro	3	-	3
Enel Green Power Mexico S de RL de CV	USD, MXN	3	-	3
Enel X UK Limited	GBP	1	-	1
EGP Australia Pty Ltd	AUD	1	-	1
Enel Servizio Elettrico S.p.A.	Euro	-	2,132	(2,132)
Proveedora de Electricidad de Occidente S de RL de Cv	USD	-	117	(117)
Parque Amistad IV SA DE CV	USD	-	13	(13)
Total		**460**	**2,547**	**(2,087)**

Commercial Papers

The payables represented by commercial papers relate to outstanding issuances at 2020 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 2020 was Euro 2,739 million (Euro 500 million at 31 December 2020).

The following table provides disclosures about changes in liabilities and activity arising from financing activities, as defined in the cash flows statements, including both changes arising from cash flows and non-cash changes.

Millions of CU

	Notes	at Jan.1, 2020	Changes from financing cash flows		Non-cash changes		at Dec. 31, 2020
			New issues	Repayments and other net changes	Effect of changes in foreign exchange rates	Other changes	
Long-term borrowings	13	30,740	548	(675)	(1,323)	100	29,390
Short-term loans Enel Group companies	14	2,547	203	(2,263)	(27)	-	460
Commercial papers	14	500	2,239	-	-	-	2,739
Total		**33,787**	**2,990**	**(2,938)**	**(1,350)**	**100**	**32,589**

15 Other current financial liabilities – Euro 395 million

Other current financial liabilities decreased by Euro 23 million and mainly related to interest expenses accrued on debt outstanding at 31 December 2020.

All payments are expected within 12 months.

16 Fair value measurement

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).

In this note, the relevant disclosures are provided in order to assess the following:

- for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and
- for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

- recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;
- non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on markets.

The fair value of instruments not listed on a market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than euro are converted into euros at the exchange rate provided by the European Central Bank.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the company’s credit risk exposure.

For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel Finance International N.V.

Assets and liabilities measured at fair value in the financial statements

The following table shows the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorised:

Milions of euro	Non Current				Current			
	at Dec. 31, 2020	Level 1	**Level 2**	Level 3	**at Dec. 31, 2020**	Level 1	**Level 2**	Level 3
DERIVATIVE ASSETS								
Fair value hedge								
on foreign exchange risk	3	-	3	-	-	-	-	-
Total	**3**	-	**3**	-	-	-	-	-
Cash flow hedge								
on interest rate risk	53	-	54	-	-	-	-	-
on foreign exchange risk	24	-	23	-	-	-	-	-
Total	**77**	-	**77**	-	-	-	-	-
At fair value through profit or loss								
on interest rate risk	64	-	64	-	-	-	-	-
on foreign exchange risk	-	-	-	-	50	-	50	-
Total	**64**	**-**	**64**	**-**	**50**	**-**	**50**	**-**
TOTAL DERIVATIVE ASSETS	**144**	-	**144**	-	**54**	-	**54**	-
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	(94)	-	(94)	-	-	-	-	-
on foreign exchange risk	(1,379)	-	(1,379)	-	-	-	-	-
Total	**(1,473)**	-	**(1,473)**	-	-	-	-	-
At fair value through profit or loss								
on interest rate risk	(66)	-	(66)	-	-	-	-	-
on foreign exchange risk	-	-	-	-	(4)	-	(4)	-
Total	**(66)**	-	**(66)**	-	**(4)**	-	(4)	-
TOTAL DERIVATIVE LIABILITIES	**(1,539)**	-	**(1,539)**	-	**(4)**	-	**(4)**	-

Millions of euro	Non Current				Current			
	at Dec. 31, 2019	Level 1	**Level 2**	Level 3	**at Dec. 31, 2019**	Level 1	**Level 2**	Level 3
DERIVATIVE ASSETS								
Cash flow hedge								
on interest rate risk	39	-	39	-	-	-	-	-
on foreign exchange risk	411	-	411	-	9	-	9	-
Total	**450**	-	**450**	-	9	-	9	-
At fair value through profit or loss								
on interest rate risk	43	-	43	-	-	-	-	-
on foreign exchange risk	-	-	-	-	14	-	14	-
Total	**43**	**-**	**43**	**-**	**14**	**-**	**14**	**-**
TOTAL DERIVATIVE ASSETS	**493**	-	**493**	-	**23**	-	**23**	-
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	(175)	-	(175)	-	-	-	-	-
on foreign exchange risk	(621)	-	(621)	-	-	-	-	-
Total	**(796)**	-	**(796)**	-	-	-	-	-
At fair value through profit or loss								
on interest rate risk	(45)	-	(45)	-	-	-	-	-
on foreign exchange risk	-	-	-	-	(5)	-	(5)	-
Total	**(45)**	-	**(45)**	-	**(5)**	-	(5)	-
TOTAL DERIVATIVE LIABILITIES	**(841)**	-	**(841)**	-	**(5)**	-	**(5)**	-

Assets and liabilities not measured at fair value in the financial statements

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

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.

Milions of euro

	note	**at Dec. 31, 2020**	Level 1	Level 2	Level 3
Financial assets at amortized cost					
Medium/long-term financial receivables	6	33,901	-	33,901	-
Short-term financial receivables	9	2,687	-	2,687	-
Total		**34,313**	**-**	**34,313**	**-**
Borrowings:					
Bonds					
-fixed rate	13	34,217	34,217	-	-
-floating rate	13	473	473	-	-
-deposits from the Group	14	458	-	458	-
Short-term borrowings at amortized cost	14	2,740	2,740	-	-
Total		**37,888**	**37,430**	**458**	-

Level 2 includes financial assets/liabilities measured at fair value on the basis of the curve on the market for each currency and the exchange rate for the non-euro currency.

17 Hedging activities and derivatives

Derivatives are initially recognised at fair value, on the trade date of the contract and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into, in order to reduce risks such as interest rate risk, foreign exchange rate risk, when all the criteria provided by IFRS 9 are met.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges of forecast transactions designated as hedged items, the Company assesses and documents that they are highly probable and present an exposure to changes in cash flows that affect profit or loss.

To be effective a hedging relationship shall meet all of the following criteria:

- existence of an economic relationship between hedging instrument and hedged item;
- the effect of credit risk does not dominate the value changes resulting from the economic relationship;
- the hedge ratio defined at designation resulting equal to the one used for risk management purposes (i.e. same quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item).

Based on the IFRS 9 requirements, the existence of an economic relationship is evaluated by the Company through a qualitatively assessment or a quantitatively computation, depending of the following circumstances:

- if the underlying risk of the hedging instrument and the hedged item is the same, the existence of an economic relationship will be provided through a qualitative analysis;
- on the other hand, if the underling risk of the hedging instrument and the hedged item is not the same, the existence of the economic relationship will be demonstrated through a quantitative method in addition to a qualitative analysis of the nature of the economic relationship (i.e. linear regression).

In order to demonstrate that the behaviour of the hedging instrument in line with those of the hedged item, different scenarios will be analysed

In order to evaluate the credit risk effects, the Company considers the existence of risk mitigating measures (collateral, mutual break-up clauses, netting agreements, etc.).

The Company has established a hedge ratio of 1:1 for all the hedging relationships as the underlying risk of the hedging derivative is identical to the hedged risk, in order to minimize hedging ineffectiveness.

The hedge ineffectiveness will be evaluated through a qualitative assessment or a quantitative computation, depending on the following circumstances:

- if the critical terms of the hedged item and hedging instrument match and there aren't other sources of ineffectiveness included the credit risk adjustment on the hedging derivative, the hedge relationship will be considered fully effective on the basis of a qualitative assessment;
- if the critical terms of the hedged item and hedging instrument do not match or there is at least one source of ineffectiveness, the hedge ineffectiveness will be quantified applying the dollar offset cumulative method with hypothetical derivative. This method compares changes in fair values of the hedging instrument and the hypothetical derivative between the reporting date and the inception date.

The main causes of hedge ineffectiveness may be the followings:

- basis differences (i.e. the fair value or cash flows of the hedged item depend on a variable that is different from the variable that causes the fair value or cash flows of the hedging instrument to change);
- timing differences (i.e. the hedged item and hedging instrument occur or are settled at different dates);
- quantity or notional amount differences (i.e. the hedged item and hedging instrument are based on different quantities or notional amounts);
- other risks (i.e. changes in the fair value or cash flows of a derivative hedging instrument or hedged item relate to risks other than the specific risk being hedged);
- credit risk (i.e. the counterparty credit risk differently impact the fair value movements of the hedging instruments and hedging item)

Fair value hedge

Fair value hedges are used to protect the Company against exposures to changes in the fair value of assets, liabilities or firm commitment attributable to a particular risk that could affect profit or loss. Changes in fair value of derivatives that qualify and are designated as hedging instruments are recognised in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the period to maturity.

Cash flow hedge

Cash flow hedges are applied in order to hedge the Company exposure to changes in future cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedging relationships using cross currency basis spread as hedging instrument, the Company separates foreign currency basis spread, in designating the hedging derivative, and present them in other comprehensive income (OCI).

The following tables report the notional amount and fair value of derivative financial assets and liabilities by type of hedge relationship and hedged risk, broken down into current and non-current derivative financial assets and liabilities.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Milions of euro	**Non Current**				**Current**			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
DERIVATIVE ASSETS								
Fair value hedge								
on foreign exchange risk	557	-	3	-	-	-	-	-
Total	**557**	-	**3**	-	-	-	-	-
Cash flow hedge								
on interest rate risk	806	831	53	39	-	-	-	-
on foreign exchange risk	2,479	8,134	24	411	-	92	-	9
Total	**3,285**	**8,965**	**77**	**450**	-	**92**	-	**9**
DERIVATIVE LIABILITIES								
Cash flow hedge								
on interest rate risk	900	1,900	(94)	(175)	-	-	-	-
on foreign exchange risk	13,513	9,084	(1,379)	(621)	-	-	-	-
Total	**14,413**	**10,984**	**(1,473)**	**(796)**	-	-	-	-

Managing interest rate benchmark reform and associated risks

Overview

Interbank Offered Rates (IBORs) represent average rates at which certain banks could theoretically borrow money in the interbank market on an unsecured basis for a given period from overnight to twelve months in a given currency.

In the recent years there have been several cases of manipulation of these rates by banks contributing to its calculation, and for this reason regulators around the world have begun a fundamental reform of major interest rate benchmarks, including the replacement of some IBORs with alternative nearly risk-free rates (IBOR reform).

Within the context of a considerable uncertainty surrounding the timing and the methods of transition in various countries, the Companyis currently in the process of finalizing the impact assessment of the contracts, after having defined the global perimeter in terms of contracts number and nominal value, and after having collected them on a country and business line contribution base. Furthermore, contractual amendments are starting to be implemented following a gradual process that will continue during the 2021, subject to change based on IBORs reform evolution and alternative risk-free rates connected to market liquidity.

Derivatives

The Company holds interest rate swaps and cross currency interest rate swaps for risk management purposes, which are designated in cash flow hedging relationships for the vast majority, with only a residual part being designated in fair value hedges.

The interest rate swaps and the cross currency interest rate swaps are mainly indexed to either Euribor, USD and GBP Libor. The Company's derivative instruments are governed by contracts mainly based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

ISDA reviewed its standardised contracts in the light of IBOR reform and plans to amend certain floating-rate options in the 2006 ISDA definitions to include fallback clauses that would apply on the permanent discontinuation of certain key IBORs. ISDA published an IBOR fallback supplement to amend the 2006 ISDA definitions and an IBOR fallback protocol to facilitate multilateral amendments to include the amended floating-rate options in derivative transactions that were entered into before the effective date of the supplement. The Company is currently evaluating to adhere or not to the protocol and to monitor whether its counterparties will also adhere. If this plan changes or there are counterparties who will not adhere to the protocol, the Company will negotiate with them bilaterally about including new fallback clauses .

Hedge Accounting

The Company has evaluated the extent to which its hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020, with regard to both hedging instruments and hedged items. The Company's hedged items and hedging instruments will change indexation from IBORs to RFRs (Risk Free Rate) Fallback rate as a result of contractual amendments that are expected to come into effect during 2021. In particular, for hedging instruments indexed to Euribor the preferred fallback rate will be based on Euro STR (Euro Short-Term Rate), while for those referenced to USD and GBP LIBOR the new indexation will be at SOFR (Secured Overnight Index Average) and SONIA (Sterling Overnight Index Average) respectively.

The most relevant exposition of the Company is on the Euribor, along with significant expositions to GBP and USD LIBOR; nevertheless itis on the euro side that the uncertainty over the timing of the fallback process is higher.

However, even though the Company expects that IBORs will cease to exist after the end of 2021, there is uncertainty about when and how replacement of IBORs may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may affect the hedging relationship. The Company therefore applies the amendments to IFRS 9 issued in September 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness; however, the Company will work in order to apply the fallback mechanism at the same time.

The Company's exposure to IBORs designated in hedging relationships, for which the exceptions provided by the amendments to IFRS 9 issued in September 2019 were applied, totals Euro 1,863 million in terms of nominal amount of the hedging instruments as at 31 December 2020.

Moreover the breakdown of nominal amounts of hedging instruments and hedged items by IBOR rate is as follows:

Milions of euro	Notional amount
	at Dec. 31, 2020
Hedging instruments	
GBP LIBOR	-
USD LIBOR	161
EURIBOR	1,702
Total	**1,863**

Hedge relationships by type of risk hedged

<u>Interest rate risk</u>

The following table shows the notional amount and the average price of interest rate risk hedging instruments outstanding as at December 31, 2020 broken down by maturity:

Millions of euro	Maturity						
	2021	2022	2023	2024	2025	Beyond	**Total**
Interest rate swap:							
Total Notional value		100	150	100	50	1,306	1,706
Notional value in Euro		100	150	100	50	1,145	1,545
Average interest rate in Euro		*5.5180*	*4.5633*	*6.0790*	*4.9150*	*0.4936*	

The following table reports the notional amount and fair value of the hedging instruments on interest rate risk of transactions outstanding as at 31 December 2020 and 31 December 2019, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedged instruments	**Hedged item**	**at Dec. 31, 2020**	**at Dec. 31, 2020**	at Dec. 31, 2019	at Dec. 31, 2019
Interest rate swaps	Floating-rate borrowings	(94)	900	(175)	1,900
Interest rate swaps	Floating-rate lendings	53	806	39	831
Total		**(41)**	**1,706**	**(136)**	**2,731**

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at 31 December 2020 and 31 December 2019, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
Derivatives	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Interest rate swaps	806	831	53	39	900	1,900	(94)	(175)
Total interest rate derivatives	**806**	**831**	**53**	**39**	**900**	**1,900**	**(94)**	**(175)**

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk:

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31,	2021	2022	2023	2024	2025	Beyond
Cash flow hedge derivatives on interest rates:							
- Positive fair value	53	11	11	9	8	7	10
- Negative fair value	(94)	(23)	(22)	(19)	(15)	(12)	(14)
Total Interest rate derivatives	**(41)**	**(12)**	**(11)**	**(10)**	**(7)**	**(5)**	**(4)**

<u>Exchange rate risk</u>

The following table shows the notional amount and the average price of foreign exchange risk hedging instruments outstanding as at 31 December 2020 broken down by maturity.

Millions of euro	Maturity						
	2021	2022	2023	2024	2025	Beyond	**Total**
Cross currency interest rate swap:							
Total Notional value	-	1,630	2,038	2,377	1,223	8,607	15,875
Notional value CCIRS Euro-USD	-	1,630	2,038	1,223	1,223	6,928	13,042
Average exchange rate Euro/USD		*1.1213*	*1.1674*	*1.1039*	*1.1593*	*1.2066*	
Notional value CCIRS Euro-GBP				946		1,559	2,505
Average exchange rate Euro/GBP				*0.8765*		*0.8771*	

The following table shows the notional amount and the fair value of the hedging instruments on foreign exchange risk of transactions outstanding as at 31 December 2020 and 31 December 2019, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedged instruments	**Hedged item**	**at Dec. 31, 2020**	**at Dec. 31, 2020**	at Dec. 31, 2019	at Dec. 31, 2019
Cross currency interest rate swap (CCIRS)	Fixed-rate borrowings in foreign currencies	(1,355)	15,992	(210)	17,218
Total		**(1,355)**	**15,992**	**(210)**	**17,218**

The following table shows the notional amount and the fair value of hedging derivatives on foreign exchange risk of transactions outstanding as at 31 December 2020 and 31 December 2019, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
Derivatives	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
Cross currency interest rate swap (CCIRS)	2,479	8,134	24	411	13,513	9,084	(1,379)	(621)
Total interest rate derivatives	**2,479**	**8,134**	**24**	**411**	**13,513**	**9,084**	**(1,379)**	**(621)**

Fair value hedge derivatives

The following table shows separately gains or losses of fair value hedge derivatives on foreign exchange risk and those on the hedged items attributable to the hedged risk for

Millions of CU	2020	2019
	Net Gains / (Losses)	**Net Gains / (Losses)**
Hedging instruments	3	-
Hedged items	3	-
Ineffectiveness	**-**	**-**

Cash flow hedge derivatives

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

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31,	2021	2022	2023	2024	2025	Beyond
Cross currency interest rate swap							
Positive Fair value derivatives	24	49	46	45	56	(18)	30
Negative fair value derivatives	(1,379)	177	7	30	(69)	72	545
Total Exchange rate derivatives	**(1,355)**	**226**	**53**	**75**	**(13)**	**54**	**575**

Impact of hedging derivatives on balance sheet, statement of profit or loss and other comprehensive income and equity

The impact of the hedging instruments on the balance sheet is, as follows:

Millions of Euro	**Notional amount**	**Carrying amount**	**Line item in the statement of financial position**	**Fair value used for measuring ineffectiveness for the period**
at Dec. 31, 2020				
Interest rate swap (IRS)	1,706	(41)	Derivatives	(41)
Cross currency interest rate swap (CCIRS)	15,992	(1,355)	Derivatives	(1,172)
at Dec. 31, 2019				
Interest rate swap (IRS)	2,731	(136)	Derivatives	(136)
Cross currency interest rate swap (CCIRS)	17,310	(200)	Derivatives	(95)

The impact of the hedged item on the balance sheet is, as follows:

Millions of Euro	2020			2019		
	Fair value used for measuring ineffectiveness	**Cash flow hedge reserve**	**Cost of hedging reserve**	**Fair value used for measuring ineffectiveness**	Cash flow hedge reserve	**Cost of hedging reserve**
Floating-rate borrowings	(94)	(94)	-	173	(173)	-
Floating-rate lendings	54	54	-	(39)	39	-
Floating-rate lendings in foreign currencies	2	-	-	-	-	-
Fixed-rate borrowings in foreign currencies	(1,172)	(1,172)	(183)	95	(95)	(105)
Total	(1,210)	(1,212)	(183)	229	(229)	(105)

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is:

Millions of Euro	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
at Dec. 31, 2020						
Floating-rate borrowings	79	-	Derivatives	-	-	Financial expense from derivative
Floating-rate lendings	15	-	Derivatives	-	-	Financial expense from derivative
Fixed-rate borrowings in foreign currencies	(1,077)	-	Derivatives	(78)	1,342	Financial expense from derivative
at Dec. 31, 2019						
Floating-rate borrowings	64	(9)	Derivatives	-	-	Financial expense from derivative
Floating-rate lendings	28	-	Derivatives	-	-	Financial expense from derivative
Fixed-rate borrowings in foreign currencies	493	-	Derivatives	89	(384)	Financial expense from derivative

The following table reports the impact of cash flow hedge derivatives on equity during the period, gross of the fiscal impact:

	2020				2019			
Millions of Euro	**Cost of hedging**	**Gross changes in fair value recognized in equity (b)**	**Gross changes in fair value transferred to income – Recycling (1) (c)**	**Gross changes in fair value transferred to income - Ineffectiveness**	**Cost of hedging**	**Gross changes in fair value recognized in equity (b)**	**Gross changes in fair value transferred to income – Recycling (1) (c)**	**Gross changes in fair value transferred to income - Ineffectiveness**
Interest rate hedging		79	-	-	-	83	-	(9)
Exchange rate hedging	(38)	(1,077)	-	-	89	493	-	-
Hedging derivatives	**(38)**	**(998)**	-	-	**89**	**576**	-	**(9)**

The amount of effective changes in the fair value of cash flow hedge derivatives, not yet settled, corresponding to hedges on the exchange rate on hedged items released in order to offset the adjustment at the spot exchange rate of the hedged assets/liabilities denominated in a foreign currency at the end of the reporting period totalled to Euro 1,335 million.

Derivatives at fair value through profit or loss

The following tables show the notional amount and the fair value of derivatives assets and liabilities at FVTPL, as at 31 December 2020 and 31 December 2019, classified on the basis of each type of risk, broken down into current and non-current.

Milions of euro	Non Current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2020	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019	**at Dec. 31, 2020**	at Dec. 31, 2019
DERIVATIVE ASSETS								
At fair value through profit or loss								
on interest rate risk	449	486	64	43	-	-	-	-
on foreign exchange risk	-	-	-	-	3,230	2,691	54	14
Total	**449**	**486**	**64**	**43**	**3,230**	**2,691**	**54**	**14**
DERIVATIVE LIABILITIES								
At fair value through profit or loss								
on interest rate risk	449	486	(66)	(45)	-	-	-	-
on foreign exchange risk	-	-	-	-	508	650	(4)	(5)
Total	**449**	**486**	**(66)**	**(45)**	**508**	**650**	**(4)**	**(5)**

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 personnel during the financial year.

The following table summarizes the financial relationships between the Company and its related parties at 31 December 2020 and 31 December2019 respectively:

Millions of euro		Receivables	Payables	Income	Cost
		at Dec. 31, 2020		**2020**	
Shareholder					
Enel S.p.A		13524	63	165	175
	(Subtotal)	*13,524*	*63*	*165*	*175*
Other affiliated companies					
OPEN FIBER SpA		-	-	-	-
Villanueva Solar, S.A. De C.V.		40	-	2	4
Ampla Energia E Servicos S.A.		117	-	-	2
Parque Solar Villanueva Tres, S.A. De C.V.		27	-	2	2
Parque Solar Don Jose, S.A. De C.V.		16	-	1	2
Energia Limpia de Amistad, S. de R.L. de C.V.		77	-	11	13
Enel Green Power Peru Sa (USD)		-	-	7	6
Slovak Power Holding B.V.		452	-	25	-
Enel Green Power Romania Srl		-	124	2	1
Parque Salitrillos, S.A. de C.V.		72	-	4	7
Enel Energia, S.A. de C.V.		-	-	1	-
Ngonye Power Company Limited		2	-	1	1
Enel Green Power Argentina Sa		-	-	-	-
Enel Green Power Australia Pty Ltd		-	-	2	4
Enel Green Power Canada Inc.		-	-	5	10
Tynemouth Energy Storage Limited		7	1	-	-
Enel Green Power Australia Trust		-	1	-	-
Enel X North America, Inc.		-	-	-	-
Companhia Energetica Do Ceara - Coelce		-	-	-	-
El Paso Solar Sas Esp		-	-	-	-
Enel Rinnovabile, S.A. de C.V.		16	-	1	1
Kino Contractor S.A. de C.V.		-	-	1	1
Dolores Wind Sa De Cv		85	-	10	12
Parque Amistad Ii Sa De Cv		40	-	4	6
Parque Amistad Iii Sa De Cv		38	-	5	6
Parque Amistad Iv Sa De Cv		12	-	8	6
Enel Green Power Hellas Sa		322	-	21	2
Endesa SA		3,014	-	90	(1)
Enel Brasil S.A		1	-	1	-
Enel Green Power Costa Rica		-	7	1	1
e-distribuzione SpA		-	-	102	(9)
Enel X International S.R.L.		-	-	-	-
Parque Eolico Pampa Sa		4	-	-	-
Enel Iberia SRL		4,066	223	30	(1)
Enel Fortuna SA		-	33	5	2
Enel Green Power Bulgaria EAD		3	-	-	-
Enel Green Power Spa IT		1,940	-	63	(1)
ENEL INVESTMENT HOLDING BV		-	5	-	(1)
Enel North America, Inc.		-	-	-	-
Enel Green Power Panama SA		36	-	2	4

Enel Produzione IT	-	-	32	(3)
Enel Italia Srl IT	8,766	-	829	8
Servizio Elettrico Nazionale SpA	-	-	-	1
Enel Sole Srl	-	-	1	-
Egp Magdalena Solar SA de CV	77	-	8	8
Enel Global Trading Spa IT	199	-	18	-3
EnerNOC Ireland Limited	-	3	-	-
Enel X Polska Sp. Zo.O.	1	-	-	-
Eletropaulo Metropolitana Eletricidade De Sao Paulo S.A.	-	-	-	-
Pincher Creek Lp	-	-	-	-
Riverview Lp	-	1	1	1
Enel Americas S.A.	123	-	2	15
Generadora Montecristo, S.A.	-	60	6	2
Enel Green Power Mexico S de RL de CV	270	3	38	31
Enel Finance America, Llc	-	-	2	5
Enel X Korea Limited	5	-	-	-
PH Chucas S.A.	87	-	7	9
Juicenet Gmbh	-	-	-	-
Enel X Mobility Romania SRL	-	-	-	-
Enel X Romania SRL	-	-	-	-
Enel X Singapore PTE. LTD	-	-	-	-
COHUNA SOLAR FARM Trust	27	-	1	-
Enel Green Power Cohuna Solar Holdings Pty Ltd	-	-	-	-
Proveedora de Electricidad de Occidente Srl de cv	-	-	6	9
Enel X Norway AS	-	-	-	-
Enel Green Power Colombia Sas Esp	-	-	1	2
Enel Global Services S.r.l.	-	-	-	-
Enel X Sweden AB	-	-	-	-
Enel Insurance NV	-	1	-	-
Viva Labs AS	2	-	-	-
EGP Americas SpA	-	-	-	-
Dominica Energia Limpia S. de R.L. de C.V.	41	-	6	6
Energias Renovables La Mata SAPI de CV	82	-	5	7
Enel Green Power Rsa (PTY) Ltd	16	-	3	2
Kongul Enerji Sanayi Ve Ticaret Anonim Sirketi	-	3	1	-
Enel Green Power Del Sur SpA	523	-	17	50
Energia Limpia De Palo Alto, S. De R.L. De C.V.	141	-	11	14
Vientos de Altiplano, S. de R.L. de C.V.	25	-	3	4
Enel Chile S.A.	819	-	23	74
(Subtotal)	*21,591*	*465*	*1,428*	*322*
Total	**35,115**	**528**	**1,593**	**497**

Millions of euro

	Receivables	Payables	Income	Cost
	at Dec. 31, 2019		**2019**	
Shareholder				
Enel S.p.A	11302	150	135	63
(Subtotal)	*11,302*	*150*	*135*	*63*
Other affiliated companies				
Villanueva Solar, S.A. De C.V.	41	-	14	63
Parque Solar Villanueva Tres, S.A. De C.V.	28	-	11	(2)
Parque Solar Don Jose, S.A. De C.V.	16	-	9	(2)
Energia Limpia de Amistad, S. de R.L. de C.V.	80	-	70	(1)
Enel Green Power Peru Sa (USD)	156	-	32	56
Slovak Power Holding B.V.	350	-	15	13
Enel Green Power Romania Srl	-	-	3	1
Parque Salitrillos, S.A. de C.V.	74	126	6	2

Ngonye Power Company Limited	2	-	-	-
Enel Green Power Argentina Sa	4	-	-	-
Enel Green Power Australia Pty Ltd	1	2	3	-
Enel Green Power Canada Inc.	111	-	11	4
Tynemouth Energy Storage Limited	9	-	1	6
Enel Green Power Australia Trust	-	-	1	-
Enel X North America, Inc.	5	-	6	-
Companhia Energetica Do Ceara - Coelce	-	-	5	-
El Paso Solar Sas Esp	39	-	4	1
Enel Rinnovabile, S.A. de C.V.	16	-	1	1
Kino Contractor S.A. de C.V.	8	-	1	1
Dolores Wind Sa De Cv	147	-	21	1
Parque Amistad Ii Sa De Cv	55	-	9	9
Parque Amistad Iii Sa De Cv	35	-	7	4
Parque Amistad Iv Sa De Cv	8	13	7	4
Enel Green Power Hellas Sa	325	-	23	5
Endesa SA	3,015	-	92	(2)
Enel Brasil S.A	-	-	152	-
Enel Green Power Costa Rica	-	5	-	(2)
e-distribuzione SpA	5,557		339	
Parque Eolico Pampa Sa	4	-	-	5
Enel Iberia SRL	4,403	84	191	-
Enel Fortuna SA	-	27	1	(3)
Enel Green Power Bulgaria EAD	9	-	-	1
Enel Green Power Spa IT	5,341	-	93	-
Enel North America, Inc.	-	6	2	(2)
Enel Green Power Panama SA	47	-	5	1
Enel Produzione IT	2,016	-	113	-
Servizio Elettrico Nazionale SpA		2,133-	-	1
Enel Sole Srl	101	-	3	12
Egp Magdalena Solar SA de CV	122	-	19	-
Enel Global Trading Spa IT	597	-	9	8
Eletropaulo Metropolitana Eletricidade De Sao Paulo S.A.	-	-	7	3
Pincher Creek Lp	-	-	1	1
Riverview Lp	-	-	-	-
Generadora Montecristo, S.A.	-	33	-	1
Enel Green Power Mexico S de RL de CV	236	-	24	2
PH Chucas S.A.	102	-	11	8
COHUNA SOLAR FARM Trust	20	-	1	-
Enel Green Power Cohuna Solar Holdings Pty Ltd	-	-	-	1
Proveedora de Electricidad de Occidente Srl de cv	-	117	11	-
Dominica Energia Limpia S. de R.L. de C.V.	44	-	8	20
Energias Renovables La Mata SAPI de CV	97	-	11	-
Enel Green Power Rsa (PTY) Ltd	29	-	11	2
Kongul Enerji Sanayi Ve Ticaret Anonim Sirketi	-	4	1	2
Enel Green Power Del Sur SpA	573	-	43	2
Energia Limpia De Palo Alto, S. De R.L. De C.V.	155	-	16	(1)
Vientos de Altiplano, S. de R.L. de C.V.	28	-	6	1
Enel Chile S.A.	356	-	6	-
(Subtotal)	*24,362*	*2,550*	*1,436*	*227*
Total	**35,664**	**2,700**	**1,571**	**290**

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

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of Euro

	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2020			at Dec. 31, 2019	
Assets						
Long-term loans and financial receivables incuding current portion	32,177	32,177	100%	26,942	26,942	100%
Derivatives- non-current	144	121	84%	493	85	17%
Short-term loans and financial receivables	2,677	2,677	100%	8,469	8,469	100%
Derivatives - current	54	1	2%	23	11	48%
Other current financial assets	1,579	132	8%	793	157	20%
Other current assets	8	8	100%	1	0	0%
Liabilities						
Derivatives- non-current	1,539	2	0%	841	92	11%
Income tax payable	46	2	4%	17	1	6%
Short-term loans and borrowings	3,305	460	14%	3,339	2,547	76%
Derivatives - current	4	0	0%	5	0	0%
Other current financial liabilities	395	61	15%	418	59	14%
Other current liabilities	2	2	100%	1	1	100%

Impact on income statement

Millions of Euro

	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2020			at Dec. 31, 2019	
Interest income	757	757	100%	1,285	1,287	100%
Other income	710	710	100%	-	-	-
Interest expense	1,212	66	5%	1,249	73	6%
Other expenses	4	4	100%	-	-	-
Other operating expenses	5	1	20%	3	-	-
Financial income on derivatives	686	60	9%	900	54	6%
Other financial income	1,424	65	5%	265	232	88%
Financial expense on derivatives	1,716	122	7%	511	22	4%
Other financial expense	345	305	88%	538	132	25%

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 in 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 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 December 31, 2020, 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 2020, amounted to Euro 116 thousand (Euro 97 thousand in 2019) represented short-term employee benefits and summarized in the following table:

Thousands of euro

	at Dec. 31, 2020	**at Dec. 31, 2019**
A.J.M. Nieuwenhuizen	29	29
H. Marseille	29	29
E. Di Giacomo	29	29
J. Homan	29	10
A. Canta	-	-
Total	**116**	**97**

22 Fees of the auditors

The independent auditor of the Company is KPMG Accountants N.V. which succeeded Ernst & Young Accountants LLP having been appointed by the shareholders' meeting of ENEL N.V. held on 20 May 2020.

Ernst & Young Accountants LLP was appointed as independent auditors of ENEL N.V. on 29 July 2011 and served for auditing financial statements for nine years 2011-2019.

With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, below a summary is provided of services performed by KPMG Accountants N.V. and Ernst & Young Accountants LLP and fees for each year accrued as per 31 December in the respective years.

Thousands of euro

	at Dec. 31, 2020	at Dec. 31, 2019
Audit	70	109
Audit related services in connection with GMTN prospectus (performed by EY)	61	0
Tax	-	-
Other	-	-
Total	**131**	**109**

23. Contingent assets and liabilities.

The following reports the main contingent assets and liabilities at December 31, 2020, which are not recognized in the financial statements as they do not meet the requirements of probable outflow provided for in IAS 37.

BEG Litigation

Following an arbitration proceeding initiated in Italy by BEG S.p.A. (BEG) , in 2002 Enelpower S.p.A. (Enelpower) obtained a ruling in its favor, which was upheld by the Court of Cassation in 2010, which entirely rejected the claim for damages with regard to an alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania. Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk (ABA), a company registered under the laws of Albania, filed suit against Enelpower and Enel S.p.A. (Enel) in Albania concerning the same matter, obtaining a ruling from the District Court of Tirana, upheld by the Albanian Court of Cassation, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, ABA demanded Enel to pay more than €430 million.

With a ruling of June 16, 2015, the first instance was completed in the additional suit lodged by Enelpower and Enel with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower through the legal action taken by ABA. With this action, Enelpower and Enel asked the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to ABA in the event of the enforcement of the sentence issued by the Albanian Courts. With the ruling, the Court of Rome found that BEG did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel and Enelpower in bringing proceedings, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of Court costs. Enel and Enelpower appealed the ruling before the Rome Court of Appeal, asking that it be overturned in full. The hearing, scheduled for November 13, 2019, and then postponed on May 7, 2020, was scheduled again for November 11, 2021. On November 5, 2016, Enel and Enelpower filed a petition before the Albanian Court of Cassation, asking for the ruling issued by the District Court of Tirana on March 24, 2009 to be voided. The proceeding is still pending.

PROCEEDINGS UNDERTAKEN BY ALBANIA BEG AMBIENT SHPK TO OBTAIN ENFORCEMENT OF THE RULING OF THE DISTRICT COURT OF TIRANA OF MARCH 24, 2009

ABA had initiated two proceedings before the Courts of the State of New York and Ireland requesting execution of the Albanian sentence in both States.. Both decisions ruled in favor of Enel and Enelpower , respectively, on February 23 and February 26, 2018. Accordingly, there are no lawsuits pending in Ireland or New York State.

FRANCE

In February 2012, ABA filed suit against Enel and Enelpower with the Tribunal de Grande Instance in Paris (TGI) in order to render the ruling of the Albanian court enforceable in France. Enel and Enelpower challenged the suit. Following the beginning of the case before the TGI, again at the initiative of ABA, between 2012 and 2013 Enel France was served with two orders for the precautionary attachment of receivables “Saise Conservatoire de Créances” to conserve any receivables of Enel in respect of Enel France. On January 29, 2018, the TGI issued a ruling in favor of Enel and Enelpower, denying ABA the recognition and enforcement of the Tirana court’s ruling in France for lack of the requirements under French law for the purposes of granting exequatur. Among other issues, the TGI ruled that: (i) the Albanian ruling conflicted with an existing decision, in this case the arbitration ruling of 2002 and (ii) the fact that BEG sought to obtain in Albania what it was not able to obtain in the Italian arbitration proceeding, resubmitting the same claim through ABA, represented fraud. ABA appealed the ruling. The hearing before the Paris Court of Appeal was held on February 2, 2021, and the issuance of the decision is currently awaited.

THE NETHERLANDS

At the end of July 2014, ABA filed suit with the Court of Amsterdam to render the ruling of the Albanian Court enforceable in the Netherlands. On June 29, 2016, the court filed its judgment, which: (i) ruled that the Albanian ruling meets the requirements for recognition and enforcement in the Netherlands; (ii) ordered Enel and Enelpower to pay ABA €433,091,870.00 , in addition to costs and ancillary charges of €60,673.78; and (iii) denied ABA's request to declare the ruling provisionally enforceable. On June 29, 2016, Enel and Enelpower filed appeals against the ruling of the Court of Amsterdam issued on the same date. On September 27, 2016, ABA also appealed the Court's ruling of June 29, 2016, to request the reversal of its partial loss on the merits. On April 11, 2017, the Amsterdam Court of Appeal granted the request of Enel and Enelpower to join the two pending appeals.

In a ruling of July 17, 2018, the Amsterdam Court of Appeal upheld the appeal advanced by Enel and Enelpower, ruling that the Albanian judgment cannot be recognized and enforced in the Netherlands. The Court of Appeal found that the Albanian decision was arbitrary and manifestly unreasonable and therefore contrary to Dutch public order. For these reasons, the Court did not consider it necessary to analyze the additional arguments brought by Enel and Enelpower. The proceedings before the Court of Appeal continued with regard to the subordinate question raised by ABA in the appeal proceedings, aimed at obtaining the Court ruling on the merits of the Albanian judgement and, in particular, on the alleged non-contractual liability of Enel and Enelpower in the failure to build the plant in Albania. On December 3, 2019, the Amsterdam Court of Appeal issued a ruling in which it quashed the trial court judgment of June 29, 2016, rejecting any claim made by ABA. The Court came to this conclusion after affirming its jurisdiction over Albania BEG Ambient Shpk's subordinate claim and re-analyzing the merits of the case under Albanian law. Enel and Enelpower are therefore not liable to pay any amount to ABA, which in overturn was ordered by the Court of Appeal to reimburse the appellant companies for the losses incurred for having undergone illegitimate conservative seizures, to be quantified as part of a specific procedure, and the costs of the trial and appeal proceedings. On March 3, 2020, ABA filed an appeal before the Supreme Court of the Netherlands challenging the ruling issued by the Court of Appeal. On April 3rd, 2020, Enel and Enelpower appeared before the Dutch Supreme Court . Following the exchange of written pleadings between the parties, on July 17, 2020, the Supreme Court assigned the Advocate General a deadline in order to issue its opinion on the case. On February 5, 2021, the Advocate General rendered its opinion in favor of Enel and Enelpower, concluding for the reject of the appeal submitted by ABA. On February 19, 2021, ABA filed a response to the opinion of the Advocate General. The issuance of the decision is currently awaited.

LUXEMBOURG

In Luxembourg, again at the initiative of ABA, J.P. Morgan Bank Luxembourg SA was also served with an order for the precautionary attachment of any receivables of Enel. In parallel ABA filed a claim to obtain enforcement of the ruling of the Court of Tirana in that country. The proceeding is still under way and no ruling has been issued yet.

23 Subsequent events

On 5 March 2021 Enel S.p.A. and Enel Finance International N.V. signed the sustainability-linked revolving credit facility for an amount of 10 billion euros and a maturity of five years.

Based on the achievement of a Direct Green House Gas Emissions amount equal to or lower than 148 gCO2eq/kWh by 31 December 2023, the revolving credit line provides for a step-up/step-down mechanism that will impact the margin applicable to subsequent drawings of the line and commitment fees for any unused portion of the credit facility.

The Facility replaces the previous 10 billion euro revolving credit line signed by Enel S.p.A and Enel Finance International N.V. in December 2017. The cost of the new credit facility varies on the basis of the pro tempore rating assigned to Enel, and based on the current rating, presents a spread of 40 bps above Euribor (the Euribor presents a floor at zero); the commitment fee is equal to 35% of the spread. The new Facility presents a lower all-in cost compared to the previous one.

Amsterdam, 29 April 2021

A. Canta

E. Di Giacomo

J. Homan

H. Marseille

A.J.M. Nieuwenhuizen

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 in 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.

Report of the independent audit firm on the 2020 financial statements of Enel Financial International BV

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

Independent auditor's report

To: the General Meeting of Shareholders of ENEL Finance International N.V. and the Audit Committee of ENEL S.p.A.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of ENEL Finance International N.V. (or 'the Company') as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of ENEL Finance International N.V. based in Amsterdam.

The financial statements comprise:

1 the statement of financial position as at 31 December 2020;

2 the statement of comprehensive income for the year ended 31 December 2020;

3 the statement of changes in equity for the year ended 31 December 2020;

4 the statement of cash flows for the year ended 31 December 2020; and

5 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 EU Regulation on specific requirements regarding statutory audits of public-interest entities, the 'Wet toezicht accountantsorganisaties' ('Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Audit approach

Summary

Materiality
— Materiality of EUR 295,000,000
— 0.8% of Total Assets

Key audit matter
— Valuation of the long-term and short-term loans and financial receivables due from ENEL S.p.A. and/or the ENEL S.p.A. Group companies

Opinion
— Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 295,000,000. The materiality is determined with reference to 0.8% of total assets. We consider total assets, which mainly include accounts related to financing activities, as an appropriate benchmark given the activities of ENEL Finance International N.V. as a Group financing 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.

We agreed with the Audit Committee of the ultimate parent company, ENEL S.p.A., that misstatements in excess of EUR 14,700,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit

We have performed audit procedures ourselves at the level of ENEL Finance International N.V. In addition, we made use of the work of the KPMG Italy audit team of Enel S.p.A. for the audit of the recoverability of the loan and interest receivables from ENEL S.p.A. and ENEL S.p.A. Group companies and over the determination of the fair value of derivative instruments.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audit. In this respect we have determined the nature and extent of the specified audit procedures to be carried out by the KPMG Italy audit team of ENEL S.p.A.

We sent instructions to the KPMG Italy audit team, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us. We discussed the work performed with the KPMG Italy audit team and reviewed the reporting and working papers received. During these discussions the planning, findings and observations reported to us were discussed in more detail and evaluated.

By performing the procedures mentioned above, together with additional procedures at the Company level, we have been able to obtain sufficient and appropriate audit evidence about ENEL Finance International N.V.'s financial information to provide an opinion about the annual accounts.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors of ENEL Finance International N.V. and the Audit Committee of ENEL S.p.A. The key audit matter is not a comprehensive reflection of all matters discussed.

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

Valuation of the long-term and short-term loans and financial receivables from ENEL S.p.A. and/or ENEL S.p.A. Group companies

Description

As included in note 6 and 9 to the financial statements the Company's exposure, in terms of credit risk, to Group companies may have a significant effect on the Company's financial statements. The outstanding balances at 31 December 2020 of EUR 35,052 million (long-term and short-term loans and financial receivables, net of the impairment loss allowance of EUR 38 million) represent approx. 95% (2019: approx. 96%) of the balance sheet total.

The Company's most significant assets are the long-term and short-term loans and financial receivables due from ENEL S.p.A and/or the ENEL S.p.A. Group companies. In the event that ENEL S.p.A. and/or Group companies can no longer fulfill their financial obligations towards the Company this would have a significant impact on the Company. The Company's ability to meet its financial obligations depends on the cash flows generated from the repayment of (accrued) interest and principally by ENEL S.p.A. and/or ENEL S.p.A. Group companies. Current and future developments of the COVID-19 outbreak are merely examples of factors that can impact the Company's ability to meet its financial obligations.

The Company records the long-term and short-term loans and financial receivables, net of the impairment loss allowance, which is done by estimating intercompany Probability of Default (PD) and Loss Given Default (LGD) on the basis of the credit worthiness of Enel S.p.A. and/or Enel S.p.A. Group companies and the applicable market data.

As the long-term and short-term loans and financial receivables from ENEL S.p.A. and/or ENEL S.p.A. Group companies are material to the Company's balance sheet and given the related estimation uncertainty on impairment losses, the risk of a financial loss of the Company is significant, when ENEL S.p.A. and/or ENEL S.p.A. Group companies, fail to meet their contractual obligations towards the Company. We therefore consider the valuation on the long-term and short-term loans and financial receivables provided to the ENEL S.p.A and/or ENEL S.p.A. Group companies to be a key audit matter.

Our response

We evaluated the design and implementation of the controls regarding the valuation assessment by the Board of Directors in respect of the long-term and short-term loans and financial receivables.

We performed, among others, the following procedures with respect to management's assessment of the recoverability of the long-term and short-term loans and financial receivables from the ENEL S.p.A. and/or ENEL S.p.A Group companies:

- We inquired with the Board of Directors of the Company about their assessment of the valuation of the long-term and short-term loans and financial receivables, based upon their knowledge of the developments in the financial position and cash flows of ENEL S.p.A's and/or ENEL S.p.A. Group companies, considering among others the impact, if any, of the COVID-19 pandemic, and about their evaluation with respect to the recoverability of the long-term and short-term loans and financial receivables from ENEL S.p.A. and/or ENEL S.p.A. Group companies;
- We inspected and analysed ENEL S.p.A.'s and ENEL S.p.A. Group companies' ability to meet its obligations under the loan agreements and their financial position of ENEL S.p.A. and ENEL S.p.A. Group companies by evaluating their respective (audited) financial figures for the year 2020. In addition, we evaluated the ENEL S.p.A.'s and ENEL S.p.A. Group companies' ability to meet their respective obligations towards the Company by evaluating their audited financial statements or available financial information as at 31 December 2020. Furthermore, we requested and evaluated certain working papers (including COVID-19 assessment) of the auditor of the ENEL S.p.A. and/or ENEL S.p.A. Group companies, supporting this evaluation;
- We involved a specialist in evaluating the reasonableness of the Board of Directors' key judgements and estimates in relation to Probability of Default (PD) and Loss Given Default (LGD) made in respect of IFRS 9, including selection of methods, models, assumptions and data sources;
- We inspected the terms and conditions of the loan agreements between ENEL S.p.A. and ENEL S.p.A. Group companies and the Company;
- We evaluated the long-term credit ratings and outlook of ENEL S.p.A., from Standard & Poor's, Fitch and Moody's;
- In addition, we evaluated the appropriateness of the accounting principles applied based on IFRS 9's requirements and the adequacy of the Company's related disclosures as presented in the notes to the financial statements.

Our observations

The results of our audit procedures relating to the valuation of the long-term and short-term loans and financial receivables from ENEL S.p.A. and/or ENEL S.p.A. Group companies were satisfactory and we consider the disclosures relating to credit risk as included in the credit risk paragraph on pages 38-41 and Notes 6, 9 of the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Director's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

KPMG Accountants N.V. was appointed as the Company's auditor effective for the year 2020, due to the appointment of KPMG S.p.A. as the Group auditor of ENEL S.p.A. Group as of 2020 in accordance with Italian mandatory firm rotation requirements, succeeding Ernst & Young.

We were engaged by the General Meeting of Shareholders as auditor of ENEL Finance International N.V. on 20 May 2020, for the audit as of the year 2020 and have operated as statutory auditor for the first time since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors of ENEL Finance N.V. and the Audit Committee of ENEL S.p.A. for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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.

The Audit Committee of ENEL S.p.A. is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 detect all material errors and fraud during our audit.

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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's

Amstelveen, 29 April 2021

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

Appendix: Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 the risk 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 the Board of Directors;
- concluding on the appropriateness of the Board of Director'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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the Group audit.

We communicate with the Board of Directors 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. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report. We provide the Board of Directors 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, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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