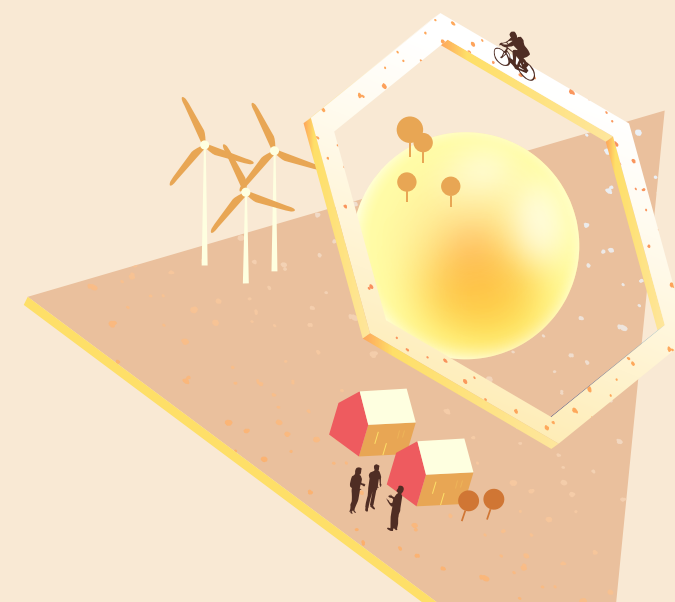




Activity and Sustainability Report

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José Luis Curbelo,
Chairman and CEO of COFIDES.

Letter from the Chairman

The COVID-19 pandemic, with its recessive impact on the world economy, left its mark on 2021 in the form of an uncertain outlook for the economy as a whole. Vaccination campaigns fortunately favoured a gradual return to normality and unveiled what seemed to be the beginning of recovery, that elusive and anxiously awaited development. That notwithstanding, the world economy is recovering less briskly than expected just a few months ago.

The ongoing presence of the pandemic in many geographies vital for trade as well as international investment and development projects, in combination with supply chain bottlenecks and inflation generated by high energy prices continues to throttle economic growth in both developed and less fully developed countries. Circumstances deteriorated further with the rise in worldwide risks attendant upon Russia's threatened invasion of Ukraine that led to a war unfortunately still waging at this writing and

for which no near end is in sight. Moreover, at this time not even a rough sketch can be drawn of the outlines of what the post-conflict economic and geostrategic order may look like, beyond each side's own desires and interests.

Despite the pandemic and the generally uncertain context described, **COFIDES can pride itself** on its performance in 2021 in terms of both the company's economic-financial situation and its achievements in connection with the three mainstays of its business activity set out in the 2019-2021 Strategic Plan. These include (1) furtherance of Spanish companies' sustainable internationalisation; (2) contribution to the country's cooperation for development policy; and (3) quest for social and environmental sustainability as well as good governance in company action, and for the greatest possible benefit for vulnerable industries. While reaping success in the above three areas, COFIDES was

Letter from the Chairman



Presentation of the Plan for Internationalising the Spanish Economy 2021-2022.

notified that it was to be entrusted with a new commitment to serve Spain's economic policy. Royal Decree-Law of 12 March 2021 vested the company with the management of FONREC, the Fund for Recapitalising Companies Affected by COVID-19, consolidating its position as a trustworthy and efficient manager of public funds.

COFIDES earned €21 M in 2021, more than double the preceding year's figure. A sum

just shy of the total, €19 M, was allocated to company reserves.

In keeping with company commitment to the **furtherance of the sustainable internationalisation of Spanish enterprise**, its first strategic mainstay and one of its essential business vectors, in 2021 internationalisation operations for a total of €233 M were financed with funding from COFIDES, the Foreign Investment Fund (hereafter FIEX) and the Fund for SME Foreign

Investment Operations (hereafter FONPYME). Of that sum, €148 M were invested in Latin America, €49 M in Europe and €15 M in the United States. Outlays during the fiscal period, including FONREC, came to €208 M, bringing the total portfolio to €1200 M, its highest value since company founding. I should stress that even though a substantial share of the company's internationalisation business is conducted in markets characterised by complexity, mean portfolio delinquency in 2021 dipped to a record minimum (3.8 %), substantially lower than the 4.8 % for Spanish financial system private sector lending

COFIDES's performance in the instruments and programmes in which it was involved in connection with the second Strategic Plan mainstay, **contribution to Spanish international cooperation policy and development finance**, was also highly satisfactory. In that context I would highlight company support for the Development Furtherance Fund (hereafter FONPRODE) management. COFIDES's involvement in this reimbursable financing instrument administered by Spain's International Cooperation for Development Agency (hereafter AECID) strengthens company relations with European Union cooperation programmes. Cooperation with FONPRODE in 2021 materia-

Letter from the Chairman

lised with the presentation of a milestone 13 proposals for operations worth €272 M, with a focus primarily on microfinance and sovereign debt.

As a European Union budget implementation agency, in 2021 COFIDES consolidated its role in structuring and developing projects involving the mobilisation of public and private resources. In addition to driving implementation of the Huruma Fund in Support of Small Rural Producers, launched in 2019, the company undertook two new initiatives: the provision of technical assistance for financial inclusion under the Triple Inclusive Finance (TIF) programme and the Renewable Energy Programme for Sub-Saharan Africa. These projects confirm COFIDES's capacity to effectively mobilise public and private, national and international resources which, in combination with EU programmes, have a measurable impact on target populations' well-being. Hand-in-hand with



'Finance in Common' a summit held in Rome on common action for the climate and sustainable development.

AECID, COFIDES aspires to be a lead actor in EU blending finance for development.

COFIDES's activity under the company's third strategic mainstay, **seeking sustainability aligned with Agenda 2030 and the Paris Agreement**, continued to be geared to eco-friendly investment financing with a high impact on

the Sustainable Development Goals (SDGs). The following initiatives merit particular mention: (1) Roll-out of COFIDES Impact, a programme forming part of the Recovery, Transformation and Resilience Plan, a Next Generation EU management instrument. Under COFIDES Impact and subject to meeting certain measurable targets, an interest rate bonus can

be applied to take sustainability criteria into consideration when determining the costs of financing our private sector operations. (2) COFIDES adhered to Spainsif a benchmark platform in Spanish sustainable investment. (3) The company ratified its commitment to the Global Compact and respective 10 principles for compliance with the SDGs. (4) COFIDES

Letter from the Chairman



Participation in the Fourth One Planet Sovereign Wealth Funds (OPSWF) Summit, addressed by former US Secretary of State John Kerry.

also acquired membership in REDI, the Business Network for Diversity and LGTBI inclusion, with which we expect to maintain fruitful and mutually beneficial relations.

We believe **COFIDES made a positive contribution to the 2030 Agenda objectives in 2021**, when the company raised its scores in practically all the relevant SDG indicators: Gender

(SDG-5); Affordable, Sustainable Energy (SDG-7); Economic Growth (SDG-8); Sustainable Infrastructure (SDG-9); and Climate Action (SDG-13). More specifically, the company's investments contributed to the creation of nearly 11 000 direct jobs, participated in adding 121 MW to renewable energy installed capacity, financed infrastructure worth €137 M and supported projects for €183 M in developing countries.

COFIDES also favoured higher levels of financial inclusion (SDG-17) and cooperation with civil society, national and third-country institutions, multilateral banks and other bilateral development finance institutions, while partnering actively with the European Development Finance Association (EDFI).

As noted earlier, all these targets were met at the same time as the company assumed management of FONREC, a commitment undertaken on very short notice due to the urgent need to address the devastating impact of COVID-19 on the business fabric. The fund is designed to support medium-sized companies (in terms of equity capital) whose solvency was adversely affected by the pandemic and successive lockdowns. Supporting strictly domestic company solvency became a de facto strategic mainstay for COFIDES. By assuming responsibility for that €1000 M fund, COFIDES doubled its assets

under management. The company's Strategic Plan for the next two years, presently being formulated, will incorporate a fourth strategic mainstay in keeping with its new mission: operation on the domestic market.

Be it said here that applying the new instrument meant designing and implementing nimble and transparent information systems in record time and establishing highly advanced analytical, assessment and risk control methods. The first formal applications were received in July and by year-end investments had been approved for companies that, while perfectly viable prior to the COVID-19-induced crisis and in possession of sound business models that inspired trust in their post-crisis survival, were severely affected by the recession set off by the pandemic. FONREC has been managed with routine efficiency from the outset and after the June 2022 deadline for investment approvals, the company will continue its engagement

Letter from the Chairman

with awardees over at least the following 8 years, through conclusion of the formalisation, monitoring and divestment stages.

No assessment of company in-house governance, could overlook an the obvious fact that 2021 was a year hardly characterised by normality. And while we are gradually returning to some manner of normality, that conceit is bound to differ from what it meant prior to the pandemic. Company staff have been required to make considerable extra effort, which they took in their stride with **exemplary professional responsibility, rising to exceptional new demands**, adapting to new working procedures and assuming very significant challenges that are likely to draw new roadmaps leading to unrehearsed organisational and performance goals. Of particular significance in this regard is the progress made in terms of remote working and the successful introduction of new systems and tools associated with such in-house arrangements, along with the formulation of the company's Equality Plan, ultimately implemented and registered in 2022. I am grateful

to all company employees, irrespective of their position on the organisational chart, for their handling of situations that required commitment and creativity. I am also highly appreciative of the relations with the Works Council. I have always perceived that body as an ally that, while logically defending employee demands, has contributed to our mutual project of ensuring COFIDES's ongoing excellence at the service of Spain, Spanish enterprise and sustainable development, while renewing the company's commitment to providing a space where all concerned can continue to grow.

I am likewise thankful for the support and trust received from many other actors. Firstly and foremostly my gratitude goes to the Secretariat of State for Trade, which has entrusted COFIDES with the resources required to invest abroad alongside Spanish companies and encouraged us to draw value from the acquis accumulated by the company over the years. Throughout the year public and private shareholders put forward very valuable suggestions and recommendations for efficient

management of the assets in the company's portfolio. The Board of Directors' Auditing and Risk Committee has indisputably made highly significant contributions to ensuring our adherence to the highest standards of good corporate governance. In conjunction with AECID we are establishing partnering arrangements and building trust to maximise the impact of Spanish financial cooperation in developing countries. I am similarly grateful for the trust exhibited by Spanish companies and business associations as well as by our stakeholders in general, including those in third countries. One of the company's targets is to integrate them all in its standard routine.

Building on its present sound footing, COFIDES can look forward to an optimistic future, where it aspires to be a key driver of change in Spain while transforming our own organisation to rise to such expectations. To that end, our forthcoming **Strategic Plan 2022-2024** aims to establish the grounds for a new corporate strategy that will enhance the reliable and efficient management of all the public funds entrusted to our company.



Milestones

MANAGEMENT MILESTONES

- Creation and implementation of a new **Fund for Recapitalising Companies Affected by COVID-19 (FONREC)**, one of the Administration's special measures adopted to support business solvency.
- **Intense activity** in financing projects geared to internationalisation with **FIEX, FONPYME and COFIDES resources**, in line with historic patterns.
- Engagement in new lines of business in connection with the international management of **European Commission** budget funds (**blended financing**) for programmes **guaranteeing** and providing **technical support** for projects geared to financial inclusion in developing countries.



Employee meeting to explain Fund for Recapitalising Companies Affected by COVID-19 (FONREC) coordination and strategy.

- Approval of the **COFIDES Impact** programme under the European Commission's **Recovery, Transformation and Resilience Plan** for managing funds allocated through its **Next Generation EU** budget. An element of impact management policy, the programme factors **sustainability** into the price of financial instruments and technical support.

- **Review of gender policy** and operating procedure in line with international standards. The most prominent new items include the use of 2X Challenge criteria to gather information on gender equality and women's empowerment in the projects financed.

- **COFIDES's environmental and social policy: 20th anniversary.** This instrument sets out the guiding principles and establishes the procedures for integrating social and environmental considerations in operation analysis.



Meeting with the Spanish Chamber of Commerce to introduce FONREC.

Milestones

ACTIVITY MILESTONES

Internationalisation and FONREC

APPROVALS AND FORMALIZATIONS

298.75 M€

in approvals.

213.99 M€

in formalizations.

Those values were substantially higher than in the preceding year, when the COVID-19 crisis determined exceptionally low activity.

TOTAL ASSETS

1,206.77 M€

It rose by 5.99 % over the preceding year. The largest portfolio on record. For formalised operations total assets are computed as the difference between outlays and reimbursements.

TOTAL PORTFOLIO OF INVESTMENT

1,374.41 M€

The highest figure in the historical series. 5.53 % over the preceding year attributable to the rise in outstanding commitments stemming from a higher volume of formalisations in 2021. Investments committed are defined as the total portfolio plus amounts formalised but pending outlay.



COFIDES director-general Rodrigo Madrazo in an interview with the media after a meeting with business people and Chamber of Commerce leaders in Palma.

Milestones

ACTIVITY MILESTONES

Internationalisation and FONREC

DEFAULT RATES

2.38%

funded by **COFIDES's**
own resources.

3.49%

funded for
FIEX.

9.88%

funded for
FONPYME.

OUTLAYS

208.53 M€

a 30.36 % (or, including FONREC, 32.98 %) rise over the EUR 156.82 million recorded in 2020, as a result of the large volume of formalisations, which drove total assets under management steeply upward.

FONREC

66.11 M€

approved. The first companies seeking State aid submitted their applications in late July.



Milestones

ACTIVITY MILESTONES

Partnerships for Development

- COFIDES **provided AECID** (Spain's international cooperation for development agency) **management support** for its development furtherance fund, FONPRODE, submitting 13 proposals for a total **EUR 271.85 million**. The steep 42.55 % rise was attributable to the very prominent presence of State loans (82.4 % of the total value, accounted for by seven operations). The company collaborated in six formalisations amounting to EUR 79.86 million, up by **20 %** in number of operations and **95.11 %** in value. The company monitored 100 % (59 operations) of the FONPRODE portfolio and participated in 18 missions and due diligence processes on the fund's behalf.



COFIDES Head of Partnerships for Development Division, José Carlos Villena, participated in SpainNAB, where the Huruma Fund was introduced.



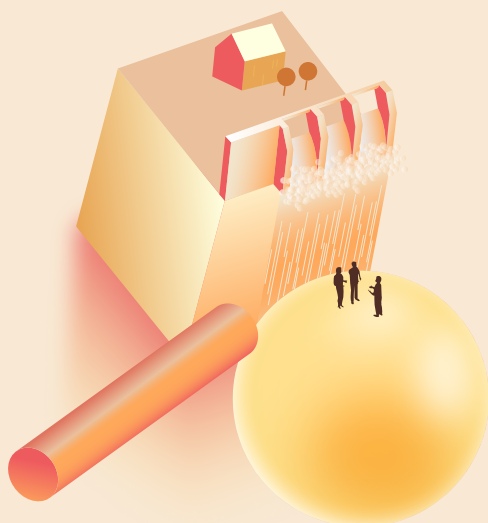
Director for Latin America, the Caribbean and Relations with Overseas Countries and Territories Jolita Butkeviciene participated in the TIF programme presentation.

Milestones

ACTIVITY MILESTONES

Partnerships for Development

- COFIDES excel at structuring and furthering projects able to mobilise public and private resources, as visible in our handling of **one investment fund and two programmes vested with European Union (EU) support:**



- Operations were formalised under a trustee agreement for the **Huruma Fund's technical assistance facility (TAF)**. The **operating procedures** for furnishing **technical assistance** were likewise developed. COFIDES created the **Huruma Fund website** to manage project communications.

- COFIDES also formulated all the strategic documents for the **Triple Bottom Line Finance in Latin America (TIF)** technical assistance programme, approved in the four supervisory committee meetings held during the year, while **identifying** a few preliminary **operations** that might be eligible for TIF funding.

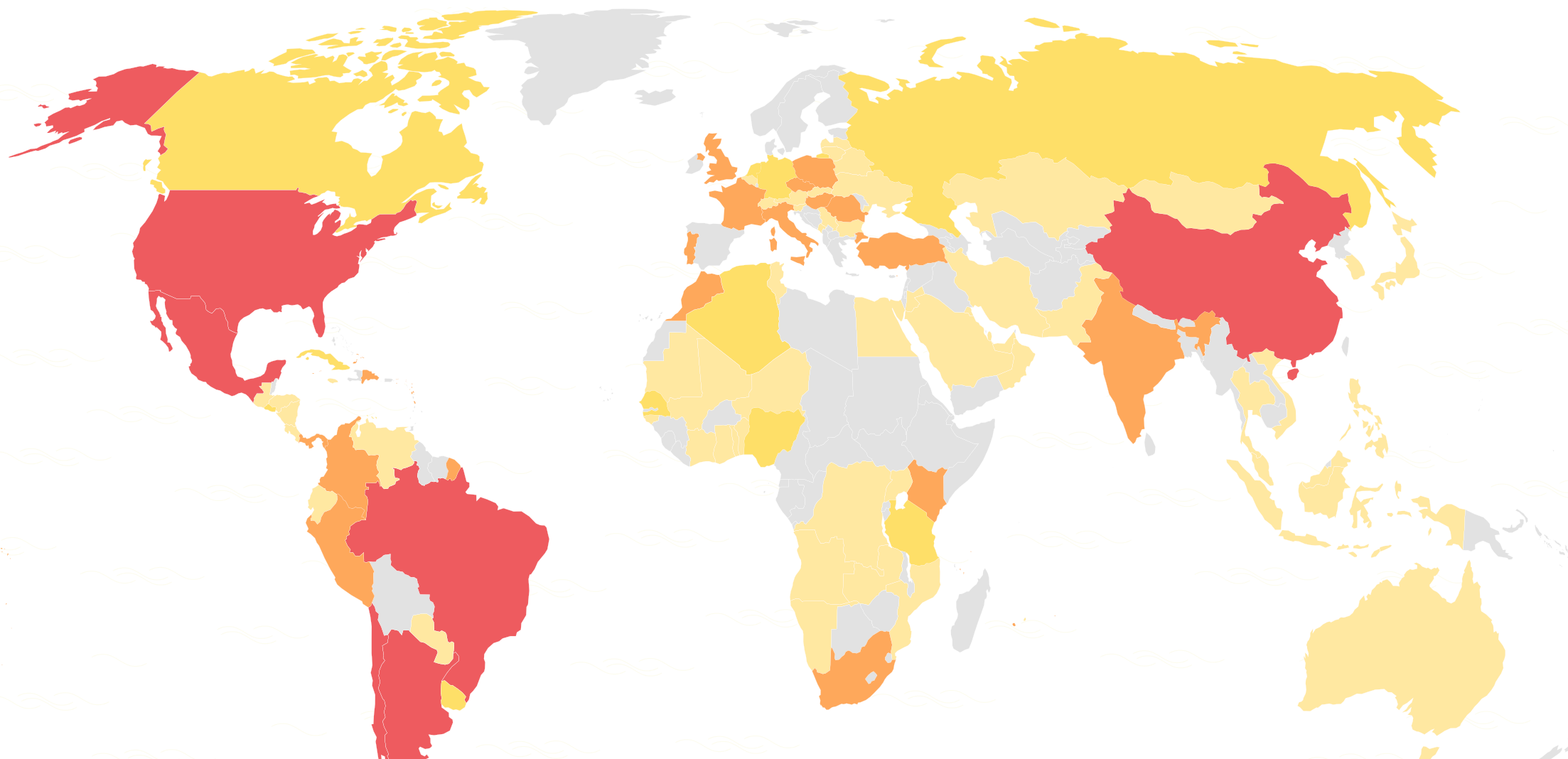
- In conjunction with AECID, COFIDES developed and submitted the **Renewable Energy Programme for Sub-Saharan Africa** under the aegis of the foreign investment plan to support off-grid renewable energy projects in rural or suburban Sub-Saharan Africa. A number of **operations potentially eligible** for programme aid were presented in 2021.

Milestones

CORPORATE MILESTONES

- Approval of the implementation of the **Standard & Poor's scorecard-based rating tool** for financial operations. This tool aligns the credit risk assigned by COFIDES to our operations with the criteria applied by market institutions.
- COFIDES are committed to consistently rendering services to the most demanding standards and to ensuring **health and safety** in all areas. The company furnished its employees with facilities to work remotely and changed the access platform for COFIDES systems with secure VPN connections to afford a work experience similar to in-person office presence.
- New momentum was infused into **digitisation, processes were improved** and progress was made in the use of CRM in commercial relations. Similarly, work continued on: the project to migrate the company's primary management system; cost accounting; and the integration of the employee portal in the corporate website. One particularly prominent achievement was the design and development of a platform for receiving and registering FONREC applications and document files.
- The Equality Commission held meetings to draft the **Equality Plan**, to be registered in 2022. COFIDES reconfirmed our commitment to in-house diversity and inclusion and delivered a number of training courses.
- COFIDES acquired membership in **Spainsif**, a Spanish platform specialising in sustainable and responsible investment (SRI) whose primary mission is to encourage the adoption of environmental, social and good governance criteria as part of company investment policy.
- COFIDES also joined Spain's business **network for LGTBI diversity and inclusion (REDI)** to strengthen and improve in-house diversity management.
- The company updated its **penal risk management model and procedures manual for preventing money laundering and terrorist financing**.

BUSINESS HISTORY MAP



+35
projects



10-35
projects



5-9
projects



1-4
projects



0
projects

The map includes the projects of the EFP / ICCF lines.

COUNTRIES AND NUMBER OF PROJECTS

Country	N° of projects	Country	N° of projects	Country	N° of projects	Country	N° of projects
MEXICO	143	GERMANY	7	UKRAINE	3	KAZAKHASTAN	1
CHINA	73	RUSSIA	7	AUSTRIA	2	KUWAIT	1
BRAZIL	53	ALGERIA	6	BULGARIA	2	LITHUANIA	1
UNITED STATES	50	EL SALVADOR	6	IVORY COAST	2	MALAYSIA	1
CHILE	41	NETHERLANDS	6	GHANA	2	MALI	1
ARGENTINA	36	CANADA	5	JORDAN	2	MAURITANIA	1
COLOMBIA	33	CUBA	5	LATVIA	2	MONGOLIA	1
INDIA	30	NIGERIA	5	NAMIBIA	2	MONTENEGRO	1
MOROCCO	26	SENEGAL	5	TUNISIA	2	MOZAMBIQUE	1
PERU	25	URUGUAY	5	UGANDA	2	NIGER	1
POLAND	21	TANZANIA	5	VENEZUELA	2	OMAN	1
ROMANIA	21	ECUADOR	4	SAUDI ARABIA	1	PAKISTAN	1
PORTUGAL	18	ESLOVAKIA	4	BENIN	1	QATAR	1
UK	15	HONDURAS	4	BELARUS	1	D.R. CONGO	1
FRANCE	14	NICARAGUA	4	SOUTH KOREA	1	SERBIA	1
ITALY	14	PARAGUAY	4	SLOVENIA	1	SWITZERLAND	1
CZECH REPUBLIC	14	ANGOLA	3	PHILIPPINES	1	TOGO	1
DOMINICAN REPUBLIC	13	AUSTRALIA	3	GUATEMALA ●	1	VIETNAM	1
KENYA	11	BELGIUM	3	GUINEA BISSAU	1	ZAMBIA	1
HUNGARY	10	EGYPT	3	INDONESIA	1		
PANAMA	10	UNITED ARAB EMIRATES	3	IRAN	1		
SOUTH AFRICA	10	MAURICIO	3	JAMAICA	1		
TÜRKIYE	10	THAILAND	3	JAPAN	1		

During 2021, under EFP and ICCF facilities, there were commitments for one project in Costa Rica and Peru.

● New countries 2021

Post-pandemic business recapitalisation



Rodrigo Madrazo García de Lomana,
COFIDES director-general.

Some years stand as milestones in our memory. 2008 is remembered as the year of the financial crisis, 2015 as the year of the Paris Agreement and 2020 will always be the year of the pandemic. At COFIDES we'll remember 2021 as the year of the 'FONREC'. Assuming the management of this **fund for recapitalising companies affected by COVID-19** came very close to being a foundational initiative for COFIDES, for it practically doubled the value of our assets under management.

The decree-law that mandated FONREC management constituted a major challenge that we undertook with great enthusiasm and commensurate responsibility, in the full awareness that the fund was created as part of the country's economic policy to respond to the COVID-19-induced crisis.

The standstill in economic activity occasioned by the pandemic put a strain on a fair share of Spanish companies' liquidity. With the delay in recovery due to the onset of successive waves of infection, strain deepened into a deterioration of corporate solvency, particularly in mobili-

ty-related industries such as tourism and hospitality, leisure, transport and certain types of manufacturing.

The FONREC targets companies with a viable business model excluded from the debt market for want of solvency. Recapitalising such companies is geared to eluding bankruptcy and ultimately liquidation, while affording them renewed access to the bond market and thereby smoothing their path to recovery.

Endowed with €1000 M, FONREC is designed for mid-sized companies with a turnover of €10 M to €400 M that were viable prior to COVID-19 and have business models that **ensure their viability in the medium term**, despite the effects of the pandemic.

The suite of potentially eligible companies comprises a substantial portion of Spain's productive structure. Around **21 000 altogether, they account for 3.5 million direct jobs** and with their innovative instincts, value chain leadership and ability to help smaller companies thrive, they are instrumental in driving economic growth.

Post-pandemic business recapitalisation

FONREC's reimbursable funding, ranging from €2.5 M to €25 M, materialises in the form of capital instruments, equity-debt hybrids or a combination of the two. Subordinate loans prevail, however, and more specifically those that link repayment to fluctuations in business strength and feature a significant particularity: they can enhance solvency, for they are accorded equity capital status for the intents and purposes of hypothetical liquidation.

FONREC resembles instruments in place in other European countries' private sector recapitalisation strategies. Italy, for instance, has a co-investment mechanism for companies with a turnover of €10 M to €50 M. Germany deploys what it calls its Corona Matching Facility, while France applies its Plan de Relance, whose package of measures is designed to strengthen SME equity capital through subordinate loans partially guaranteed by the State.

The importance of the FONREC facility, together with the responsibility assumed, required us to devote our **utmost effort** to ensure the success of instrument roll-out. While the administration drafted the respective regulations, which were adopted in mid-June, we created the necessary in-house procedures and made arrangements to enable the

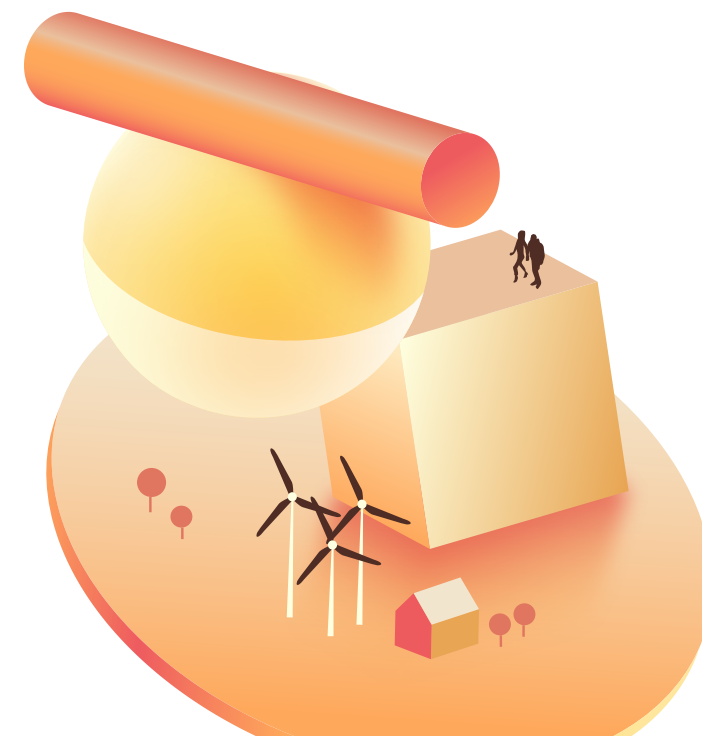
company to accept applications without delay. The aim was to make the fund available to companies as soon as possible while at the same time ensuring applications would be rigorously and objectively analysed. To that end, COFIDES installed a digital platform on its website to receive applications for funding and hired a rating agency as well as a pool of financial and legal consultants able to report unequivocally on applicants' verifiable financial status and viability plans. Such reports would subsequently be submitted the Technical Investment Committee for assessment further to criteria addressing risk, profitability and sustainability.

In its determination to reach a wider universe of companies, COFIDES raised a proposal for elasticising eligibility criteria, which was approved in December 2021. At the same time, the European Commission extended the investment deadline to 30 June 2022 in light of the economic uncertainty prevailing, after recovery was forecast to be slower than initially expected.

By year-end 2021, with the approval of the first FONREC operations, COFIDES had internalised the lessons deriving from its learning curve and established the grounds for heftier

investment capacity in 2022 to the benefit of companies in need of FONREC support. Most importantly, the company conducted its recapitalisation operations with no detriment to its internationalisation and development commitments, substantiating its fund management capabilities.

Let there be no doubt: COFIDES is deserving of its well-earned State **fund manager credentials**.





02 Our actions and their impact

1. HIGH IMPACT UNDERTAKINGS

Contribution to mitigating the effects of the pandemic and recovering company viability

The insecurity created by the COVID-19 pandemic and successive lockdowns had severe effects on the world economy. Many companies experienced drastic declines in their revenues to the detriment of their market value. Seeking to stimulate sound recovery and relieve middle companies' solvency problems, Spain's Council of Ministers created its Fund for Recapitalising Companies Affected by COVID-19 (FONREC), endowed with **EUR 1000 million**.

'This fund constituted a veritable challenge for COFIDES, for in just a few months' time we proved able to implement and manage a fund confined to domestic matters and therefore scanty related to the company's conventional internationalisation and development finance business', explains **Miguel Ángel Ladero, Director of the Investment Department**.

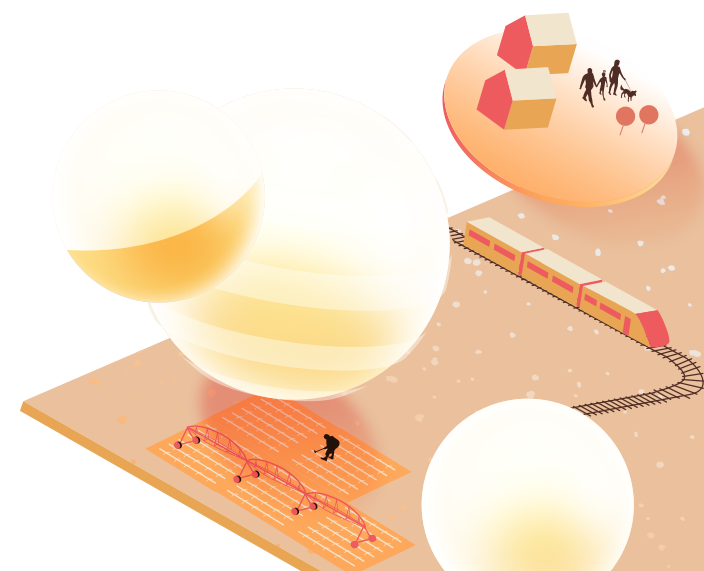
In pursuit of highly professional support to analyse the companies applying for FONREC

aid, COFIDES undertook a rigorous selection process, ultimately hiring **12 financial and 14 legal advisors**. 'The firms hired must compete in tenders for project awards, issue a clear and concise report further to the terms and conditions defined by the European Union and formulate an unequivocally favourable or unfavourable recommendation based on objective technical criteria', adds Ladero.

According to the **Head of the Solvency Division, José Luis Ocasar**, with that measure, 'COFIDES aspired to ensure our procedures were appropriate, nimble and transparent because our priority has consistently been to respond to applicants promptly and ensure the speedy delivery of support without forfeiting analytical rigour'.

The rating agency also participating in the process was selected under public tender arrangements. It issued credit rating information on

recapitalisation fund applicants. 'That was the first filter applicant companies had to pass prior to in-depth analysis of their viability plans. We also deemed it should be a speedy process while at the same time ensuring an objective, rapid review of eligibility requirements in keeping with international credit assessment standards', in the words of **Álvaro Hernández, Head of Unit of COFIDES's Solvency Division**.



1. High impact undertakings

Support for company solvency – Martínez Otero



Martínez Otero is a Spanish firm specialising in **interior design, remodelling and decoration** for hotels and fashion shops. This sector was severely affected by the COVID-19-induced crisis and concomitant travel constraints, although expectations are high for recovery in the next few months.

The company, headquartered at A Estrada in northwestern Spain, conducts business internationally from affiliates in Spain, Morocco, the United States and the Dominican Republic. It has a headcount of over 300, generates more than 50 indirect jobs and purchases products and services

from around 2000 domestic and international suppliers.

In late 2021 the recapitalisation fund Investment Committee awarded Martínez Otero aid for **EUR 4.1 million**. Funding consisted in a subordinate (EUR 2.4 million) and an ordinary (EUR 1.7 million) loan. The application was analysed against financial criteria by BDO and from the legal perspective by PWC.

The aim of the financial support provided was to strengthen the company with a view to fuelling its business and growth as well as to saving jobs and ensuring its ability to compete.



“Working on this project afforded me the opportunity to acquire a hands-on understanding of companies that, like Martínez Otero, have been battered by the crisis directly attributable to the pandemic but have also exhibited enormous resilience and designed a credible viability plan to ensure a solvent future”.

Eduardo Fernández,
project analyst .

1. High impact undertakings: Support for company solvency – Martínez Otero



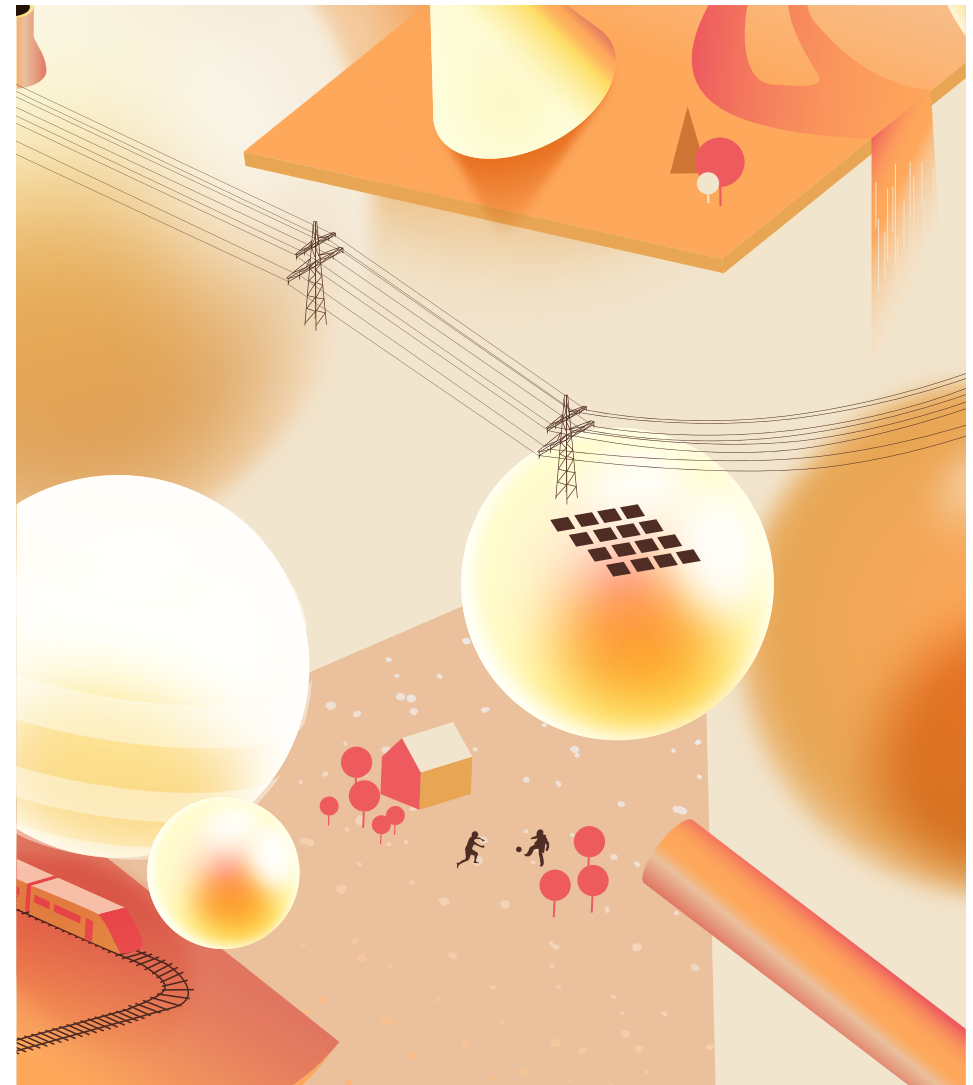
Alejandro Valladares, Martínez Otero Chairman, claims that ‘this operation guarantees our financial stability in the coming years, enabling us to focus our efforts on operational consolidation and business development’.

Valladares adds that ‘this support comes as

acknowledgement of company solvency and viability, for we applied for the resources with a well-structured plan to neutralise the effects of a pandemic that has impacted our industry directly’.

This was one of the first two applications approved by the fund’s Investment Committee and the first to be formalised; the loans materialised in December 2021.

The project is aligned with SDG 8, ‘Decent work and economic growth’, for the company is a **key element in the local fabric**. FONREC support will contribute to enhancing its long-term competitiveness and viability, as well as to saving and creating jobs.



1. High impact undertakings

Positive impact investment: Bosa Hospital and Malleco, Lomas de Duqueco and Negrete wind farms

COFIDES aspires to **impact worldwide sustainability** with support for projects that improve people's quality of life, minimise the adverse impact of investment and are socially and environmentally beneficial. Those aims are exemplified by Grupo Ortiz, which is building Bosa Hospital in Colombia, and WPD Wind Investment, which is in the process of commissioning Lomas de Duqueco, Malleco and Negrete wind farms in Chile.

Driving progress in health services. Bosa Hospital – Grupo Ortiz



COFIDES contributed to progress and development in Colombia by partnering with Grupo Ortiz in the roll-out of the Bosa Hospital facility. Favouring investment in the healthcare industry is very important for the company, especially in the present scenario characterised by the pandemic. COVID-19 has bared the need for **public-private collaboration to improve healthcare infrastructure in regions such as Latin America**, severely affected by the pandemic. Support for the healthcare industry in developing countries is one of COFIDES's strategic lines for future action.

With that in mind, in 2021 the company aided Grupo Ortiz in the design, construction, fitting out and maintenance of Bosa Hospital in Colombia. COFIDES purchased 45 % of Promotora Hospital de Bosa. S.A.S. share capital and 45 % of its subordinated debt up to a total of EUR 11 million.

The respective funding was drawn from COFIDES's own and foreign investment fund (FIEX) resources. Grupo Ortiz's total investment in the project amounts to approximately EUR 77 million.

1. High impact undertakings: Positive impact investment: Bosa Hospital and Malleco, Lomas de Duqueco and Negrete wind farms



Future Bosa Hospital: infographs.

According to **Grupo Ortiz Chairman Juan Antonio Carpintero**, ‘partnering with COFIDES is cause for great satisfaction for our company, inasmuch as it ensures quality and social and economic efficiency in the roll-out of the Bosa Hospital franchise’. Carpintero also stresses ‘Grupo Ortiz’s interest in participating in franchises with multilateral funding presently on offer in Colombia, given that they will constitute a significant milestone in the country’s development and progress’.

The hospital, which will provide healthcare for over 400 000 people, is the first medical centre in Colombia to be built and operated under public-private partnering arrangements.

The hospital will service a population of 400 000

Bosa Hospital forms part of Colombia’s District Development Plan 2016-2020, one of whose objectives

is to improve healthcare services. The hospital is expected to be operational in 2023 and will be the first medical centre in Colombia to be built and operated under public-private partnering arrangements. As part of the southwest sub-network, the project will benefit a population of over 400 000 residents in four suburban areas, Kennedy, Fontibón, Puente Aranda and Bosa. The four buildings envisaged by Grupo Ortiz will cover a built area of 30 000 m², accommodating the 215 new beds to be added to the public health system. The single 60-bed hospital presently in place in Bosa is unable to attend to all the area’s needs.

According to OECD data, this sub-network is the one with the smallest percentage of beds, 17.76 %, in all Bogotá. The Grupo Ortiz project is expected to be awarded the highest category impact (‘Advanced’), in light of its huge potential to improve the healthcare presently accessible

1. High impact undertakings: Positive impact investment: Bosa Hospital and Malleco, Lomas de Duqueco and Negrete wind farms

in Colombia by attending primarily to Bogotá's most vulnerable communities. The expected benefits will run far into the future in terms of access to healthcare and job creation.

The hospital is designed to detect and attend to patients with chronic non-infectious diseases

such as diabetes, cardiovascular conditions, chronic pulmonary disorders and cancer, the four most common causes of illness in Bogotá and Colombia. Structural construction was finalised in May 2022 and the enclosures and masonry works are scheduled for completion in late November.



"We at COFIDES feel proud to work on this project just at a time when we have become even more aware of the importance of and need for quality healthcare centres. We hope this hospital will soon cover all area residents' needs".

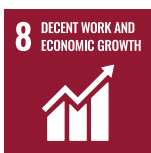
Marta Blond,
project analyst.



Progress in Bosa Hospital works.

1. High impact undertakings: Positive impact investment: Bosa Hospital and Malleco, Lomas de Duqueco and Negrete wind farms

Driving renewable energy use. Malleco, Lomas de Duqueco and Negrete wind farms – WPD Wind Investment



COFIDES aspires to further **climate projects that help mitigate climate change**, in line with the company's firm commitment to attaining Agenda 2030 objectives and the UN's sustainable development goals.

One such project, headed by the Spanish company WPD Wind Investment, **will build three wind farms in Chile**. The project features COFIDES's cooperation and coordination with Deutsche Investitions und Entwicklungsgesellschaft (DEG), our sister development finance institution in Germany that shares the determination to foster renewable power generation and contribute to the use of cleaner and more sustainable energy.

In 2020 COFIDES acquired EUR 24.2 million in the share capital of three Chilean wind farms

(Malleco, Lomas de Duqueco and Negrete) on behalf of FIEX, Spain's foreign investment fund. The two development finance institutions, COFIDES and DEG, each took a temporary 24.5 % holding in three special purpose vehicles (SPVs), owners of three wind farms in that country. The holdings were purchased from the Spanish company WPD Wind Investment, which kept the majority interest in the three SPVs. A total of over EUR 500 million has been invested in these projects.



Malleco wind farm.

The three wind farms will produce sufficient clean energy for 460 000 Chilean households

1. High impact undertakings: Positive impact investment: Bosa Hospital and Malleco, Lomas de Duqueco and Negrete wind farms

WPD Wind Investment General Manager Óscar Castañeda stresses that the farms are the outcome of the company's firm commitment to developing facilities that generate clean and sustainable energy. Their construction prioritised minimisation of the impact on the environment and consistent collaboration and engagement with governmental authorities, local communities in particular, with whom permanent contact was established and remains in place.

Clean energy production

The Negrete and Malleco wind farms were commissioned in 2021 and Lomas de Duqueco is expected to be operational in 2022. Negrete and Lomas de Duqueco are in Bío Bío and Malleco in the Araucanía region. These three farms, which contribute to **non-polluting energy generation** in Chile, are compatible with area farming and livestock raising. At 370 MW, their combined installed capacity will supply sufficient energy for 460 000 households. A total of 77 Vestas turbines have been installed at Malleco, 15 at Lomas de Duqueco and 11 at Negrete.

These wind projects will help attain the objectives defined in the National Road Map 2050,

in which renewable energies play an essential role for the Chilean economy. Malleco farm will be one of the largest such facilities in Chile and one of the most significant in all of Latin America.

Further to the Common Principles for Climate Mitigation Finance Tracking established by the Joint Climate Finance Tracking Group, a multilateral development banks body, and a group of representatives of the International Development Finance Club member banks, this project is deemed eligible for **climate change mitigation funding**.

With this project, which **will lessen yearly CO₂ emissions by 711 078 t**, COFIDES contribute to the change in economic structures identified by the International Panel on Climate Change (IPCC) as necessary to ensure achievement of the Paris Agreement goals.

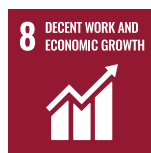


“Contributing from COFIDES to mitigating climate change by supporting renewable energy-fuelled generation projects that will have a beneficial effect on Chile’s economy and favour regional sustainability is highly gratifying. And doing in partnership with investors committed to renewable energies such as COFIDES’s sister institution DEG affords even greater satisfaction”.

Mª Ángeles Vara,
project analyst.

1. High impact undertakings

TIF: the first blended finance programme in Latin America under COFIDES leadership



COFIDES was certified as an institution authorised to indirectly manage the European Union's (EU's) cooperation for development budget in 2018. Under the terms of reference of that mandate, in October 2020 the company formalised the **Triple Inclusive Finance (TIF) Programme**, designed to furnish low-income Latin Americans access to financial services.

Nuria Rodríguez Aller, Head of Unit of COFIDES's Partnerships for Development Division, notes that 'TIF arose from the need to narrow the gap in the Latin American population's access to financial services, inasmuch as barely 54 % of adults hold accounts in a financial institution, compared to 94 % in high-income countries. That divide is even wider in rural

areas, particularly among women and in the lowest income brackets. A further consideration is the need to sustainably foster husbandry, an activity especially poorly serviced and affected by the consequences of both climate change and COVID-19'.

TIF is a blended finance initiative supported by AECID, Spain's agency for cooperation in international development (with FONPRODE loans) in which COFIDES manage technical assistance, the dimension financed by the European Union. Programme design rests on three pillars (financial, social and environmental) and addresses a dual objective: to enhance financial services in the context of Latin America's social pyramid and further climate-friendly sustainable financing.

The programme arose from the need to narrow the gap in the Latin American population's access to financial services, inasmuch as barely 54 % of adults hold accounts in a financial institution

1. High impact undertakings. TIF: the first blended finance programme in Latin America under COFIDES leadership



To reach those goals, COFIDES established a combined approach intended to enhance the breadth and depth of Latin American financial service providers attending to micro, small and medium companies (MSMEs) and improve the quality of service from the climate change perspective by furthering sustainability in both financial services and farming practice. **Julia Rabadán, senior COFIDES analyst**, stresses that 'the ultimate TIF targets are urban and rural MPMEs, including medium- and smallholders with

no or only limited access to the official financial sector'.

With these aims in mind, TIF will support financial service providers attending to regional MSMEs with long-term loans (approximately EUR 55 million) and make access to technical assistance resources available through the European Union's Latin American Investment Facility (EUR 5.75 million). **Beatriz Morant, senior COFIDES analyst**, emphasises that it is 'the first blended financing

programme headed by COFIDES in Latin America and the first devoted to technical assistance. It will be a key to significantly heighten the impact of financing made available to financial institution beneficiaries to reach the population devoid of such services, mitigating vulnerability and enhancing resilience to the effects of climate change'.

The three most prominent areas where technical assistance is rendered include:

- a) increasing the depth of **financial inclusion** to extend access to financial services to low-income brackets by creating digital ecosystems with new products or services that will efficiently broaden the reach in rural areas;
- b) instituting **green microfinance** to develop better social and environmental management systems, implement new green products and further climate-smart farming in the region; and
- c) introducing **institutional reinforcement**, ranging from improved strategic planning and governance to financial management, among others.

1. High impact undertakings: TIF: the first blended finance programme in Latin America under COFIDES leadership

José Carlos Villena, head of the Partnerships for Development Division, points out that ‘managing such technical assistance programmes is a challenge for the company in the short term for it calls for enormous preliminary work to structure the processes required to award programme resources. At the same time, however, it constitutes a milestone, for it affords COFIDES new opportunities in line with our management qualifications as a European Union-accredited institution’.



Symposium on Technical Assistance in the Triple Inclusive Finance (TIF) Programme held in June 2021, to introduce the new programme.

1. High impact undertakings

Advances in technology and innovation

The **furtherance of projects involving new technologies** is instrumental to driving recovery and transforming Spain's production model to raise the country's competitiveness and its ability to create jobs. COFIDES aims to contribute to technology company growth as an avenue to favour competitiveness, drive innovation and attract and retain talent.

ARQUIMEA – Proprietary technologies



This project is in line with SDG 8, 'Decent work and economic growth', insofar as it favours company growth and consolidation abroad. ARQUIMEA has a total headcount of 500, 200 of whom are engineers.



[ARQUIMEA](#), a group of technology companies, develops research and development-based solutions and products to improve people's lives. It engages in business in industries with a large innovative component. Since 2005 the group has focused on aerospace, manufacturing, farming, healthcare and biotechnology, as well as safety and critical infrastructure.

In 2021 COFIDES became one of the anchor investors for the company's bond programme launched in the alternative fixed income market to diversify its sources of funding and strengthen growth. COFIDES put EUR 5 million of FIEX funding toward the first (EUR 25 million) bond issue to purchase aerospace companies outside Spain.

COFIDES deems ARQUIMEA to be in possession of assets that favour the creation and development of advanced companies, most prominently the generation of proprietary technologies and the integration of other companies that share the same objectives and vision.

1. High impact undertakings: Advances in technology and innovation

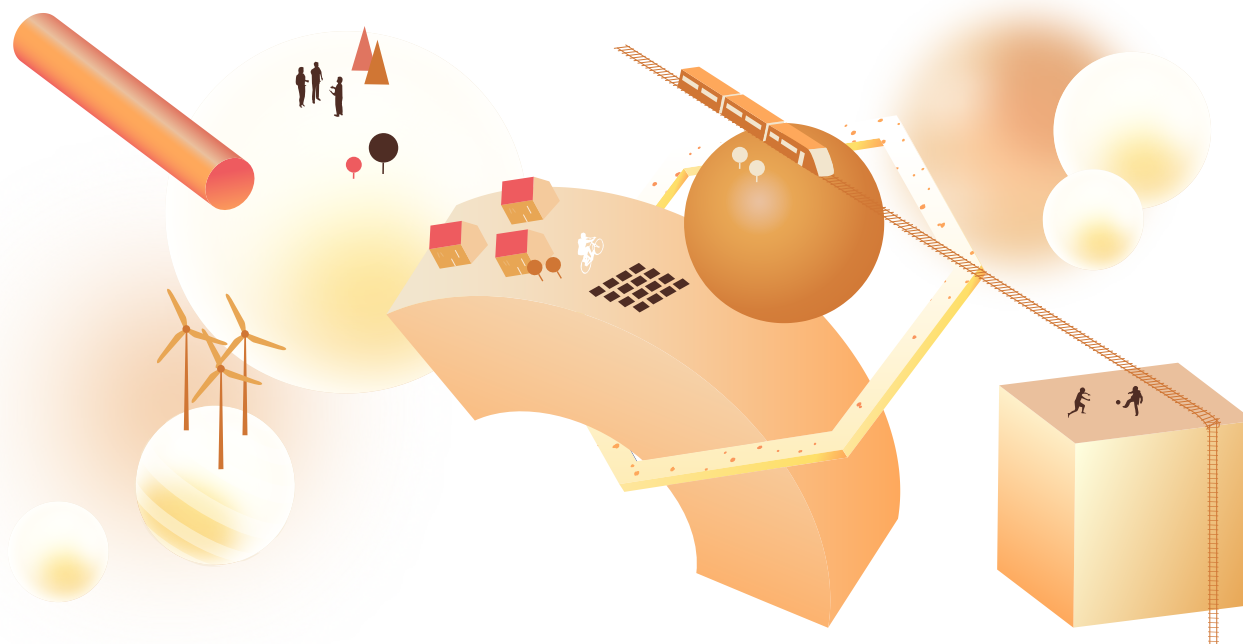
“ARQUIMEA has proven able to combine talent and adaptability to position research at the centre of the response to people’s social and environmental needs. It approaches that goal from a number of sectors, with international ambition and environmental sustainability at the core of its business”.

Yolanda Gómez de Segura,
head of Unit of COFIDES’s Internationalisation Division.

Diego Fernández,
ARQUIMEA
Chairman.

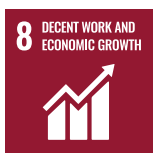


"In COFIDES we have found an important ally for our bond programme. We believe they understand technology as we do, as a driver of societal development and well-being. That inspires us to grow, continue innovating and put forward solutions for today’s complex challenges”.



1. High impact undertakings: Advances in technology and innovation

Disruptive Consulting - Cybersecurity, the cloud, remote working



The present investment contributes in particular to SDG 9, 'Industry, innovation and infrastructure', for it favours innovation in secure communication to improve processes, geared especially to the service sector. It is likewise in line with SDG 8, 'Decent work and economic growth'.

[Disruptive Consulting](#), a **cybersecurity service provider**, specialises in preventing, detecting and uninterruptedly responding to potential cyberthreats by monitoring its clients' technological infrastructure.

In 2021 COFIDES awarded the firm a EUR 1 million joint venture loan to build a new cybersecurity service and data centre in Italy, a very promising market with huge growth potential in that sector. Disruptive Consulting has invested a total of EUR 6.5 million in the project.

The sector was favoured by the pandemic in 2020, for lockdowns drove companies to restructure their operating models very quickly, adopting remote working and cloud technologies, both of which require tight security. This project makes **significant strategic sense** for COFIDES's investee, for it may place position it as sole provider of managed security, cyber intelligence and SASE (secure access service edge) network services in Italy.



José Ángel Delgado,
*Disrupting
Consulting CEO.*

"Given the challenges posed by IT security in the midst of today's digital transformation, offering innovative national services beyond our borders is an important endeavour'. In his opinion 'security is a priority for companies and technology may be the ideal ally to provide solutions to the ever-more complex situations confronting our society'".

1. High impact undertakings: Advances in technology and innovation



“In recent months we have seen how a cyberattack can bring corporate, regional and national economic and social activity to a standstill. Taking a punt on growth in this sector is a priority for COFIDES, given the beneficial impact of such projects”.

*Yolanda Gómez de Segura,
head of Unit of COFIDES's
Investment Division.*



1. High impact undertakings: Advances in technology and innovation

Grupo Netex - Quality education



This investment makes a substantial contribution to SDG 4, 'Quality education'. E-learning has enhanced employability

for a considerable number of youths and adults, enabling them to acquire the necessary technical and professional skills to access decent jobs or found businesses of their own.

In 2021 COFIDES provided support for the **e-learning tech company** [Netex](#) to further its commercial presence in the United Kingdom with a EUR 2.75 million joint venture loan. Charged to FONPYME funds, the loan was applied to purchase Virtual College, a British company. Netex has invested nearly EUR 6.4 million in this project, with which it rounds out its offer of training services geared to the education sector and businesses.

The firm offers a new learning experience based on training programmes with a number

Gloria Santiago, COFIDES Internationalisation Division supervisor, contends that "this operation enables us to impact investee internationalisation, strengthen the role of SMEs and enhance people's skills to the benefit of their quality of life, employability and the essential role they play in the creation of a stronger business fabric".

of content formats and platforms that accommodate bespoke learning pathways that include live sessions, interaction with teacher-trainers and a host of ancillary services.

Prior to this second joint project with Netex, COFIDES supported their entry on the U.S. market in 2020.



Carlos Ezquerro,
Netex CEO.

He stresses that [the purchase of Virtual College](#) "is a significant milestone for the company's internationalisation strategy and enhancement of our portfolio of on-line training technology solutions. Since company foundation and listing in 2017, we have benefitted from the support of a number of key partners in our market relationships. One, COFIDES, has committed to and shares our vision and passion for developing solutions that make knowledge accessible on demand".

1. High impact undertakings: Advances in technology and innovation



“Technological innovation and the needs of the companies with which we work help keep us consistently on the cutting edge of the avant-garde, assuming new challenges that necessarily entail growth beyond national boundaries”.

José Antonio Martínez Aguilar,
Making Science Chairman and CEO.



“Spurring technology company growth is one of COFIDES’s strategic priorities. Making Science are a significant case in point, for as they render digital services to other companies, support for them multiplies and accelerates business digitisation and adaptation to new technologies, strengthening any number of other sectors”.

Gloria Santiago,
COFIDES Internationalisation Division manager.

Making Science – Innovative value chain



This project contributes to attaining SDG 9, ‘Industry, innovation and infrastructure’, for it favours access to information and communication technology by developing marketing and data analysis tools that benefit business innovation and job growth in the sector.

[Making Science](#), technology and digital marketing consultants specialising in e-commerce and digital conversion, took the initiative to contact COFIDES in connection with their international expansion.

The firm has gradually enlarged its business model to position itself as a digital partner able to provide effective solutions for publicity, data analysis, commerce and cloud services, helping its clients digitise their entire value chain.

COFIDES granted three joint venture loans charged to

FIEX funds for a total of EUR 4.2 million to acquire companies in Italy, France and the United Kingdom.

Making Science are in the midst of growth in all dimensions. They are present in 12 markets, including Spain, Portugal, Mexico, Colombia, Ireland and the U.S., as well as the countries where they will grow with COFIDES’s support and where they were already present in the technology sector, such as Georgia, Sweden and Denmark.

2. ADDED IMPACT OF INVESTMENTS

COFIDES foster the establishment of partnerships with the private sector to finance projects that **generate lasting beneficial effects** on host countries. The company has acquired considerable experience in measuring the impact of the projects it finances, implementing in-house policies and action, participating in international initiatives and working with other global actors to progress towards the achievement of the UN's sustainable development goals.

In 2021 COFIDES continued to work in areas introduced in preceding years while undertaking new initiatives. Particularly prominent in that regard was the design of the **programme for driving impact investment** included under the Recovery, Transformation and Resilience Plan for the Spanish economy and financed with allocations from the Next Generation EU fund. The two areas for action defined are sustainability-linked funding and technical assistance. Implementation is envisaged starting in 2022, as soon as COFIDES receives the EU EUR 1.7 million endowment. The programme primarily aims to favour project social and environmental management to steer production and management premises toward more sustainable models.

As proof of COFIDES's commitment to Agenda 2030, for the third year running the company included a series of material sustainability targets among our corporate objectives. The contribution of the operations formalised in 2021 can be found on the company [web](#).

The numbers associated with portfolio projects included:

M€ **398.14**

in tax revenues.

M€ **2,139.17**

rise in gross national product.

Contribution to creating and maintaining:



22,618

direct jobs.



M€ **822.55**

in wages and salaries.



3,867

jobs for women.

COFIDES's contribution to SDGs:



2. Added impact of investments

COFIDES also issued our second [public statement](#) on investments and processes aligned with the Operating Principles for Impact Management. The content of that statement, the second since COFIDES adhered to this International Finance Corporation initiative in 2019, was subjected to an internal audit.

COFIDES continued to participate in an EDFI **task force that supervises the Harmonisation Initiative on Responsible Financing and Impact Measurement**, initially designed to harmonise investment impact measurement. The TF has since acquired the additional task of aligning the commitments to tackle climate change adopted by European sister institutions. COFIDES's new Strategic Plan 2022-2024 includes a commitment to devote 30 % of project formalisation volumes to climate action and environmental sustainability.

Investment impact on gender equality

COFIDES deem integration of the gender dimension in project analysis to be an

imperative. Private sector investment can contribute to **advances in equality and inclusive market** creation while enhancing business performance.

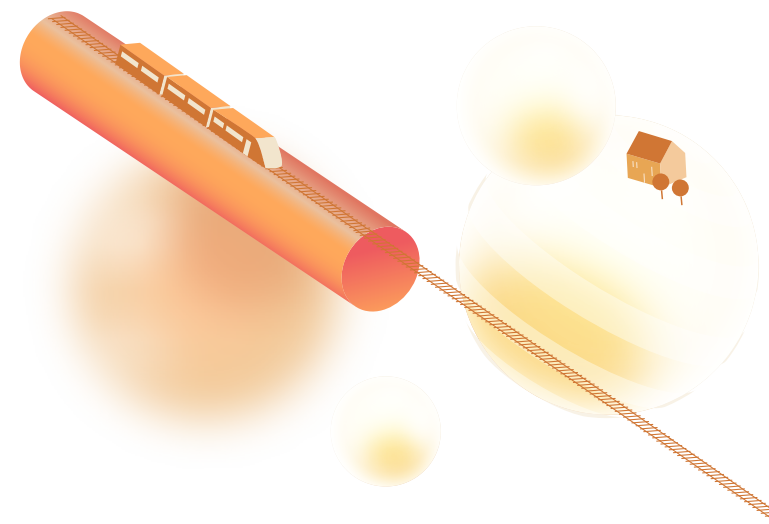
The **company's gender policy and associated operating procedure**, aligned with international standards and applicable to all the financial instruments managed by COFIDES or that receive company technical support, were revised in 2021. The primary objectives include prevention or mitigation of adverse impacts on women, along with their empowerment through activities and aims that raise accessibility to resources and opportunities.

The most prominent new items include the use of **2X Challenge** criteria to gather information on gender equality and women's empowerment in company-supported projects. The criteria to determine whether a project qualifies for 2X status include women's presence as founders, owners, members of the Board of Directors, senior managers or employees and whether there are initiatives to support female workers and products and services that favour women.



Initiative launched by G7 DFI to strengthen women's participation in the economy.

Further to [2X criteria](#), 31 % of the Spanish sponsors of the projects formalised in 2021 had a significant number of women on their Boards of Directors. Similarly, women were prominent among senior managers in 29 % of the projects and as employees in 35 %, whilst support was available in 71 %, most notably protocols to deal with harassment, work-life conciliation measures, access to non-traditional positions and pay gap analysis.





03 Management activities

Our activities and impact are the outcome of management's pursuit of ongoing improvement and the very highest standards of responsibility and practices aligned with international market benchmarks.

Such practices are applied at COFIDES to the management of the company's own assets and of those of the FIEX and FONPYME State funds. They are also deployed in the support for FONPRODE fund management and in co-financing and mobilising bi- and multilateral assets through mechanisms such as the Interact Climate Change Facility (ICCF), European Financing Partners (EFP), EU blending finance facilities and the United Nations' Green Climate Fund.

Again in 2021, our yearly client satisfaction survey revealed a **high degree of satisfaction** with the services rendered. The courtesy and accessibility of COFIDES staff and compliance with expectations were the items that scored most highly. Service quality in 2021 was perceived to be very close to excellent. At the same time, client companies continued to suggest that documentary requirements should be further simplified.

Overall client satisfaction in 2021



Operational and management capacity

ROLE	SOURCE	KEY FIGURES
Management	Own resources COFIDES	<ul style="list-style-type: none"> • Equity, 31.12.2021: EUR 172.65 million • Approvals, 2021: 15 projects for EUR 27.57 million • Formalisations, 2021: 14 projects for EUR 26.20 million • Portfolio committed, 31.12.2021: 148 operations for EUR 140.35 million
Management	FIEX	<p>Exclusive management of Spain's investment abroad fund, FIEX, on behalf of the Ministry of Industry, Trade and Tourism's Secretariat of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2021: EUR 1129.08 million • Approvals, 2021: 20 projects for EUR 193.98 million • Formalisations, 2021: 18 projects for EUR 172.62 million • Cumulative revolving commitments: 310 projects for EUR 2638.38 million • Portfolio committed, 31.12.2010: 151 operations for EUR 1147.12 million
Management	FONPYME	<p>Exclusive management of FONPYME on behalf of the Ministry of Industry, Trade and Tourism's Secretariat of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2021: EUR 87.09 million • Approvals, 2021: 18 projects for EUR 11.10 million • Formalisations, 2021: 16 projects for EUR 11.08 million • Cumulative revolving commitments: 253 projects for EUR 200.68 million • Portfolio committed, 31.12.2021: 104 operations for EUR 82.85 million
Management	FONREC	<p>Management of new Fund for Recapitalising companies Affected by COVID-19 on behalf of the Ministry of Industry, Trade and Tourism's Secretariat of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2021: EUR 995.45 million • Approvals, 2021: 6 projects for EUR 66.11 million • Formalisations, 2021: 1 project for EUR 4.10 million • Portfolio committed, 31.12.2021: 1 operation for EUR 4.10 million

Operational and management capacity

ROLE	SOURCE	KEY FIGURES
Management support	FONPRODE	<p>One of Spain's major cooperation for development financial instruments whose primary goal is to contribute to eradicating poverty.</p> <ul style="list-style-type: none"> Managed by the Agencia Española de Cooperación Internacional (AECID). COFIDES began to lend support to AECID in October 2015 for cooperation in reimbursable development operations. COFIDES provide management support for the following: <ul style="list-style-type: none"> i. Reimbursable action planning ii. Identification of operations eligible for financing iii. Financial, legal, environmental, social and development due diligence analyses iv. Operation formalisation v. Support in the formalization of operations vi. Economic-financial and portfolio performance monitoring In 2021 COFIDES supported AECID with the formulation of four financial condition profiles, 13 proposals for operations and the formalisation of three microfinance operations, one investment fund and two State loans. The company monitored 100 % of the portfolio (59 operations) and participated in 18 missions and due diligence processes on behalf of FONPRODE.
		<ul style="list-style-type: none"> The company presented a number of profiles for operations that might be eligible for the Renewable Energy Program for Sub-Saharan Africa, an initiative forming part of Spain's foreign investments plan. COFIDES have been entrusted with managing project guarantees for up to EUR 20 million and technical support in conjunction with AECID for up to EUR 2 million.
EU programmes	Technical support	<ul style="list-style-type: none"> A trustee agreement for the Technical Assistance Facility (TAF) was formalised by COFIDES (a TAF contributor), GAWA (TAF manager) and the Banque de Patrimoines Privés (depository of autonomous technical assistance funds). A symposium on technical assistance for financial inclusion was held to launch and introduce the programme. In connection with the debt facility, some operations were assigned preliminary eligibility for TIF funds for their technical assistance projects. COFIDES manage EUR 5.7 million for technical assistance under this programme.
	Other blending projects	<ul style="list-style-type: none"> The Huruma Fund is the first blending project headed by COFIDES. Ten financial operations and one share capital operation were formalised in Latina America and Asia in the target year. COFIDES created the Huruma Fund website to manage project communications.

Operational and management capacity

ROLE	SOURCE	KEY FIGURES
EDFI lines of action Multi- and bilateral assets	EFP	<p>EFP - European Financing Partners: Financing scheme sponsored by the European Investment Bank (EIB) and COFIDES's sister bilateral European Development Finance Institutions (EDFIs).</p> <ul style="list-style-type: none"> • Assets committed by EFP, 31.12.2021: EUR 682.9 million for 52 projects in 25 countries. • COFIDES and FIEX participation in EFP assets, 31.12.2021: EUR 21.83 million for 33 operations in 16 countries.
	ICCF	<p>ICCF - Interact Climate Change Facility: Investment facility created by the Agence Française de Développement (AFD. French development agency), the European Investment Bank (EIB) and the Association of bilateral Development Financial Institutions (EDFI) to finance viable private investment projects that contribute to mitigating climate change and further energy efficiency in countries hosting official development assistance.</p> <ul style="list-style-type: none"> • Assets committed by ICCF, 31.12.2021: EUR 410.8 million for 28 projects in 16 countries. • COFIDES and FIEX participation in ICCF assets, 31.12.2021: EUR 11.74 million for 24 operations in 14 countries.
	EDFI Management Company	<p>COFIDES have held a 12.5 % interest in the EDFI Management Company since October 2020 and a seat on its Board of Directors since 2021. The company manages AgriFI and ElectriFI, two EU-supported blended finance facilities:</p> <ul style="list-style-type: none"> • AgriFI: Supports investment geared to medium- and smallholders and/or agricultural MSMEs. COFIDES is involved in the initiative and has designated one of the members of the AgriFI Investment Committee. The current endowment of AgriFI is 39 million euros. • ElectriFI: Backs investments to carry electricity to rural and under-served populations. It aspires to further the adoption of renewable energy. It focuses on projects furthering access to energy and has 41 projects in 18 countries (primarily in Sub-Saharan Africa) in its portfolio.
Other. Multi- and bilateral assets	Green Climate Fund	<ul style="list-style-type: none"> • The Entity Work Program (EWP), which defines the strategies in place at COFIDES as an institution accredited to operate in priority sectors and regions, was one of the areas addressed by the company in 2021. In a related vein, an operations pipeline was created as one of the outcomes of the identification efforts undertaken throughout the year.

Approvals, formalisations, outlays

COFIDES, FIEX, FONPYME, FONREC • 2021

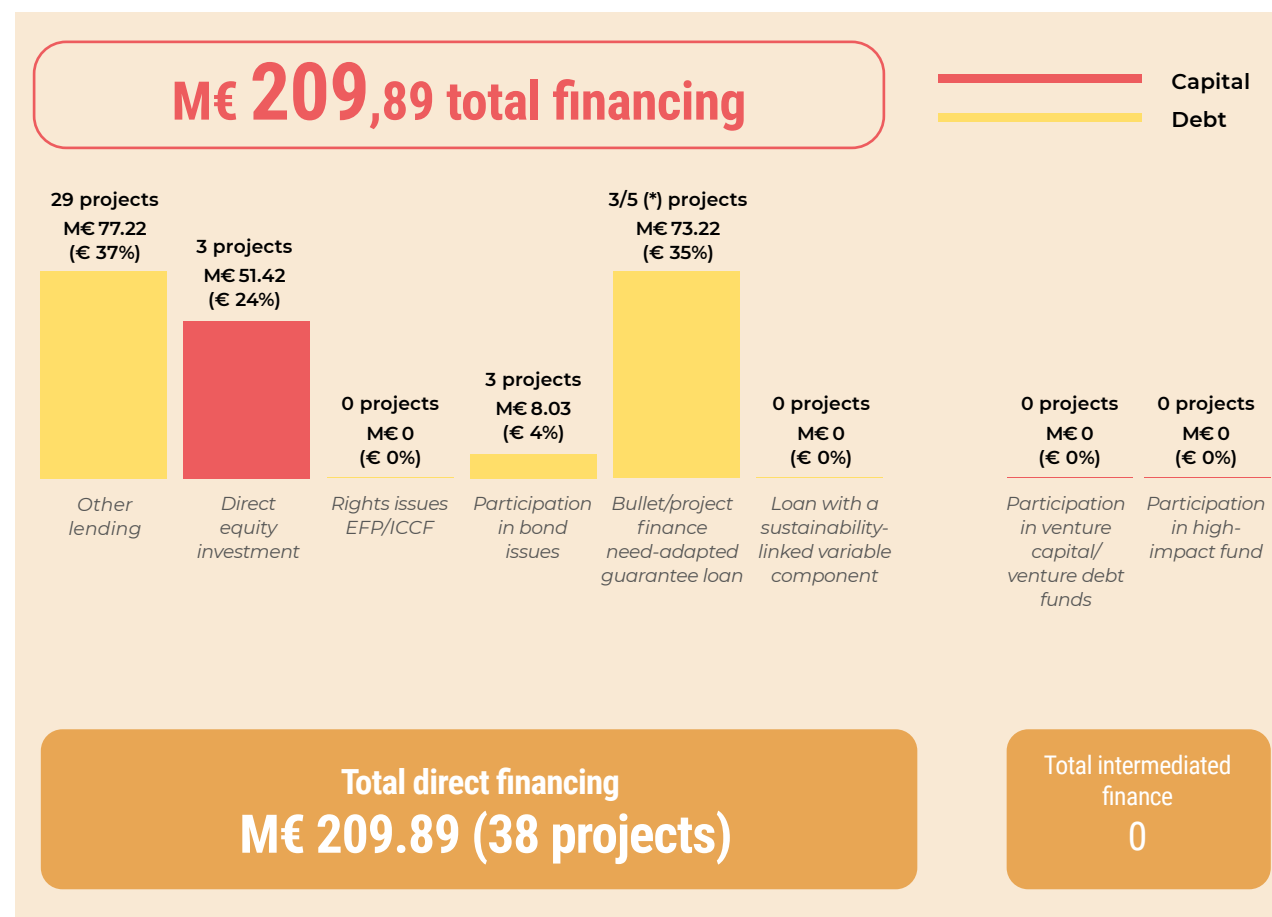
	N° projects	Million EUR
Approvals	47	298.75
Formalisations	39	213.99
Outlays	59	208.53

Management support lent by COFIDES to FONPRODE • 2021

	N° operations	Million EUR
Profiles	4	30.79
Proposals	13	271.85
Council of Minister approvals	12	101.08
Formalisations	6	79.86

FORMALISATIONS BY PRODUCT IN 2021.

COFIDES/FIEX/FONPYME (M€)



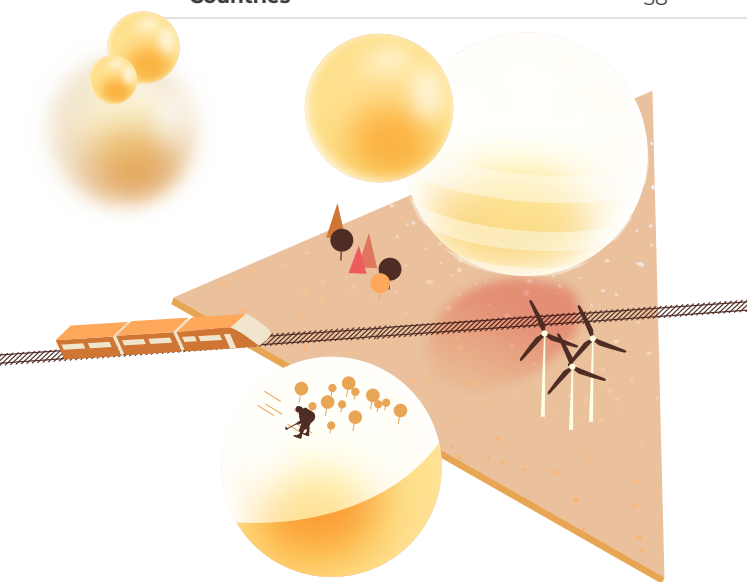
* Projects combining equity capital and subordinated debt (included under the sub-chapter Structured debt (bullet/project finance need-adapted guarantee loans) were computed as equity capital for number of project calculations.

Portfolio by region and sector

COFIDES, FIEX, FONPYME, FONREC

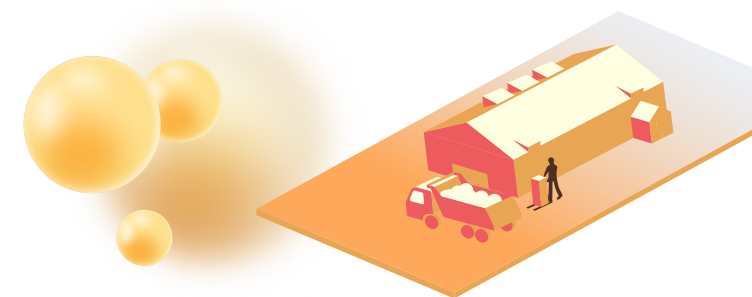
In million EUR	2021
Total portfolio	1,206.77
Assets committed	1,374.41

Portfolio committed	2021
No. operations	299
Countries	58



Country *	(%) of total investment portfolio volume
International **	16
Chile	13
USA	10
Mexico	10
United Kingdom	6
China	4
Colombia	4
Peru	4
Italy	3
Panama	3
Poland	3
Russia	3
Paraguay	2
Indonesia	1
Brazil	1
Nicaragua	1
Algeria	1
India	1
Other	14

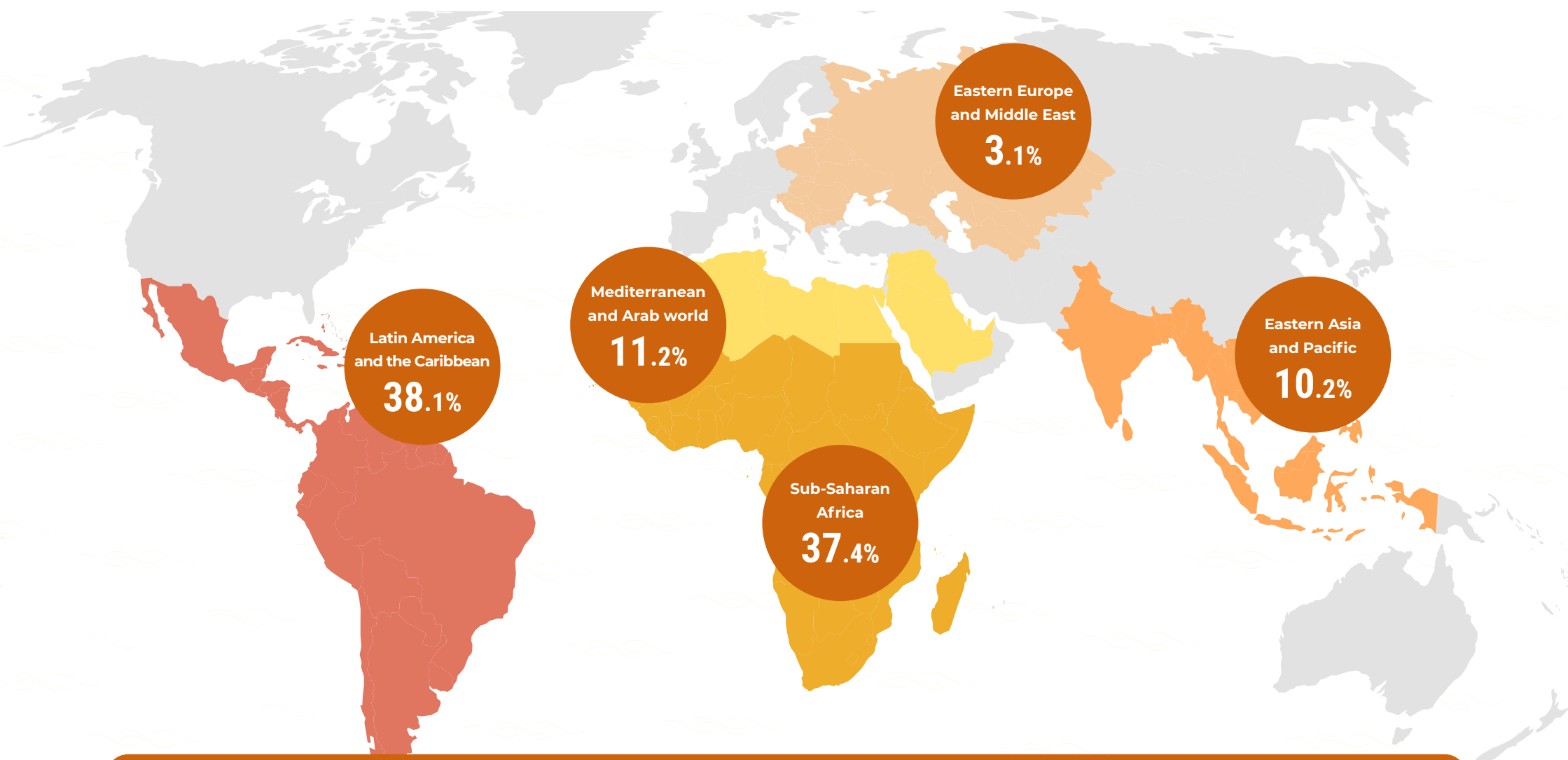
Sector	(%) of total investment portfolio volume
Transport infr.	22
Automobile ind.	17
Energy infr.	10
Agri-food	9
Naval / aeronautics	7
Finance	7
Metal-mechanical	4
ICT engineering	3
Chemical / Pharm.	3
Services-Environment	2
Other	16



* The world map showing COFIDES's historic activities is reproduced in the section headed 'Business History Map'.

** Operations pursuing sponsoring company internationalisation via direct financing in Spain.

FONPRODE PORTFOLIO BY REGION ¹



COFIDES, FIEX, FONPYME and FONREC together account for 71 % and FONPRODE for 29 % of the EUR 3366.58 MILLION of the assets under management ².

¹ In 2020. | ² COFIDES are involved in managing the Fondo para la Promoción del Desarrollo [FONPRODE, Spain's development furtherance fund]. FONPRODE equity in 2020. COFIDES, FIEX, FONPYME and FONREC equity in 2021.

Sustainability management

The attainment of beneficial investment impact is contingent upon **suitable management of the financial and ESG risks** present as part of the investment process. COFIDES analyse the social-environmental and corporate governance factors inherent in company operations, irrespective of the financial instrument and source of the associated resources, an exercise essential to favouring long-term sustainability upon conclusion of any temporary investment.

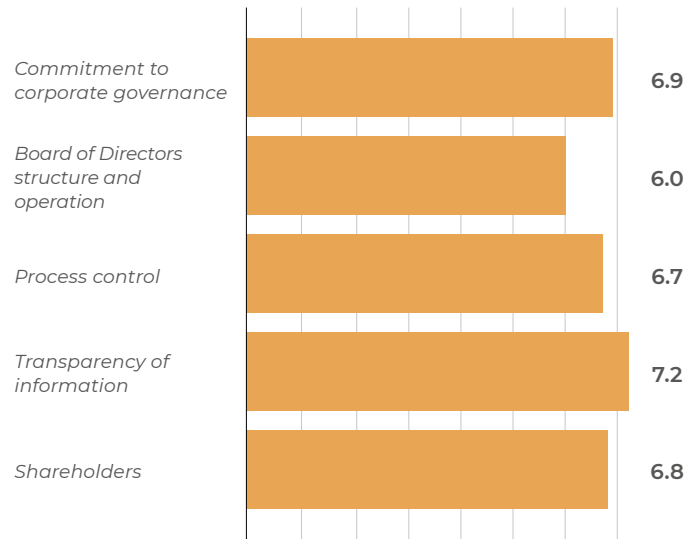
In 2021 COFIDES adhered to SPAINSIF, an association that **furtheres socially responsible investment** through the institution of environmental, social and good governance criteria to share experience and encourage sustainability in the financial sector.

Corporate governance

COFIDES encourage good corporate governance practice in the companies and groups financed. For internationalisation formalisations in 2021, such good practice was assessed on the grounds of the same elements as in the preceding years.

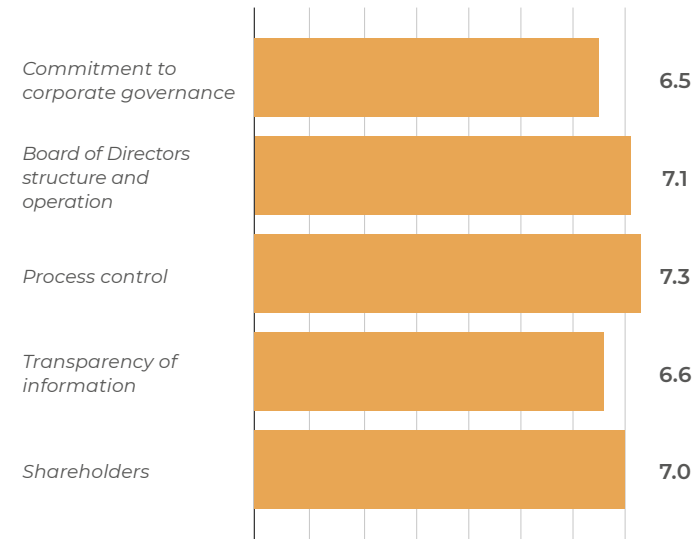
Good practices assessed

COFIDES, FIEX, FONPYME



* Escala 0 - 10

COFIDES



* Escala 0 - 10

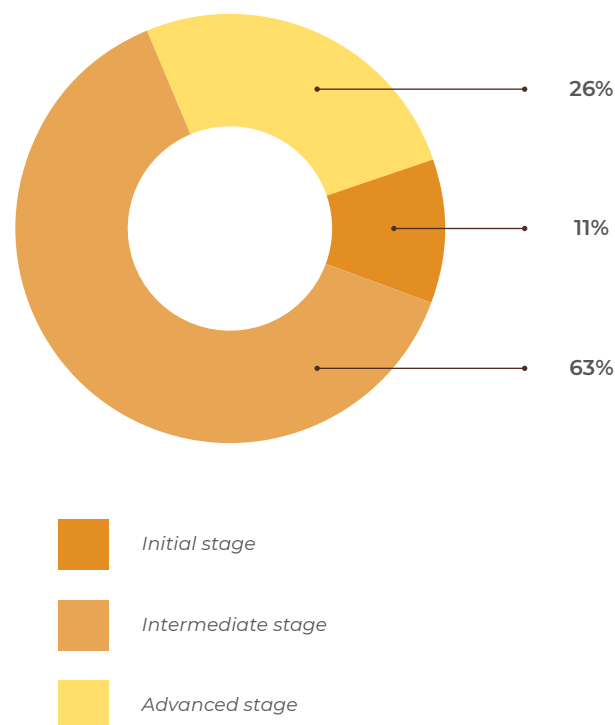
Sustainability management

Further to that assessment, companies' corporate governance was rated as initial, intermediate or advanced.

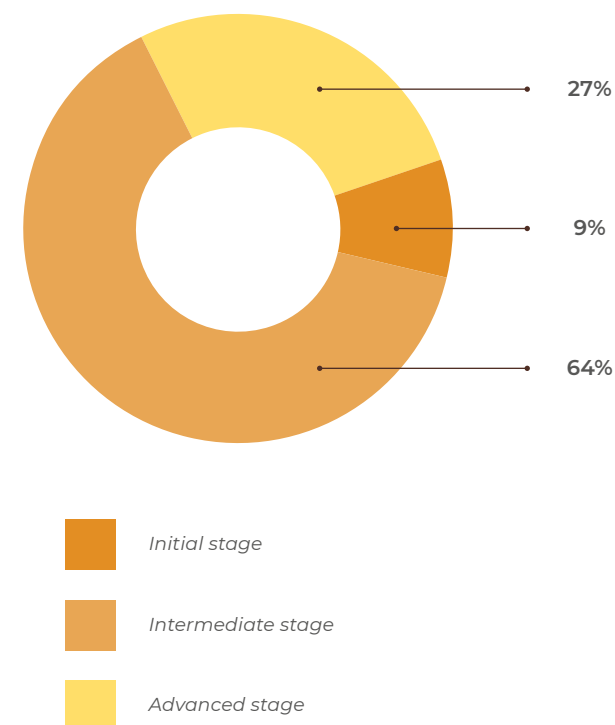
The goals set for 2022 include: in terms of project operation risk, case-by-case assessment of the need to analyse corporate governance in the target companies and any differences with the sponsor's own study; inclusion of specific additional gender equality issues in the corporate governance questionnaire, such as the number of women founders; and assessment of the suitability of including additional criteria as defined by S&P in their specific ESG rating tool.

Corporate governance rating

Formalised operations in 2021 COFIDES, FIEX, FONPYME



Formalised operations in 2021 COFIDES



Social and environmental factors

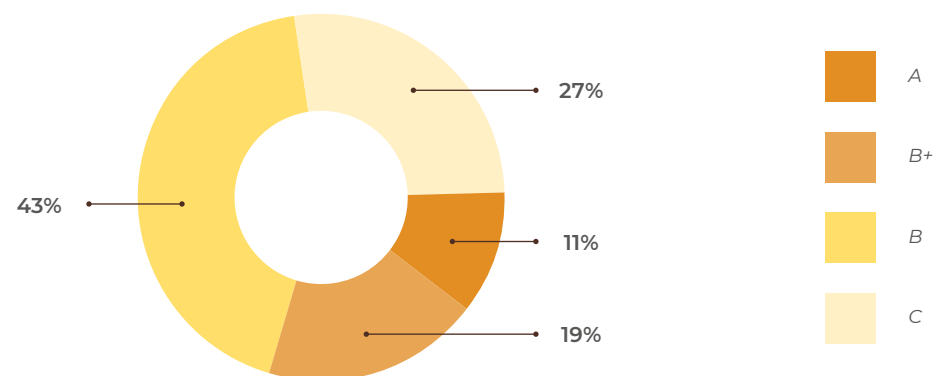
COFIDES portfolio: social-environmental risk profile

Financial period 2021 was the twentieth since the institution of COFIDES's [Social and Environmental Policy](#). Adopted in 2001, the policy is in line with the widely acknowledged international standards in place in development finance institutions. It is applied to all the company's financial instruments in all host countries throughout project life cycles.

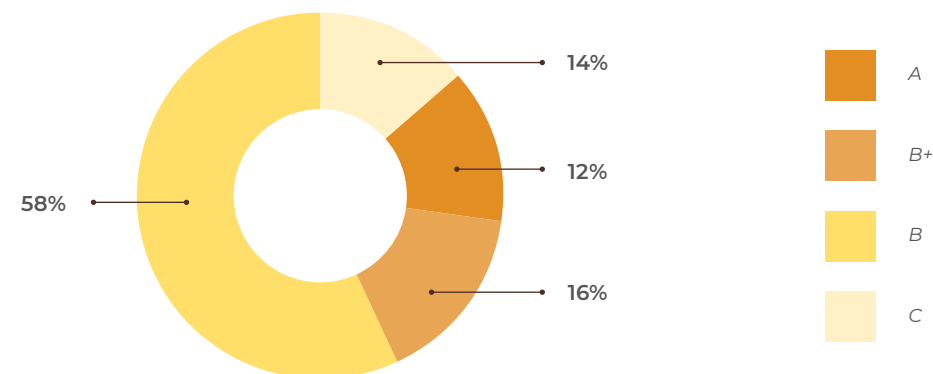
Further to the analysis conducted, direct investment operations are rated A, B+, B or C based on their risk and/or potential environmental and social impact. That classification determines the terms of the respective contracts and subsequent monitoring. The Report Parameters section hereunder contains a description of the four rating categories.

Specialised social-environmental training is a tool essential to the acquisition of new analytical skills, in turn aligned with national and international progress in the matter. In 2021 the emphasis was on social and environmental management further to IFC standards, the circular economy, human rights, gender and the principles of client protection in microfinance institutions.

Environmental rating



Social rating



Social and environmental factors

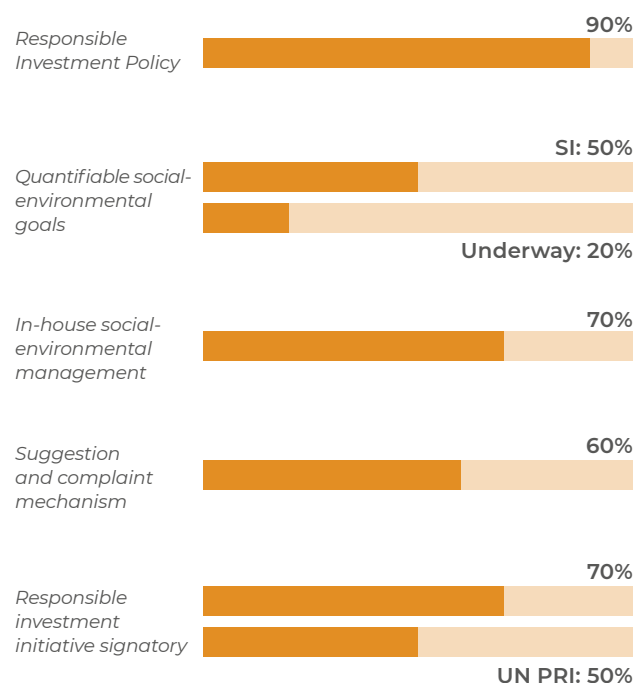
Social-environmental analysis of FONREC operations

The 2021 approval and implementation of the Fund for Recapitalising Companies Affected by COVID-19 (FONREC) called for instituting the social and environmental requirements to be met by the beneficiary companies. The focus of analysis was on business management in three dimensions: overarching social-environmental management; energy transition and adaptation to climate change; and decent employment and gender equality.

Social, environmental and gender factors in investment funds

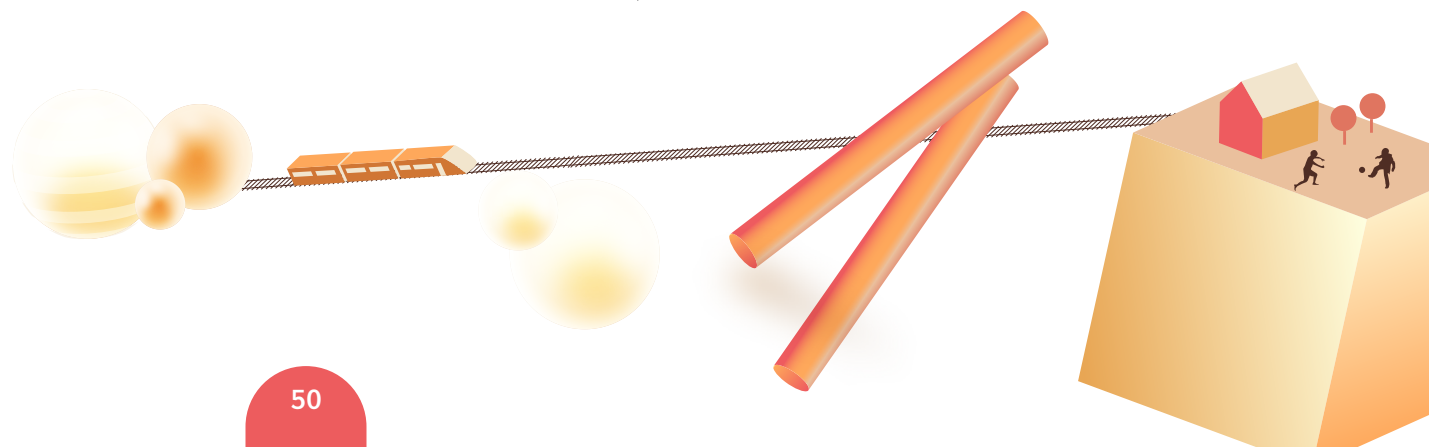
The portfolio investment funds were monitored for social and environmental compliance in 2021. In the wake of the publication of Regulation 2019/2088 on the dissemination of information on sustainability in the financial services sector, fund managers have progressed in integrating such concerns, introducing or updating responsible investment policies and socio-environmental risk management systems.

Integration of sustainability issues in investment funds



Success in conveying sustainability requirements was found to vary among the investee companies, with 60 % of the funds exhibiting acceptable performance, while the remainder, although not subject to high social-environmental risk, were informed of the need to strengthen those areas.

The evaluation of impact on gender equality and women's economic empowerment showed only one of the ten managers assessed to have gender-balanced management and just two a majority of women employees. Three managers had women founders or shareholders, although in all three women held only a minority stake. Similarly, seven of the funds devoted 30 % of total financing to target businesses complying with some one of the 2X Initiative criteria.



Commercial and institutional action

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Institutional action	EDFI	<ul style="list-style-type: none"> • COFIDES continued to form part of the Association of bilateral European Development Finance Institutions' (EDFI) Board of Directors. • The company participated in working groups explicitly created to respond to the economic crisis prompted by the coronavirus pandemic. • COFIDES continued to participate in the working group on effects on environmental and social development and took active part in the task force on responsible financing and impact measurement to advance in harmonising social-environmental standards and adopt harmonised approaches to measuring impact to higher quality standards. • COFIDES were awarded a seat on the EDFI Management Company Board of Directors, a status with strategic significance for the company inasmuch as it is directly involved in decision-making.
	Other international initiatives	<ul style="list-style-type: none"> • The company participated participation actively in a number of meetings in connection with our alliances with the world's two foremost international sovereign wealth fund fora, the International Forum of Sovereign Wealth Funds (IFSFWF) and the One planet Sovereign Wealth Funds (OPSWF) initiative. Of particular prominence in this regard was COFIDES's participation in the fourth OPSWF CEO summit in October 2021.
	Partnering agreements in Spain	<ul style="list-style-type: none"> • COFIDES participated working groups established by the think tank Fundación Real Instituto Elcano de Estudios Internacionales y Estratégicos [royal institute for international and strategic studies].
	Publicising FONREC in all autonomous regions	<ul style="list-style-type: none"> • COFIDES introduced FONREC to financial institutions, business associations, chambers of commerce and other influencers, including AEB, ASCRI, Cecabank, Asset, CEOE, Cepyme, AMEC and consultants (EY, PWC, KPMG). • Company executives authored op-eds and held interviews with national and regional media to publicise the Fund and its characteristics.

Commercial and institutional action

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Institutional action	Other institutional events	<ul style="list-style-type: none"> • COFIDES signed an agreement of intention with Kazakhstan Development Bank and Kazyna Capital in keeping with the Spain-Kazakhstan Commission created in Madrid in 2021. • The company participated in the Madrid Platform international seminar on financial instruments and internationalisation and the Ibero-American Congress organised by CEAPI [Spanish Committee of Representatives of People with Disabilities]. • It was also present at the annual SpainNAB, the most prominent forum on impact investment held in Spain. • In October 2021 COFIDES participated in the Finance in Common summit on public development banks' contribution to improvements in agriculture, the agricultural industry and global financial architecture for sustainable development. • COFIDES sponsored the 47th European International Business Academy Annual Conference 2021 as institutional partner. • COFIDES continued to collaborate with Spain's exporter and investor club.
	Other relations	<ul style="list-style-type: none"> • COFIDES explored new approaches to partnering with institutions such as the Banco de Desarrollo Empresarial de Colombia [Colombia's business development bank, Bancoldex] and Ithmar Capital, Morocco's sovereign investment fund. • COFIDES joined Spainsif, Spain's association for sustainable and responsible investment (SRI), whose primary mission is to further the integration of environmental, social and good governance criteria in investment policy. • COFIDES's environmental and social analysis of investment projects is endorsed by our sound two-decade long track record.



Visit of the president of CAF, Sergio Díaz-Granados, to COFIDES.



COFIDES director-general participated in various meetings with consultants to present the FONREC.

Acción comercial e institucional

TYPE OF ACTION	INSTITUTION INVOLVED	DESCRIPTION
Commercial action	COFIDES's commercial business	<ul style="list-style-type: none"> Internationalisation, development and sustainability, the three essential mainstays of the company's Strategic Plan 2019-2021, underpin the commercial activity that rolls out the company's commitment to contribute to the materialisation of Agenda 2030 and the Sustainable Development Goals. <p>Dissemination and furtherance in fora:</p> <ul style="list-style-type: none"> Furtherance of COFIDES's activity with participation in online seminars and webinars on financing and internationalisation. Participation in symposia and seminars with regional development agencies to inform them about the company's financial instruments for enterprise (ACCIÓ). Partnership agreement follow-up meetings and presentation of joint financing arrangements (Instituto Vasco de Finanzas, Basque Trade & Investment, INFO). Close collaboration with other representative institutions: Elkargi, Club de Exportadores, Banco Sabadell (export to grow programme) and Spain's Chamber of Commerce, as well as business associations, for the dissemination of opportunities in support of their member businesses' internationalisation projects (FIAB, FEIQUE, SEOPAN). Coordination with the national foreign investment institute's export and investment initiative in meetings with its Financial Advisory Division. Furtherance of the international dimension with a number of bi- and multilateral development institutions such as EDFI and DIG, BID, CAF and IFC in particular. Working meetings were held with institutions furthering investment in other countries such as Procolombia and Business France, as well as with the Embassies of Canada, Colombia, Turkey and Ecuador. <p>Commercial action with companies directly:</p> <ul style="list-style-type: none"> Contact with 626 new leads with internationalisation projects (756 in 2020). In all, 47 % of the contacts involved proactive target company identification, compared to 66 % in the preceding year. As in 2020, SMEs accounted for 75 % of the contacts. Meetings were held with 124 potential clients.



04 Our organisation

Board of Directors and Management team

Board of Directors*



Board of Directors meeting held in April 2022.

Mr. José Luis Curbelo Ranero

Chairman and Chief Executive Officer.

Ms. María Aparici González

Deputy Director-General for International Trade in Services and e-Commerce.
Ministry of Industry, Trade and Tourism.

Mr. Antonio Bandrés Cajal

Head of International Financing and EU Affairs.
Official Credit Institute (ICO).

Ms. Eva Bueno Velayos

Global Head Cash Management.
Banco Santander, Corporate & Investment Banking.

Mr. Javier Estévez Zurita

Director of Solutions and Business Transformation.
Banco Bilbao Vizcaya Argentaria, S.A.

Ms. Rocío Fernández Funcia

Board Member.
Avanza Previsión, Compañía de Seguros, S.A.

Mr. Gabriel Galán González

Deputy Director-General for Program Management and Execution.
Ministry of Industry, Trade and Tourism.

Mr. Fernando Jiménez-Ontiveros Diego

Director General for Multilateral, Horizontal and Financial Cooperation. AECID.

Mr. Pablo López Tallada

Director of Global Trade Finance.
Banco Bilbao Vizcaya Argentaria, S.A.

Mr. David Noguera Ballús

Assistant General Director.
Banco de Sabadell, S.A.

Mr. Alfonso Noriega Gómez

Head of the Chairman's Office Instituto de Crédito Oficial (ICO).

Mr. Pablo de la Torre Rodríguez

Commercial Head of International Business.
Banco Santander España S.A.

Mr. Javier Castro López

General Secretary, non-Board member and legal counsel.

Ms. Ana Victoria Fernández Sáinz de la Maza

Deputy Secretary.

* As of May 2022.

Board of Directors and Management team

Management team*



**Chairman and Chief
Executive Officer**
Mr. José Luis Curbelo
Ranero



General Secretary
Mr. Javier Castro López



**Head of the Talent
and IT Division**
Mr. Fernando Aceña
Moreno



**Head of the Solvency
Division**
Mr. José Luis Ocasar
Eusebio



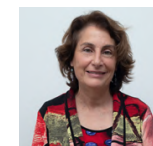
Director-General
Mr. Rodrigo Madrazo
García
de Lomana



**Director of the Investment
Department**
Mr. Miguel Ángel Ladero
Santos



**Head of the
Internationalisation
Division**
Ms. Ana Cebrián Parrondo



**Head of the Internal
Control Division**
Ms. María Victoria de
Luis Durán



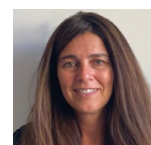
From left to right: Miguel Ángel Ladero, Rafael Matos, Rodrigo Madrazo, Ana Victoria Fernández, José Luis Ocasar, Ana Cebrián, M.^a Victoria de Luis, Carolina Fernández-Puebla, José Carlos Villena, José Luis Curbelo and Javier Castro. (Fernando Aceña was absent).



**Head of the General
Secretariat Division**
Ms. Ana Victoria Fernández
Sáinz de la Maza



**Head of the
Sustainability and Impact
Investment Division**
Mr. Rafael Matos Martínón



**Head of the Finance
and Risk Division**
Ms. Carolina
Fernández-Puebla Muñiz



**Head of the Partnerships
for Development Division**
Mr. José Carlos
Villena Pérez

* As of May 2022.

Staff

COFIDES deems staff to constitute the company's foremost competitive advantage. Hence the pursuit of ongoing improvement in staff experience, know-how, capacities and skills to ensure optimality at all times in a number of dimensions: training, motivation, remuneration, flexibility, adaptation, innovation and engagement, among others. All are determinants in meeting independently set or mandated achievements and goals.

STEERING COMMITTEE



AVERAGE SENIORITY

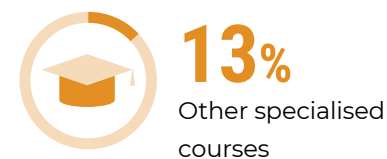
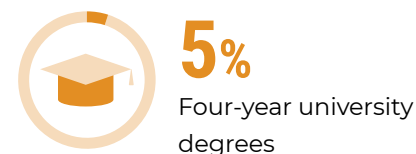
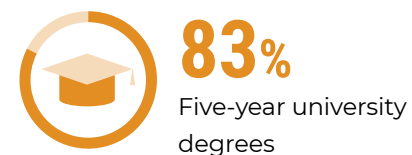


MEAN AGE



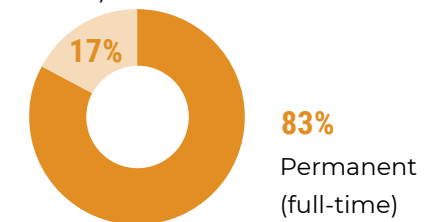
	Number	Women
Senior and technical managers	23	52%
Technical staff	54	61%
Support staff	10	90%
TOTAL	87	62%

SCHOOLING

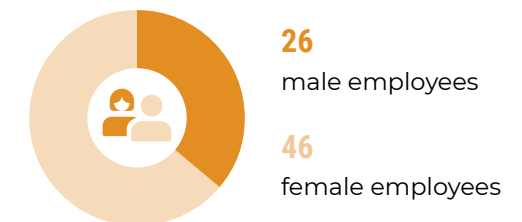


TYPE OF EMPLOYMENT CONTRACT

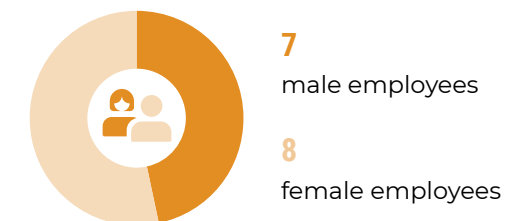
Temporary
(full-time)



Permanent (full-time)



Temporary (full-time)



Staff

TRAINING

Investment
(mean per employee)

 € 2,215.20

Staff covered by
training plan

 91%

Mean training hours
by category

3 - Senior executives

52.24 - Technical managers
and staff

18.89 - Support staff

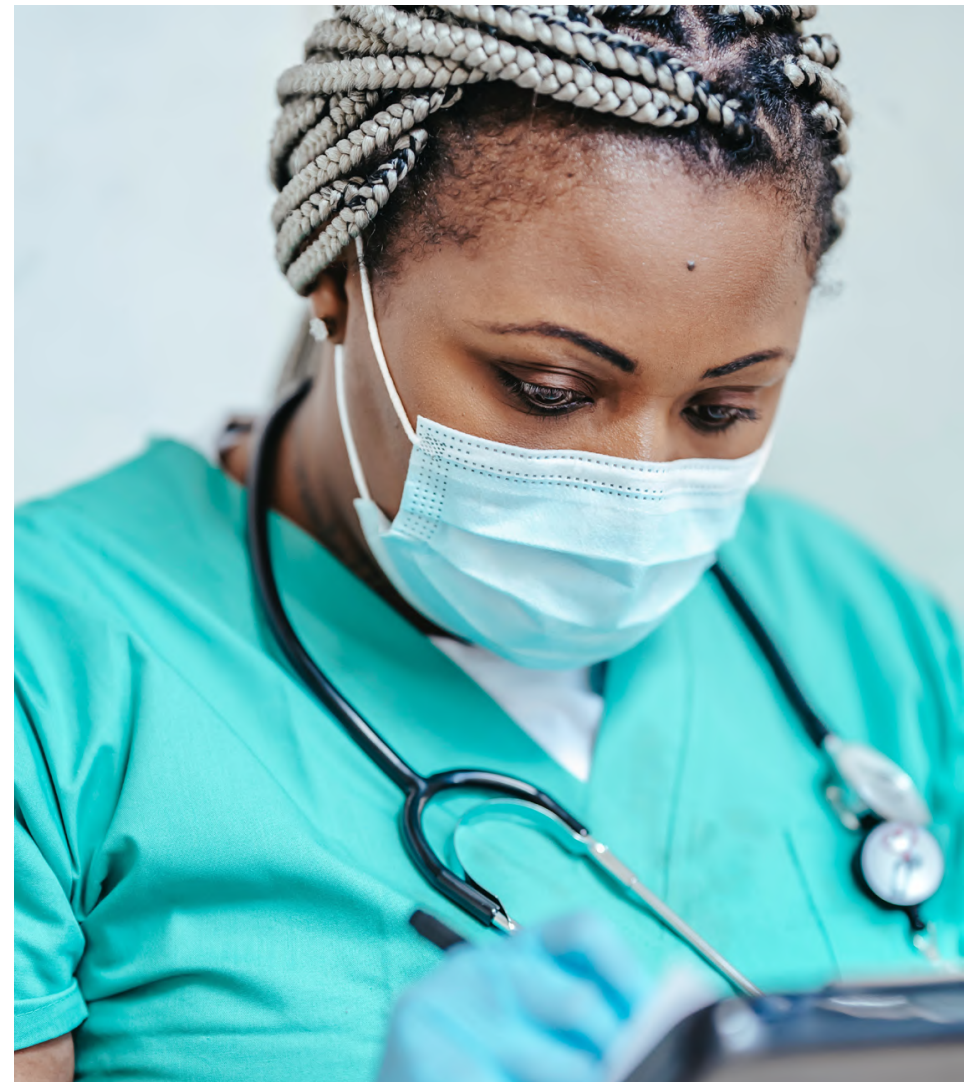
Mean hours by sex



57.46 hours

29.48 hours

In 2019 COFIDES adhered to the **#Dónde están ellas?** [where are the women?] initiative headed by European Parliament's office in Spain. The respective manifesto furthers gender equality through women's active participation in outside events organised by the signatories. A total of 24 % of the speakers at events organised by COFIDES in 2021 were women.



Carbon-neutral office

In 2021 the Spanish Ministry of Ecological Transition and Demographic Challenges' Office on Climate Change (OECC) awarded COFIDES its '**CALCULO COMPENSO**' seal, associated with the calculation of and compensation for the carbon footprint (tiers 1 and 2) generated by the company's direct and indirect emissions in 2020. That footprint will be compensated in 2022 via company collaboration with one of the forestry projects registered with the OECC. COFIDES are also implementing an emissions abatement plan. Award of this seal is a token of COFIDES's commitment to sustainability, as set out in the company's Strategic Plan 2019-21.



The director-general of COFIDES participated in various meetings with consultants to present the FONREC.

Stakeholder relations

National and international private and public sectors are progressively joining forces with academia and the third sector to rise to the world challenges identified in Agenda 2030. COFIDES, aligned with that trend, **maintain working relations with a number of organisations** engaging in those realms.

Stakeholder relations

STAKEHOLDER RELATIONS			
CATEGORY	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
SHAREHOLDER	Public / private shareholder	General Assembly	Semi-annual
		Board of Directors	Monthly
		Audit and Risk Commission	Periodic
		Working group meetings	Sporadic
NATIONAL GOVERNMENT	Secretary of State for Trade Director- ate General of International Trade and Investment	FIEX and FONPYME Executive Committees	Monthly
		FONREC Investment Technical Committees	Periodic
		Institutional meetings on specific subjects	Sporadic
	Secretary of State for International cooperation AECID	FONPRODE Executive Committee	Quarterly
		Bilateral meetings	Periodic
	Ministry of Finance	Office of the State Comptroller (IGAE) audits	Annual
	Court of Auditors	Oversight reports	Sporadic
BUSINESS AND INTERNATIONALISATION PARTNER	Companies	Negotiation	Standing
		Integrated analysis	
		Business meetings, investment fora and seminars	Sporadic
		Satisfaction surveys	Annual
		Integrity channel	Standing
	State public authorities	Meetings on several levels	Sporadic
	Other public bodies		
	Private associations		
	Regional government agencies	Partnership agreements	
	EDFI	Board of directors	Periodic
		Annual General Meeting	Annual
		EFP / ICCF investment committees	Periodic
		Working groups on specific subjets	
		Task Force - Harminisation Initiative on Responsible Financing and Impact Measurement	

Stakeholder relations

STAKEHOLDER RELATIONS			
CATEGORY	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
BUSINESS AND INTERNATIONALISATION PARTNER	European Commission (DG INTPA and DG NEAR)	Blended finance meetings	Sporadic
	UN (Green Climate Fund)	Meetings	Sporadic
	Other multilateral organisations	Meetings	Sporadic
		Seminars and fora	
THINK TANK	Academic	Reports	Sporadic
	Foundations and associations	Symposia and seminars	
THIRD SECTOR	NGOs	Integrity channel	Standing
STAFF	Employees	In-house committee notes	Weekly
		In-house meetings	Periodic
		Works council	
		In-house newsletter	
		Open house days	Sporadic
		Anonymous suggestion box	Standing
MEDIA	Nationwide, regional daily newspapers, Specialised journals	Press releases	Sporadic
		Social networks	Standing
		Advertising	Sporadic



05 Financial statements

Audit report issued by an independent auditor

mazars

Alcalá, 63
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+34 915 624 030
www.mazars.es

COMPañÍA ESPAÑOLA DE
FINANCIACIÓN DEL DESARROLLO,
COFIDES, S.A., S.M.E.

Informe de Auditoría emitido por un
Auditor Independiente

Cuentas Anuales e Informe de Gestión del
ejercicio terminado el 31 de diciembre de 2021

Oficinas en: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

Mazars Auditores, S.L.P. Domicilio Social: C/Diputació, 260 - 08007 Barcelona
Registro Mercantil de Barcelona, Tomo 30.734, Folio 212, Hoja B-180111, Inscripción 1ª, N.I.F. B-61622262
Inscrita con el número S1189 en el Registro Oficial de Auditores de Cuentas (ROAC)



Alcalá, 63
28014 - Madrid

+34 915 624 030
www.mazars.es

Informe de Auditoría de Cuentas Anuales emitido por un Auditor Independiente

A los accionistas de **Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E.:**

Opinión

Hemos auditado las cuentas anuales de **Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E.** (la Entidad), que comprenden el balance a 31 de diciembre de 2021, la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de la Entidad a 31 de diciembre de 2021, así como de sus resultados y flujos de efectivo correspondientes al ejercicio terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación (que se identifica en la nota 2 de la memoria) y, en particular, con los principios y criterios contables contenidos en el mismo.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales* de nuestro informe.

Somos independientes de la Entidad de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Aspectos más relevantes de la auditoría

Los aspectos más relevantes de la auditoría son aquellos que, según nuestro juicio profesional, han sido considerados como los riesgos de incorrección material más significativos en nuestra auditoría de las cuentas anuales del periodo actual. Estos riesgos han sido tratados en el contexto de nuestra auditoría de las cuentas anuales en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esos riesgos.

Oficinas en: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

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Estimación de las pérdidas por deterioro por riesgos de la cartera de préstamos y partidas a cobrar – créditos a empresas

Tal como se indica en la nota 4.6.7 de la memoria adjunta, un activo financiero o grupo de activos financieros está deteriorado, si existe evidencia objetiva del deterioro como resultado de uno o más eventos que han ocurrido después del reconocimiento inicial del activo y ese evento o eventos causantes de la pérdida tienen un impacto sobre los flujos de efectivo futuros estimados del activo o grupo de activos financieros, que puede ser estimado con fiabilidad. En dicha nota se expone la política de cobertura de riesgos por deterioro de la cartera. La aplicación de política supone la asunción de las siguientes líneas de actuación:

- La Política de Cobertura de Riesgos por Deterioro de Valor es de aplicación para todas las operaciones clasificadas a coste amortizado.
- Dicha Política se basa en el análisis singularizado del riesgo de cada una de las operaciones cuyas conclusiones se concretan en la asignación de un determinado rating, salvo en el caso de operaciones dudosas por morosidad en las que la variable a considerar es la antigüedad de la deuda. Una vez calificadas, con carácter general el nivel de deterioro de valor se estima colectivamente para cada categoría de rating y se presenta mediante una parrilla que asigna un porcentaje determinado de dotación para cada categoría de rating.

El cálculo deterioro de los instrumentos financieros es la principal estimación realizada por la dirección de la entidad. Por ello, consideramos este aspecto como relevante en nuestra auditoría.

Nuestros procedimientos de auditoría han incluido, entre otros, los siguientes:

- Evaluación de la nueva estimación contable realizada en base a la nueva información existente del cálculo de la cobertura de riesgos implementada en el ejercicio 2021.
- Evaluación de los controles existentes en la entidad en el proceso de concesión de las operaciones y seguimiento de las mismas.
- Verificación del cumplimiento de las políticas establecidas por la entidad a lo largo de la vida de las operaciones (estudio, aprobación y seguimiento).
- Comprobación de la realización de los estudios pertinentes previa a la autorización de la operación, así como la correcta aprobación de las operaciones por los órganos competentes.
- Verificación de la asignación de los ratings a las operaciones en base a los criterios establecidos y aprobados por el Consejo de Administración de la entidad y siguiendo los estudios individualizados de cada operación.
- Cuadre del inventario extracontable con los registros contables.
- Comprobación de la razonabilidad de los ratings aplicados a través de pruebas de detalle, así como la verificación de los datos clave para el cálculo del deterioro en base a la política establecida en la entidad.
- Obtención de confirmación externa por parte de los acreditados de la deuda pendiente a la fecha solicitada.
- Revisión del cálculo de la estimación del deterioro de la cartera de préstamos realizada por la entidad.

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Otra información: Informe de gestión

La otra información comprende exclusivamente el informe de gestión del ejercicio 2021, cuya formulación es responsabilidad de los administradores de la Entidad y no forma parte integrante de las cuentas anuales.

Nuestra opinión de auditoría sobre las cuentas anuales no cubre el informe de gestión. Nuestra responsabilidad sobre el informe de gestión, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en evaluar e informar sobre la concordancia del informe de gestión con las cuentas anuales, a partir del conocimiento de la Entidad obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma. Asimismo, nuestra responsabilidad consiste en evaluar e informar de si el contenido y presentación del informe de gestión son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito en el párrafo anterior, la información que contiene el informe de gestión concuerda con la de las cuentas anuales del ejercicio 2021 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores en relación con las cuentas anuales

Los administradores son responsables de formular las cuentas anuales adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Entidad, de conformidad con el marco normativo de información financiera aplicable a la Entidad en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales, los administradores son responsables de la valoración de la capacidad de la Entidad para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar la Entidad o de cesar sus operaciones, o bien no exista otra alternativa realista.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión. Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

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- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la Entidad.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores.
- Concluimos sobre si es adecuada la utilización, por los administradores, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Entidad para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que la Entidad deje de ser una empresa en funcionamiento.
- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales, incluida la información revelada, y si las cuentas anuales representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

Nos comunicamos con los administradores de la Entidad en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

Entre los riesgos significativos que han sido objeto de comunicación a los administradores de la Entidad, determinamos los que han sido de la mayor significatividad en la auditoría de las cuentas anuales del periodo actual y que son, en consecuencia, los riesgos considerados más significativos.

Describimos esos riesgos en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.



MAZARS AUDITORES, S.L.P.

2022 Núm. 01/22/02279

96,00 EUR

SELLO CORPORATIVO:
Informe de auditoría de cuentas sujeto
a la normativa de auditoría de cuentas
española o internacional

Madrid, 1 de abril de 2022

MAZARS AUDITORES, S.L.P.
ROAC N°S1189


Carlos Marcos Corral
ROAC N° 17577

Annual accounts

Financial Statements for the financial year ending 31 December 2021

Balance on 31 December 2020 (in thousands of euros)

ASSETS	Notes	2021	2020
NON-CURRENT ASSETS		105,890	94,207
Intangible assets	5	17	48
Software applications		17	48
Tangible assets	6	522	601
Other facilities		317	397
Furnishings		112	137
Computer hardware		93	66
Transport items		-	1
Long-term financial investments		105,351	93,558
Equity instruments	10	9,450	3,898
Loans to companies	11	84,841	78,004
Other financial assets	11	115	115
Accounts receivable, funds	11	10,945	11,541
CURRENT ASSETS		73,315	59,203
Non-current assets held for sale	7	446	475
Trade and other receivables	11	14,733	9,627
Accounts receivable		438	439
Accounts receivable, funds		14,249	9,143
Credits with Public Administrations		46	45
Short-term financial investments	11	29,921	26,972
Loans to companies		14,421	10,740
Interest outstanding on loans to companies		476	336
Other financial assets		15,024	15,896
Short-term accruals		224	142
Cash and other equivalent liquid assets	12	27,991	21,987
Treasury		27,991	21,987
Other equivalent liquid assets			
TOTAL ASSETS		179,205	153,410
Memorandum account cash receivable		171	204

Annual accounts

Balance on 31 December 2020 (in thousands of euros)

EQUITY AND LIABILITIES	Notes	2021	2020
EQUITY		172,652	150,105
Issued capital	13	39,396	39,396
Reserves		109,693	100,520
Legal and statutory		7,879	7,879
Other reserves		101,814	92,641
Profit for the year	3	21,113	10,189
Adjustments for changes in value		2,450	-
Financial assets at fair value through equity		2,450	-
CURRENT LIABILITIES		816	-
Long-term provisions		-	-
Long-term accounts payable	15	-	-
Deferred tax liabilities	17	816	-
CURRENT LIABILITIES		5,737	3,305
Liabilities linked to non-current assets held for sale	7	613	613
Short-term accounts payable	15	-	-
Trade and other payables		3,966	1,050
Sundry creditors	15	2,633	238
Personnel (remunerations outstanding)	15	327	383
Current tax liabilities	17	386	-
Other public administration debts	17	620	429
Other financial liabilities	15	-	-
Short-term accruals	16	1,158	1,642
TOTAL EQUITY AND LIABILITIES		179,205	153,410
Memorandum account cash payable EU liabilities		171	204

Annual accounts

Profit and Loss Account for the year ended December 31, 2021 (in thousands of euros)

ONGOING OPERATIONS	Notes	2021	2020
Net turnover	19.1	33,188	25,029
Other operating revenues	19.6	257	-
Personnel expenses	19.2	(6,354)	(6,354)
Salaries and similar		(4,854)	(4,861)
Welfare contributions		(1,500)	(1,493)
Other operating expenses		(983)	(4,222)
External services	19.3	(3,617)	(3,057)
Taxes	19.3	(141)	(119)
Losses, impairment and variations in provisions for trade operations	11.1 and 11.2	2,875	(1,046)
Other current management expenses	19.7	(100)	-
Depreciation of fixed assets	5, 6	(181)	(171)
Impairment and results of disposals of fixed assets	5, 6 and 7	(30)	-
Impairments and losses		(30)	-
Results of disposals and others	-	-	-
Other results		-	426
OPERATING RESULTS		25,897	14,708
Financial revenues	19.4	-	11
From tradeable securities and other financial instruments			
From third parties		-	11
Financial expenses	19.5	(205)	(170)
Notes payable to third parties		(205)	(170)
Exchange rate differences		243	(975)
FINANCIAL RESULTS		38	(1,134)
RESULTS BEFORE TAX		25,935	13,574
Taxes on profits	17	(4,822)	(3,385)
RESULTS FOR THE FINANCIAL YEAR	3	21,113	10,189

Annual accounts

Statement of changes in equity for the year ended December 31, 2021 (in thousands of euros)

A) Statement of Recorded Income and Expenditure for the year ending 31 December 2021.

	Notes	2021	2020
A) Profit and loss account results	3	21,113	10,189
Income and expenses directly attributable to equity		2,450	
I. For valuation of financial instruments			
1. Financial assets at fair value through equity		2,450	
B) Income and expenses directly attributable to equity		2,450	
TOTAL RECORDED INCOME AND EXPENSE (A+B)		23,563	10,189

B) Statement of Total Changes in Equity for the year ending 31 December 2021.

	Issued capital (Note 13.1)	Legal reserve (Note 13.2)	Voluntary reserves (Note 13.3)	Results for the year (Note 3)	Dividends (Note 3.1)	Adjustments for changes in value	Total
BALANCE ON 31 DECEMBER 2019	39,396	7,879	84,090	10,190	-		141,555
Total recorded income and expenditure in 2020	-	-	-	10,189	-		10,189
Distribution of 2019 profit:							-
Reserves	-	-	8,551	(8,551)	(1,639)		(1,639)
Dividends	-	-		(1,639)	1,639		-
BALANCE ON 31 DECEMBER 2020	39,396	7,879	92,641	10,189	-		150,105
Total recorded income and expenditure in 2021	-	-	-	21,113	-	2,450	23,563
Distribution of 2020 profit:							-
Reserves	-	-	9,173	(9,173)	(1,016)		(1,016)
Dividends	-	-		(1,016)	1,016		-
BALANCE ON 31 DECEMBER 2021	39,396	7,879	101,814	21,113	-	2,450	172,652

Annual accounts

Statement of cash flows for the year ended December 31, 2021

	Notes	2021	2020
OPERATING CASH FLOW			
Results for the year before tax		25,935	13,574
Adjustments to the results		(2,489)	1,376
Amortisation of fixed assets (+)	5, 6	181	171
Valuation adjustments due to impairment (+/-)	10		-
Variation in provisions (+/-)	11.1 y 11.2	(2,875)	1,046
Results of retirements and disposals of fixed assets (+/-)			-
Financial revenues (-)			(11)
Financial expenses (+)		205	170
Other revenues and expenses (-/+)			-
Change in working capital		(11,700)	(14,168)
(Increase)/Decrease in debtors and other accounts receivable		(5,106)	698
(Increase)/Decrease in other current assets		(2,978)	2,843
Increase/(Decrease) in creditors and other accounts payable		2,916	(665)
Increase/(Decrease) in other current liabilities		(856)	235
Other non-current assets (+/-)		(5,676)	(17,279)
Other cash flows from operating activities		(4,412)	(3,587)
Interest paid (-)		(205)	(170)
Interest received (+)		-	11
Income tax receipts (payments) (+/-)		(4,207)	(3,428)
Cash flows from operating activities		7,334	(2,805)
CASH FLOW FROM INVESTMENT ACTIVITIES			
Investment payments (-)		(79)	(40)
Intangible assets	5	-	-
Tangible assets	6	(79)	(40)
Divestment charges (+)		8	65
Tangible assets		-	65
Other financial assets		8	-
Cash flows from investment activities		(71)	25
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts and payments for financial liability instruments		-	-
Return and amortisation of		-	-
Debts with credit institutions (-)		-	-
Dividend payments and payments on other equity instruments	3.1	(1,016)	(1,639)
Dividends		(1,016)	(1,639)
Cash flows from financing activities		(1,016)	(1,639)
EFFECT OF EXCHANGE RATE VARIATIONS		(243)	975
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		6,004	(3,444)
Cash or cash equivalents at the beginning of the year	12	21,987	25,431
Cash or cash equivalents at year end	12	27,991	21,987

Annual Accounts Report for the year ended December 31, 2021

1. Nature of company, business activity and group composition

Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereinafter the Company or COFIDES), is a state and private-owned company whose corporate purpose is to further, with break-even criteria, the economic and social development of emerging and developing countries, mainly through the granting of financing to private projects with Spanish involvement in those countries.

COFIDES' corporate purpose also includes the management of any public funds assigned to it by legally binding regulations, as well as support for the management of public funds and the provision of advisory services in connection with the management of public funds assigned to it by legally binding regulations.

Spanish Law 66/1997, of 30 December, designated COFIDES as manager of the Fund for Foreign Investment, (hereinafter FIEX, the Spanish acronym) and of the Fund for SME Foreign Investment Operations (hereinafter FONPYME,

the Spanish acronym), on its own behalf and on behalf of these Funds. In addition, the activities and operation of these funds are regulated by Spanish Royal Decree 1226/2006 of 27 October, which repealed the previous Royal Decree 2815/1998 and which in turn was amended by Royal Decree 862/2010 of 2 July, Royal Decree 321/2015 of 24 April and Royal Decree 72/2016 of 19 February. These funds are provided annually from the Spanish State General Budget and have as their purpose to pursue the internationalisation of Spanish companies and the Spanish economy in general, through syndicated financial instruments, under co-financing arrangements with the company sponsoring the project.

Spanish Law 14/2013, concerning support for companies and their internationalisation, in addition to amending Spanish Law 66/1997 which created FIEX and FONPYME, incorporated COFIDES' authority to collaborate in the identification and analysis of investment projects eligible for financing under the Business Internationalisation Fund (hereinafter FIEM, the Spanish acronym), managed by the Secretary

of State for Trade of the Ministry of Industry, Trade and Tourism.

The second final provision of Spanish Law 8/2014 of 22 April, concerning State coverage of the risks of the internationalisation of the Spanish economy, provides that the management of the Development Promotion Fund (hereinafter FONPRODE, the Spanish acronym), including the study, planning, negotiation and monitoring of the aid it gives, is the responsibility of the Ministry of Foreign Affairs and International Cooperation, through the Secretary of State responsible for international development cooperation and the Spanish Agency for International Development Cooperation, with the support of COFIDES.

The passing of Spanish Law 8/2014 meant new recognition of COFIDES as a Spanish Development Finance Institute, in addition to its membership in the European Development Finance Institutions Association (hereinafter EDFI). The role of COFIDES in supporting the management of FONPRODE is regulated by Article 8 of Royal Decree 597/2015 of 3 July, which approved the Fund's Regulations.

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Since May 2016, COFIDES has been accredited by the European Commission (hereinafter EC), permitting it to manage community budget funds indirectly. COFIDES can assume the role of main co-financier in blending operations, a European Union financing instrument which combines European Union subsidies with financing from accredited public and private financial institutions.

In October 2018, COFIDES was designated an accredited entity by the Green Climate Fund (hereinafter the GCF), the United Nations Framework Convention on Climate Change fund which was created at the end of 2010. Accreditation by the GCF permits COFIDES to mobilise resources from the Fund in order to finance public or private climate change mitigation and/or adaptation projects in developing countries. COFIDES can structure projects worth up to \$250 million USD and with any level of environmental and social risk (including category A). GCF resources, combined with loans from accredited entities, can be utilised in the form of loans, equity holdings, securities and donations.

Royal Decree-Law 5/2021, of 12 March, concerning extraordinary measures to support business solvency in response to the COVID-19 pandemic, created the Fund for the Recapitalisation of Companies Affected by COVID-19, (he-

reinafter FONREC, the Spanish acronym) with a budget of one billion euros, and assigned its management to COFIDES.

The Company's registered office for business and tax purposes is located at Paseo de la Castellana, 278, planta 3, Madrid, Spain.

2. Criteria for presenting statements

The financial statements have been prepared by the Company directors for submission to the Annual General Meeting of Shareholders, and it is considered that they will be approved with no amendments whatsoever.

The figures included in the annual accounts are expressed in thousands of euros, unless otherwise stated.

2.1. True and fair view

The financial statements for the year ending 31 December 2020 were prepared based on COFIDES' accounting records and are reported pursuant to existing commercial legislation and the Spanish National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November and its subsequent amendments, in order to present a true and fair view of the Company's equity and

financial position, the results of its operations, changes in its equity and its cash flows during the financial year.

The following new legislation applies to the preparation of financial statements from 1 January 2021:

- Royal Decree 1/2021, of 12 January, amending the National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November; the Standards for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September; and the standards for the adaptation of the National Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011, of 24 October.
- The Spanish Accounting and Auditing Institute Pronouncement of 10 February 2021 which established standards for the recording, valuation and preparation of financial statements concerning the recording of revenue from delivery of goods and provision of services.

According to the analysis and application of these regulations, their entry into force has not had any impact whatsoever, with the exception of amendments to the categories

Annual accounts report

for valuation of financial assets and liabilities, which have been adapted to the requirements of the new regulation, as detailed in note 2.4.

All mandatory accounting principles with significant effects have been applied in the preparation of these financial statements. Likewise, no non-mandatory accounting principles have been applied.

2.2. Comparison of information

For the purposes of comparison, the financial statements present, for each of the balance sheet items, the profit and loss account, the statement of changes in equity, the cash flow statement and the report, in addition to the figures for 2021, those for the previous financial year, which formed part of the financial statements for 2020, approved by the General Meeting of Shareholders on 27 May 2021.

The effect of the entry into force of Royal Decree 1/2021 of 12 January, amending the National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November, is detailed in note 2.4. In relation to this, the classification of joint venture loans and subordinated loans as financial assets at amortised cost

has been maintained, as opposed to their new classification as financial assets at cost, since the amount of the contingent interest is largely insignificant.

Changes in accounting estimates

As a result of increased experience and the additional information obtained from the retrospective tests carried out annually by COFIDES, the percentages for valuation adjustment due to impairment have been updated in accordance with the provisions of the Impairment Policy in force since 2013. The following information is especially relevant:

- The percentages used until 31 December 2020 were based on a historical database (2006-2013) which mostly covered the years of the worst economic crisis prior to COVID-19, and therefore reflected the maximum levels of default in the portfolios managed, as the historical analysis shows. For the 2021 financial year, this observation window was updated to include the historical database from 2007-2020.
- Subsequent reviews show that the percentage of transactions which

move into accounts receivable is decreasing – with fewer defaults and an increase in the number of observations – and that larger amounts are recovered from them.

- In addition, it has been necessary to change the in-house rating categories to the S&P categories. This rating methodology has been used since May 2021. The new categories allow for greater granularity regarding the credit risk levels assumed.

As a result, the impairment loss percentage for transactions with a lower level of risk has been reduced, the percentages for the highest risks have been increased, and the allowance for transactions which have become non-performing has been increased. The impact of this update is an increase in the value of assets of 2,735 thousand euros, concentrated in Standard Assets (93% of the total), which has been recorded under the heading "Losses, impairment and variations in provisions for trade operations" in the profit and loss account for the 2021 financial year.

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Changes in accounting policies and correction of errors

There were no changes in accounting policies during 2021 with respect to previous years, with the exception of those resulting from the entry into force of the National Chart of Accounts approved by Royal Decree 1/2021 of 12 January.

2.3. Critical aspects of the appraisal and estimation of significant uncertainties and discretion in the application of accounting policies

The preparation of the financial statements requires the application of significant accounting estimates and the use of discretion, estimates and assumptions in the process of applying the Company's accounting policies. The following is a summary of the aspects which have involved greatest discretion or complexity, or in which the assumptions and estimates are significant for the preparation of the financial statements.

Valuation adjustments due to impairment

The Company has an Impairment Risk Coverage Policy based on the historical analysis of the behaviour of operations according to their credit rating. The result of the analysis is the

estimated recoverable value for each rating category, which serves as the basis for determining the impairment rates. The Company verifies the appropriateness of the impairment rates established with respect to the updated estimated recoverable value data on an annual basis.

The Company has an Investment Division and a Risk Division, whose specific tasks include supervision and risk management of its commercial financial operations; the results of their analysis and assessment of the risks assumed are synthesised in the rating of each operation (see Note 4.6.7).

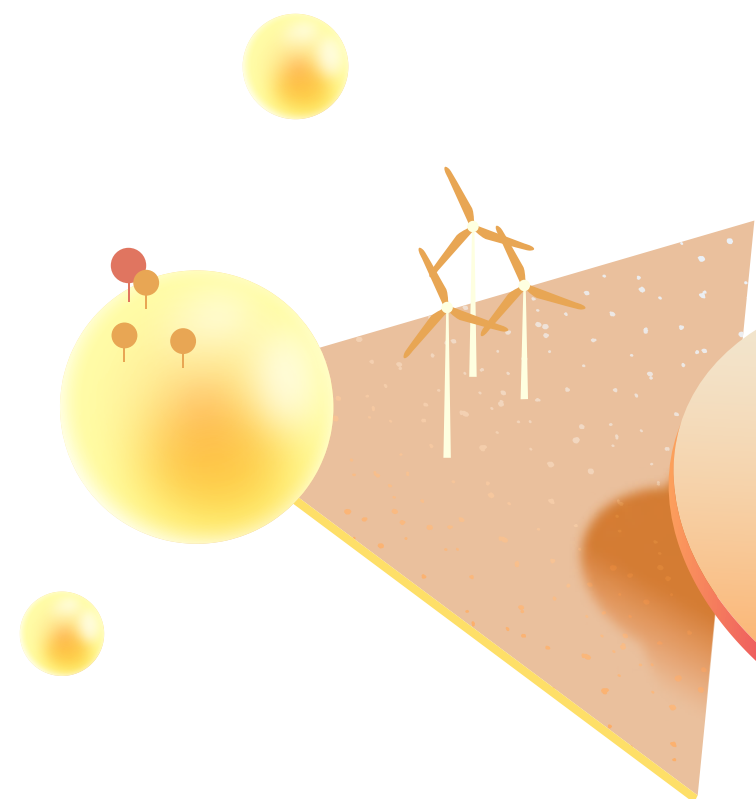
2.4. First application of the amendments to the National Chart of Accounts in force as of 1 January 2021

The entry into force of Royal Decree 1/2021 of 12 January has had no impact on equity.

First application of the amendments related to the classification and valuation of financial instruments:

As a result of the accounting amendments in force as of 1 January 2021, the valuation classification categories for financial as-

sets and liabilities have been amended and adapted to match those established in the new regulations.



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Details of the reclassifications are as follows:

Financial assets

			Thousands of euros	
	Classification on 31 December 2020	Classification as of 1 January 2021	Amount on 31 December 2020	Amount as of 1 January 2021
Equity instruments	Available for sale	Fair value through equity	8,898	8,898
Equity instruments	Available for sale	Fair value through profit and loss	-	-
Equity instruments	Available for sale	Cost	-	-
Other financial assets	Loans and accounts receivable	Amortised cost	121,259	121,259
Other financial assets	Loans and accounts receivable	Cost	-	-
Other financial assets	Loans and accounts receivable	Fair value through equity	-	-
Other financial assets	Held to maturity	Amortised cost	-	-
Other financial assets	Held to maturity	Fair value through profit and loss account	-	-
Total financial assets			130,157	130,157

The decision regarding how the Company classifies financial assets was made on the date of the first application, based on the facts and circumstances in existence on that date. The resulting classifications have been applied since the date of the first application, regardless of how the Company managed its financial assets in previous years. It should be noted that the financial instruments classified as "Available for sale" on 31 December 2020 were valued at cost, as there was no reliable valuation at that date which would have allowed them to be valued at fair value, which was in any case estimated to be very close to cost due to the recency of the investment inception.

Financial liabilities

Financial liabilities include 238 thousand euros relating to accounts payable which were classified at amortised cost at year-end and maintained this classification on 1 January 2021.

2.5. First application of the amendments related to the recording of revenue from sales and provision of services

The first application of the amendments to the National Chart of Accounts regarding recording of revenue had no impact on the Company's equity on the date of the first application.

The Company has chosen to follow the policies in force until 31 December 2020 for contracts which were not completed as of the date of first application. A completed contract is a contract for which the Company has transferred all of the stipulated goods or services.

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2.6. Functional and reporting currency

The financial statements are presented in thousands of euros, rounded to the nearest thousand, which is the Company's functional and reporting currency.

3. Distribution of earnings

3.1. Distribution of earnings

The distribution of earnings for the year ending on 31 December 2020, proposed by the directors and approved by the General Meeting of Shareholders on 27 May 2021, was as itemised below:

	2020
Basis for distribution	Euros
Profits for the year	10,189,230.51
Distribution	
Distribution of dividends	1,016,025.00
Legal reserve	
Capitalisation reserve (*)	855,073.03
Voluntary reserve	8,318,132.48
TOTAL	10,189,230.51

The proposal for distribution of the earnings for the year ended 31 December 2021, proposed

by the directors and pending approval by the General Meeting of Shareholders, consists of:

	2021
Basis for distribution	Euros
Profits for the year	21,112,813.30
Distribution	
Distribution of dividends	1,868,175.00
Legal reserve	
Capitalisation reserve (*)	917,320.55
Voluntary reserve	18,327,317.55
TOTAL	21,112,813.30

(*) In compliance with the requirements of Article 25 of Spanish Law 27/2014, of 27 November, regarding corporation tax, in relation to the capitalisation reserve it is proposed that, as part of the distribution of earnings for 2021, an amount of 917,000 euros (855,000 euros in 2020) from the earnings for the year be used for the capitalisation reserve (see Note 17).

3.2. Limitations on dividend payments

The Company is required to transfer 10% of its earnings for the year to the legal reserve until the balance of this reserve reaches at least 20% of share capital. Unless this reserve

exceeds 20% of share capital, it cannot be distributed among shareholders (see Note 13).

Once the sums specified by law or the by-laws are covered, dividends may only be distributed against the year's profit or freely available reserves providing the net equity, as a result of the proposed dividend payment, does not slide below the share capital. For these purposes, the profit directly posted as net equity may not be directly or indirectly used for dividend payments. If previous years' losses lowered the Company's net equity to less than the value of its share capital, any profit must be used to offset such losses.

4. Accounting and valuation criteria

The main accounting and valuation criteria used by the Company in the preparation of these financial statements are as follows:

4.1. Intangible assets

Intangible assets are initially valued at their acquisition price or production cost.

After the initial valuation, intangible assets are valued at cost, minus accumulated

Annual accounts report

amortisation and, if appropriate, any accumulated losses due to impairment.

Each intangible asset is analysed to determine whether its service life is finite or indefinite.

4.1.1. Industrial property

This item includes the activation of the amount corresponding to the registered company name.

4.1.2. Software

Software is recorded at its acquisition price. Maintenance expenses are recorded in the profit and loss accounts when incurred.

4.1.3. Service life and amortisations

Intangible assets are amortised by distributing the sum subject to amortisation evenly across the service life of the asset, pursuant to the following criteria:

	Amortisation method	Estimated service life in years
Industrial property	Straight-line	10
Software applications	Straight-line	4

For these purposes, the sum subject to amortisation is understood to be the acquisition cost minus, if applicable, the residual value.

The Company revises the residual value, service life and amortisation method for intangible assets at least yearly, at the end of the financial year. Any amendments to the criteria initially established are recorded as changes in the estimate.

4.1.4. Impairment of fixed assets

The Company evaluates and determines the valuation corrections for impairment and the reversal of losses due to impairment of intangible assets in accordance with the criteria set out in Note 4.3.

4.2. Tangible assets

4.2.1. Initial valuation

The assets included as tangible assets are booked at their acquisition price or production cost and listed in the balance sheet at that value minus amortisation and, if appropriate, any accumulated impairment losses.

4.2.2. Amortisations

Tangible assets are amortised by distributing the amortisable amount evenly over their service lives. For this purpose, the amortisable amount is understood as the acquisition cost minus its residual value. The Company determines the amortisation costs for each intangible asset.

Amortisation of tangible assets is determined by applying the following criteria:

	Amortisation method	Estimated service life in years
Other facilities	Straight-line	10
Furnishings	Straight-line	10
Computer hardware	Straight-line	4
Transport items	Straight-line	10

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The Company revises the residual value, service life and amortisation method for intangible assets at the end of each financial year. Any amendments to the criteria initially established are recorded as changes in the estimate.

4.2.3. Subsequent costs

Subsequent to the initial recognition of an asset, only costs which entail an increase in capacity, productivity or service life are capitalised. Costs involved in the daily maintenance of tangible assets are thus recorded as expenses in the profit and loss account as they are incurred.

4.2.4. Impairment of asset value

The Company assesses and determines the valuation corrections for impairment and the reversal of losses due to impairment of the value of tangible assets in accordance with the criteria set out in Note 4.3.

4.3. Value impairment of non-financial assets subject to amortisation or depreciation

The Company follows the criteria to evaluate whether there is any indication that non-financial assets subject to depreciation or amortisation may be impaired, in order to ascertain whether the carrying value of such assets exceeds their recoverable value, which is taken to be the higher of fair value, minus costs of sale, and their value in use.

Once the impairment loss or its reversal has been recorded, the amortisation for the following years is adjusted based on the new carrying value.

Notwithstanding the above, if the specific circumstances of the assets reveal an irreversible loss, the loss is recorded directly in losses from fixed assets in the profit and loss account.

Impairment losses are recorded in the profit and loss account.

4.4. Non-current assets held for sale

The Company classifies under "Non-current assets held for sale" those assets whose carrying value will be recovered mainly through their sale, rather than through continuing use, when they meet the following requirements:

- They are available in their present condition for immediate sale, subject to the usual and customary terms for the sale of such assets.
- Their sale is highly likely.

Non-current assets held for sale are valued as the lower of their carrying value and their fair value minus cost of sale, except for deferred tax assets. These assets do not amortise and, if necessary, the appropriate valuation adjustments are made so that the carrying value is not higher than the fair value minus cost of sale.

Related liabilities are classified under "Liabilities related to non-current assets held for sale".

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4.5. Leases

Leases where the contract essentially transfers all risks and rewards inherent in ownership of the assets are regarded as finance leases, with others regarded as operating leases.

4.5.1. Lessor accounting

Income from operating leases is recorded in the profit and loss account upon accrual. Direct costs attributable to the contract are included as an increase in the value of the leased asset and are recorded as an expense over the term of the contract, applying the same criteria used to record income from the lease.

4.5.2. Lessee accounting

The Company has operational lease contracts with third parties for the premises where it conducts its usual business, as well as a vehicle which was used by personnel.

Payments for operating leases, net of incentives received, are recorded as expenses on a straight-line basis over the term of the lease.

4.6. Instrumentos financieros

A financial instrument is a contract which gives rise to a financial asset in one institution and, simultaneously, a financial liability or equity instrument in another. The Company records financial instruments in the balance sheet only when it becomes a party to the contract according to the contract specifications.

In the accompanying balance sheet, financial assets and liabilities are classified as current or non-current depending on whether they mature within twelve months of year-end or more than twelve months after it, respectively.

The most common financial assets and liabilities held by the Company are the following:

- Trade receivables and payables.
- Loans to third parties.
- Securities, including debt securities (bonds, debentures, notes, etc.), equity instruments with other institutions (shares) or units in collective investment schemes.

- Cash and cash equivalents.
- Other financial assets: such as deposits with credit institutions, guarantees, etc.
- Other financial liabilities: debts to third parties arising from the Company's normal operations.

Financial assets:

For valuation purposes, financial assets are included in one of the following categories:

- a) Financial assets at amortised cost.
- b) Financial assets at fair value through profit and loss.
- c) Financial assets at fair value through equity.
- d) Financial assets at cost.

A cierre del ejercicio la Sociedad no tiene activos clasificados a valor razonable con cambios en la cuenta de pérdidas y ganancias o a coste.

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4.6.1. Financial assets at amortised cost

A financial asset is included in this category, even when listed for trade on an organised market, if the company holds the investment for the purpose of receiving cash flows from the performance of the contract and the contractual terms of the financial asset give rise, at specified dates, to cash flows composed solely of payments towards the principal and interest on the outstanding principal.

Contractual cash flows composed solely of payments towards the principal and interest on the outstanding principal are inherent to agreements with the character of an ordinary or common loan, unless a zero or below-market interest rate is agreed for the transaction.

In general, trade and non-trade receivables are included in this category:

- Trade receivables: financial assets arising from the sale of goods and the provision of services through the Company's trading operations for which payment is deferred, and
- Non-trade receivables: financial assets which, not being equity instruments or derivatives, do not arise from trade and

which involve payments of determined or determinable amounts, and which derive from loans or credit operations granted by the Company.

Initial valuation

Financial assets classified in this category are initially valued at fair value which, barring evidence to the contrary, is taken to be the transaction price, which is the fair value of the consideration given plus directly attributable costs incurred.

However, trade receivables with a maturity date within one year which do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and payments due on equity instruments which are expected to be received in the short term, may be valued at nominal value when the effect of failure to update cash flows is not significant.

Subsequent valuation

The financial assets included in this category are subsequently valued at amortised cost. Accrued interest is entered into the profit and loss account, applying the effective interest method.

That notwithstanding, loans maturing in less than one year, initially valued at their nominal value in accordance with the provisions of the previous paragraph, continue to be valued at that amount unless they have become impaired.

Impairment

When the contractual cash flows of a financial asset change due to financial difficulties on the part of the issuer, the Company assesses whether an impairment loss should be recorded.

The necessary valuation adjustments are made at least yearly, at the end of the financial year, whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics valued collectively, is impaired as a result of one or more events which occurred after its initial recording, possibly due to insolvency on the part of the debtor, resulting in a reduction or delay in estimated future cash flows.

The impairment loss on these financial assets is the difference between their carrying value and the present value of future cash flows, including, where applicable, those estimated to be generated by the enforcement of collateral or personal guarantees, discounted

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at the effective interest rate as calculated at the time of initial recording. Models based on formulae or statistical methods are used to calculate the impairment losses on a group of financial assets.

For variable rate financial assets, the effective interest rate on the financial statements reporting date is used in accordance with the contractual terms.

Impairment losses, as well as their reversal when the amount of the impairment loss decreases due to a subsequent event, are recorded as an expense or as income, respectively, in the profit and loss account. The reversal of impairment loss is limited to the carrying value of the asset which would have been recorded on the date of the reversal had no impairment loss been recorded.

That notwithstanding, the market value of the instrument may be used as a proxy for the present value of future cash flows, provided that it is sufficiently reliable as to be considered representative of the value which could be recovered by the Company.

The recording of default interest on credit-impaired financial assets shall follow the general rules, without prejudice to any simultaneous assessment by the Company of whether the amount will be recoverable and, if so, decision to record the corresponding impairment loss.

4.6.2. Financial assets at fair value through equity

A financial asset is included in this category when the contractual terms of the financial asset give rise, at specified dates, to cash flows composed solely of payments towards the principal and interest on the outstanding principal, and it is neither held for trading nor classified as a financial asset at amortised cost (as it is held under a management model which includes both holding the asset for the purpose of receiving cash flows and selling it).

Also included in this category are investments in equity instruments which are not held for trading and are not required to be valued at cost, for which the Company has exercised an irrevocable option upon initial recording to present subsequent changes in fair value directly in equity.

Initial valuation

Financial assets included in this category are initially valued at fair value which, barring evidence to the contrary, is taken to be the transaction price, which is the fair value of the consideration given plus directly attributable transaction costs.

The amount of any pre-emptive subscription rights and similar rights acquired shall form part of the initial valuation.

Subsequent valuation

Subsequently, the financial assets included in this category are valued at fair value, without deducting any transaction costs which may be incurred upon retirement.

Changes in fair value are recorded directly in equity until the financial asset is retired or impaired, at which time the amount so recorded is posted in the profit and loss account.

However, impairment losses and profits and losses arising from exchange rate differences on monetary financial assets denominated in foreign currencies shall be recorded in the profit and loss account.

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Interest, calculated using the effective interest rate method, and accrued dividends are also recorded in the profit and loss account.

Where these assets are to be valued for retirement or otherwise, the weighted average valuation method is applied for homogeneous groups.

Impairment

The necessary valuation adjustments are made at least yearly, at the end of the financial year, whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics valued collectively, is impaired as a result of one or more events which occurred after its initial recording, giving rise to:

- In the case of debt instruments acquired, a reduction or delay in estimated future cash flows, which may be due to insolvency on the part of the debtor; or
- In the case of investments in equity instruments, a lack of recoverability of the carrying value of the asset, as evidenced, for example, by a prolonged or significant

decline in its fair value. In all cases, the instrument shall be presumed to be impaired if it has declined in value for one and a half years or by forty per cent of its market price without recovery, although it may be necessary to record an impairment loss before such a period has elapsed or the market price has fallen by such a percentage.

The impairment loss on these financial assets is the difference between their cost or amortised cost, less any impairment loss previously recorded in the profit and loss account, and their fair value at the time of valuation.

Cumulative losses recorded in equity due to a reduction in fair value, provided that there is objective evidence of impairment, are recorded in the profit and loss account.

If the fair value increases in subsequent years, the valuation adjustment recorded in previous years is reversed with a credit to the profit and loss account of the year. However, if the fair value of an equity instrument increases, the valuation adjustment recorded in prior years is not reversed with a credit to the profit and loss account and the increase in fair value is recorded directly in equity.

4.6.3. Interest and dividends received from financial assets

Interest and dividends on financial assets accrued after the time of acquisition are recorded as income in the profit and loss account. Interest on financial assets valued at amortised cost is recorded using the effective interest method and dividends are recorded when the Company's right to receive them is declared.

For these purposes, in the initial valuation of financial assets accrued interest not yet due at that time and dividends approved by the competent body at the time of acquisition are recorded separately, taking into account their maturity.

If the dividends distributed clearly result from profits generated prior to the acquisition date, as amounts greater than the profits generated by the investee since acquisition have been distributed, they shall not be recorded as income and they shall reduce the carrying value of the investment.

4.6.4. Retirement of financial assets

Financial assets are retired when the right to receive cash flows related to them expire or

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are transferred and the Company has substantially transferred all the risks and rewards of ownership.

The retirement of a financial asset in its entirety entails recording the results for the difference between its carrying value and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed and any deferred loss or gain in income and expenses recorded in equity.

4.6.5. Impairment of financial assets

A financial asset or group of financial assets is impaired and a loss from impairment has occurred if there is objective evidence of impairment as a result of one or more events which occurred after the asset was initially recorded, and the event or events which caused the loss have an impact on the estimated future cash flows of the financial asset or group of assets which can be reliably estimated.

On 29 November 2013, the Board of Directors approved the Policy on Impairment Provisions for Operations. On 28 June 2017, it also

approved an update of certain allowance percentages included in the policy in force to date and, lastly, in the 2021 financial year it approved a new update of the allowance percentages, as described in section 2.2. of these Financial Statements.

The application of the Policy on Impairment Provisions for Transactions entails the following lines of action:

- The Policy on Impairment Provisions applies to all transactions with the sole exception of open-price equity transactions which are valued at fair value.
- This Policy is based on an individualised risk analysis for each operation, which results in the assignment of a certain rating, except in the case of doubtful debts due to late payment in which the variable to be considered is the age of the debt. Once classified, in general the impairment is estimated collectively for each rating category - the rating of the operation before securities are taken into account - and is presented in a grid which assigns a certain percentage to each rating category.



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Impairment

(% of balance not covered by guarantees)

Portfolio of Standard Assets	
Ordinary Assets	
≥bb	0.0%
bb-	0.7%
b+	1.3%
b	1.8%
b-	4.0%
ccc+	7.5%
Watch list assets	
ccc/ccc-	24.0%

Impairment provisions for doubtful assets follow the general procedure of collective estimation based on statistical analysis of the entity's database.

Impairment

(% of balance not covered by effective guarantees)

Portfolio of Doubtful Assets	
DM3	40%
DM6	50%
DM9	60%
DM12	70%
DM15	80%
DM18	100%

- The Policy also provides for the possibility of estimating the impairment on an individual basis (individual risk estimation) for portfolio operations classified as watch list loans or doubtful debts classified as such in accordance with the Company's Asset Classification Policy, approved by its Board of Directors in July 2013 (updated in July 2017 and October 2021). In this case the applicable impairment is determined based on a specific report issued by the Investment Divisions which underpin this.
- In cases where collateral is provided, provided that its valuation and enforceability are considered acceptable, the applicable provision is the amount of the risk less the value of the security.

Loss or reversal of the impairment is recorded in the profit and loss account.

4.6.6. Fair value

Fair values are ranked based on the factors considered for the valuation:

- Level 1: valuation at currently quoted market prices (unadjusted) of assets or liabilities identical to those being assessed.
- Level 2: valuation based on estimates using quoted prices of similar instruments on active markets or other valuation methodologies in which all significant variables are based on directly or indirectly observable market data.
- Level 3: valuation using factors not based on direct market data.

In the event that the factors used to determine the fair value of an asset or liability are ranked at different levels, the fair value shall be determined based wholly on the relevant component at the lowest level.

The Company estimates the fair value of assets classified as "financial assets at fair value through equity" using Level 3 valuations. Essentially, equity instruments held by the Company in funds and in other companies in

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which it has holdings receive this classification. In the case of funds, the liquidation value of the fund at year-end is used, and in the case of holdings in other companies an independent expert determines the valuation using market variables (e.g., exchange rates) and data from the entity itself (sales, budgets, etc.) to estimate the return on these investments.

4.7. Financial liabilities

Financial liabilities are assigned to the following categories for valuation purposes:

- a) Financial liabilities at amortised cost.
- b) Financial liabilities at fair value through profit and loss.
- c) Financial liabilities at cost.

The Company only holds financial liabilities at amortised cost at year-end.

4.7.1. Financial liabilities at amortised cost

The Company includes all financial liabilities not valued at fair value through profit and loss or at cost in this category.

In general, this category includes both trade and non-trade payables:

- Trade payables: financial liabilities arising from the purchase of goods and services in the course of the Company's business for which payment is deferred, and
- Non-trade payables: financial liabilities other than derivatives which are of non-commercial origin, rather arising from loans or credit received by the company.

Security deposits included in lease contracts are valued in accordance with the criteria described for financial instruments at amortised cost.

Initial valuation

Financial liabilities included in this category are initially valued at fair value, which, barring evidence to the contrary, is the price of the transaction, equivalent to the fair value of the consideration received adjusted for any transaction costs directly attributable thereto.

That notwithstanding, commercial operation debits with a maturity of no more than one year which have no contractual interest rate, as

well as pay-outs demanded by third parties on holdings, whose sum is expected to be paid in the short term, can be valued at their nominal value when the effect of failure to update cash flows is not significant.

Subsequent valuation

Financial liabilities included in this category are valued at amortised cost. Accrued interest is entered into the profit and loss account, applying the effective interest method.

However, debits with a maturity of no more than one year which are initially valued at their nominal value, in accordance with the previous paragraph, shall continue to be valued at that amount.

4.7.2. Retirement and modification of financial liabilities

The Company retires a financial liability or part of it when it has fulfilled the obligation contained in the liability or is legally released from the fundamental responsibility contained in the liability either by virtue of legal proceedings or by the creditor.

The Company recognises the difference between the book value of the financial liability or

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of a part of it that is written off or assigned to a third party and the compensation paid, including any assigned asset different from the cash or liability assumed, with a charge or credit to the profit and loss account.

4.8. Foreign exchange transactions, balances and flows

Foreign exchange transactions were converted to euros at the exchange rate in effect on the date of the transaction.

Monetary and non-monetary assets and liabilities denominated in foreign currencies were converted to euros at the exchange rate in effect at year end.

Non-monetary assets valued at fair value were converted to euros at the exchange rate in effect at year end.

In the cash flow statement, flows from foreign exchange transactions were converted to euros at the cash exchange rate in effect on the date of the transaction.

The positive and negative differences arising from foreign currency transaction

settlements and from the conversion to euros of monetary assets and liabilities denominated in foreign currency are recorded in results.

Exchange rate losses or gains on non-monetary financial assets and liabilities valued at fair value are recorded together with the variation in the fair value. Nevertheless, the exchange rate variation component of non-monetary financial assets denominated in foreign currency is recorded in results when they are classified as financial assets at amortised cost and fair value hedging is in place for said component. The rest of the variation in fair value is recorded as described in Note 4.6 (Financial instruments).

4.9. Cash and other equivalent liquid assets

This item includes cash at hand and in current accounts and deposits, as well as temporary acquisitions of assets, which meet all the following requirements:

- They can be converted to cash.
- Their maturity when acquired was no more than three months.

- They are subject to no significant risk of change in value.
- They form part of the Company's normal cash management policy

For the purposes of cash flow, the occasional overdrafts which form part of the Company's cash management policy are included as minus cash and other equivalent liquid assets.

4.10. Short-term remuneration for employees

The Company records the expected cost of short-term remuneration as the employees render the services which entitle them to such remuneration.

The Company records the expected cost of employee profit-sharing or incentive plans when a present obligation, legal or implicit, exists as a result of past events and the value of the obligation can be reliably estimated.

4.11. Severance payments

Severance payments are recorded as soon as a detailed formal plan is in place and the

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personnel affected have a valid expectation that the employment relationship will be terminated, either because the plan is underway or because its principal characteristics have been announced.

In accordance with existing labour legislation, the Company is obligated to pay severance, under certain circumstances, to employees whose employment it terminates. Severance pay which can be reliably quantified is recorded as an expense in the year in which the Company has created a valid expectation in respect of the parties concerned.

4.12. Provisions

Provisions are recorded when the Company has a present obligation, be it legal, contractual, implicit or tacit, as a result of a past event; when an outlay of resources from future earnings is likely to be needed to meet such obligation; and when the sum of the obligation can be reliably estimated.

The financial effects of such provisions are recorded in the profit and loss account as financial expenses.

The provisions do not include either the fiscal effects or expected earnings from the sale or abandonment of assets.

Provisions are reversed against results when it becomes unlikely that an outlay of resources will be required in order to cancel the obligation.

4.13. Tax on earnings

Expenses or revenues from tax on earnings include both current and deferred taxes.

Assets or liabilities due to current profit tax are valued at the amounts expected to be paid or recuperated from the tax authorities, using the regulations and tax rates in force or approved and pending publication on the closing date of the financial year.

Current or deferred profit tax is recorded in results, unless it arises from a transaction or economic event that has been recorded in the same or a different financial year, against net equity or of a business combination.

Timing adjustments are recorded in all cases except for the exceptions established by

existing legislation, while deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deferred tax assets and liabilities are valued at the tax rates which will be applicable in the years when the assets are expected to be refunded or the liabilities to be paid.

Deferred tax assets and liabilities are recorded on the balance sheet as non-current assets or liabilities, regardless of the expected refund or payment date.

Taxes related to items which are recorded directly in equity are recorded in equity.

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4.14. Classification of current and non-current assets and liabilities

The Company classifies assets and liabilities as current when they are expected to be refunded or paid in the normal operating cycle of the Company.

Financial liabilities are classified as current when they must be settled within twelve months of closing, even if the original tenor is for a period of more than twelve months, and when long-term refinancing or payment restructuring arrangements are in place which expired after the end-date but before the financial statements are prepared.

4.15. Revenues and expenses

Revenues and expenses resulting from increases or decreases in the Company's resources are recorded on an accrual basis in the period referred to in the financial statements, providing the sum thereof can be reliably determined.

Ordinary management revenues are recorded at the fair value of the consideration received or to be received, in proportion to the fraction of the service provided by the end of the financial year.

The Company records the ordinary revenues and costs associated with the operations in

which it acts as mere manager, collecting the sums involved on behalf of the funds managed. Likewise, it records ordinary revenues and associated costs of its own loans granted, including both fees and interest.

4.16. Related party transactions

Related party transactions are recorded in accordance with the valuation standards outlined above.

Since the prices of related party operations are suitably accommodated, the Company's directors deem that they entail no risk of losses which would generate significant tax liabilities.

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5. Intangible assets

The details and movements of the various items comprising intangible assets are as follows:

Thousands of euros	2021			
	Industrial property	Software applications	Advances on software	Total
Cost on 1 January 2021	-	973	-	973
Acquisitions	-	-	-	-
Retirements	-	-	-	-
Transfers	-	-	-	-
Cost on 31 December 2021	-	973	-	973
Accumulated amortisation on 1 January 2021	-	(925)	-	(925)
Acquisitions	-	(31)	-	(31)
Retirements	-	-	-	-
Transfers	-	-	-	-
Accumulated amortisation on 31 December 2021	-	(956)	-	(956)
Net carrying value on 31 December 2021	-	17	-	17

Thousands of euros	2020			
	Industrial property	Software applications	Advances on software	Total
Cost on 1 January 2020	-	1,035	-	1,035
Acquisitions	-	-	-	-
Retirements	-	(62)	-	(62)
Transfers	-	-	-	-
Cost on 31 December 2020	-	973	-	973
Accumulated amortisation on 1 January 2020	-	(894)	-	(894)
Acquisitions	-	(44)	-	(44)
Retirements	-	13	-	13
Transfers	-	-	-	-
Accumulated amortisation on 31 December 2020	-	(925)	-	(925)
Net carrying value on 31 December 2020	-	48	-	48

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5.1. Fully amortised assets

The cost of fully amortised intangible assets still in use on 31 December is as follows:

Thousands of euros	2021	2020
Industrial property	-	-
Software applications	851	851
TOTAL	851	851

5.2. Insurance

The Company has taken out a number of insurance policies to cover the risks to its intangible assets. The cover provided by these policies is regarded as sufficient.

5.3. Other information

No purchase or sale transactions involving non-current assets were concluded with group companies.

On 31 December 2021, there were no purchase commitments relating to intangible assets, nor were there any on 31 December 2020.

6. Tangible assets

The details and movements of the various items which make up the tangible assets are as follows:

Thousands of euros	2021				
	Other facilities	Furnishings	Computer hardware	Transport items	Total
Cost on 1 January 2021	833	384	319	2	1,538
Acquisitions	-	10	69	-	79
Retirements	-	(1)	(29)	(2)	(31)
Transfers	-	-	-	-	-
Accumulated amortisation on 1 January 2021	833	393	359	-	1,538
Acquisitions	(436)	(247)	(253)	(1)	(937)
Retirements	(80)	(35)	(35)	-	(150)
Transfers	-	1	22	1	24
Transfers	-	-	-	-	-
Accumulated amortisation on 31 December 2021	(516)	(281)	(266)	-	(1,063)
Net carrying value on 31 December 2021	317	112	93	-	522

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Thousands of euros	2020				
	Other facilities	Furnishings	Computer hardware	Transport items	Total
Cost on 1 January 2020	832	377	285	2	1,496
Acquisitions	1	7	36	-	40
Retirements	-	-	(2)	-	(2)
Transfers	-	-	-	-	-
Cost on 31 December 2020	833	384	319	2	1,538
Accumulated amortisation on 1 January 2020	(356)	(214)	(222)	(1)	(793)
Acquisitions	(80)	(33)	(30)		(143)
Retirements			1		1
Transfers	-	-	-	-	-
Accumulated amortisation on 31 December 2020	(436)	(247)	(253)	(1)	(937)
Net carrying value on 31 December 2020	397	137	66	1	601

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6.1. Fully amortised assets

The cost of totally amortised tangible assets still in use on 31 December is as follows:

Thousands of euros	2021	2020
Other facilities	34	33
Furnishings	124	66
Computer hardware	231	166
TOTAL	389	265

6.2. Insurance

The Company has taken out a number of insurance policies to cover the risks to its tangible assets. The cover provided by these policies is regarded as sufficient.

6.3. Other information

No purchase or sale transactions involving non-current assets were concluded with group companies.

On 31 December 2021 there is a commitment to purchase property, plant and equipment amounting to 4 thousand euros.

There was a purchase commitment of 59 thousand euros in 2020.

7. Non-current assets held for sale

On 28 February 2012, Bilbao Commercial Court No.2 awarded the Company a property located in the municipality of Munguia, Vizcaya, in mortgage foreclosure proceedings as repayment of a loan. The award value of said property was 1,327 thousand euros. The property was not under lease to third parties.

On 19 April 2012, the Company was granted possession of said property by means of a deed registered in the Gernika-Lumo property register. The property was recorded at its fair value (1,356 thousand euros) on that date.

Given that Company management is actively pursuing the sale of the property, it was recorded under the heading "Non-current assets held for sale", and remains under that heading on 31 December 2021.

The estimated costs related to the sale of this asset are recorded under the heading "Liabilities associated with non-current assets held for sale", with the amount of 613 thousand

euros on 31 December 2021 (613 thousand euros in 2020).

On 31 December 2018, the Company considered making a new valuation adjustment to the property to a fair value of 475 thousand euros, as a result of a new appraisal carried out at the beginning of 2019.

During 2021, the company sought a new appraisal by a specialised company, as a result of which the valuation of the property was reduced to 446 thousand euros. This was reflected in the accounts on 31 December 2021.

8. Risk policy and management

8.1. Financial risk factors

The Company's business is exposed to various financial risks: foreign exchange risks, credit risks, liquidity risks and cash flow interest rate risks. Global risk management focuses on the uncertainty of the economic environment and attempts to minimise potentially adverse effects on the Company's financial profitability.

Active risk management falls under the scope of both the Company's Investments and Risk Areas, in accordance with the policies

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approved by its Board of Directors and, more specifically, with the Company's Operational Guidelines. The Investments Division identifies, evaluates and itemises the financial risk involved in proposals for new operations submitted to the Company and also manages financial risks in connection with live operations in order to anticipate future contingencies. The Risk Division, in turn, manages the risk of the portfolio as a whole and enforces the Company's in-house risk criteria, at both the individual and global levels. All of this is conducted, for accounting purposes, in accordance with the provisions of Section 4.6.7.

8.1.1. Credit risk

In keeping with the provisions of its operating criteria, the Company does not have any significant concentration of credit risk. The Company has policies and tools in place in order to accurately evaluate its financing operations and ensure that all of its clients have a credit history which constitutes an acceptable level of risk.

Corrections in valuations due to client insolvency entail a fair amount of discretion on

the part of management, as well as a revision of individual balances based on client credit ratings, current market trends and a historical analysis of pooled insolvencies. In relation to corrections in valuations deriving from an aggregate analysis of default history, a reduction in the size of the balance implies a reduction in valuation corrections, and vice-versa.

8.1.2. Foreign exchange risk

Foreign exchange risk is incurred in forward trade transactions, recorded assets and liabilities, and net investments in business abroad. Since the Company operates internationally, a number of its operations are exposed to foreign exchange risk, specifically as regards the U.S. dollar and Colombian peso.

8.1.3. Liquidity risk

The Company conducts prudent liquidity risk management, based on maintaining sufficient cash and marketable securities and by regularly estimating its maximum financing activity based on an analysis of its expected cash flows.

8.1.4. Social, environmental and governance risk

Risk of incurring losses due to not incorporating social, environmental and governance issues that may negatively affect the viability and sustainability of projects into the analysis.

The Company has an environmental and social policy for the management of credit and reputational risks associated with these matters in the operations financed, in line with international parameters on the subject (World Bank Group and European equivalent standards).

The Company assesses the governance of the company sponsoring the project being financed and rates them using the corporate governance rating.

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8.2. Operational risk factors

Operational risk is that which can lead to losses due to human error, inadequate or faulty internal processes, system failures and as a result of external events. This definition includes legal risk and excludes strategic and/or business risk and risk to the Company's reputation.

Operational risk is inherent to all activities, products, systems and processes, and its origins vary hugely (processes, internal and external fraud, technology, human resources, business practices, providers). Operational risk management is integrated into the Company's global risk management structure.

In this regard, the Company has an integrated internal control methodology with policies covering personnel management and training, investment in information te-

chnologies and policies for monitoring credit operations, as well as other management methodologies developed by the different divisions of the Company with the support of senior management. The Internal Control Division carries out periodic monitoring and internal audits of these established policies and processes. This division reports organically to the Chairman's Office and functionally to the Audit and Risk Committee.

9. Operational leases - lessee

The Company has operational lease contracts with third parties for the premises where it conducts its usual business, as well as a vehicle which is used by members of the institution.

The amounts of rent paid under operating leases and recorded as expenses are shown below:

Thousands of euros	2021	2020
Buildings	897	903
Vehicles	-	7
Others	15	15
TOTAL	912	925

The minimum future payments in euros for non-cancellable operating leases are given below:

Thousands of euros	2021	2020
Until a year	761	687
One to five years	-	687
More than five years	-	-
TOTAL	761	1,374

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10. Investments in equity instruments

The breakdown of investments in equity instruments and classified as "Other financial assets at fair value through equity", Level 3, is as follows:

Thousands of euros			2021			
Company	Country	Activity	% holding	Cost	Impairment	Net carrying value of holding
EUROPEAN FINANCING PARTNERS	Luxembourg	(i)	7.63	6	-	6
INTERACT CLIMATE CHANGE FACILITY, S.A.	Luxembourg	(ii)	7.69	6	-	6
AURICA III FCR	Spain	(iii)	1.875	2,685	-	5,988
AUTOPISTA DEL NORDESTE. S.A.S	Colombia	(iv)	0.07	205	-	205
OMAN FUND-INTERNATIONAL-KI	Spain	(v)	0.49	507	-	578
CONCESIÓN TRASVERSAL DEL SISGA, S.A.S.	Colombia	(vi)	3.75	506	-	506
FONDO HURUMA INTERNACIONAL	Luxembourg	(vii)	1.25	444	-	404
EDFI MANAGEMENT COMPANY S.V.	Luxembourg	(viii)	12.5	40	-	40
PROMOTORA HOSPITAL DE BOSA, S.A.S.	Colombia	(ix)	22.5	1,182	-	1,115
ENERGÍA DE COLOMBIA STR S.A.S. ESP	Colombia	(x)	1.38	627	-	602
TOTAL				6,208		9,450

- (i) Financial intermediation to countries in Asia, the Caribbean and the Pacific.
- (ii) Financial intermediation for climate change projects.
- (iii) Financial intermediation for projects oriented towards international expansion.
- (iv) Infrastructure, transport.
- (v) Financial intermediation for projects oriented towards international expansion.
- (vi) Infrastructure, transport.
- (vii) Financial intermediation for projects in the agricultural sector, with a system for measuring social impact.
- (viii) European development finance institution.
- (ix) Infrastructure, sanitation.
- (x) Infrastructure, energy.

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Thousands of euros				2021		
Company	Country	Activity	% holding	Cost	Impairment	Net carrying value of holding
EUROPEAN FINANCING PARTNERS	Luxembourg	(i)	7.63	6	-	6
INTERACT CLIMATE CHANGE FACILITY, S.A.	Luxembourg	(ii)	7.69	6	-	6
AURICA III FCR	Spain	(iii)	1.875	2,575	-	2,575
AUTOPISTA DEL NORDESTE, S.A.S	Colombia	(iv)	0.07	205	-	205
OMAN FUND-INTERNATIONAL-K1	Spain	(v)	0.49	435	-	435
CONCESIÓN TRASVERSAL DEL SISGA, S.A.S	Colombia	(vi)	3.75	506	-	506
FONDO HURUMA INTERNACIONAL	Luxembourg	(vii)	1.25	125	-	125
EDFI MANAGEMENT COMPANY S.V.	Luxembourg	(viii)	12.5	40	-	40
TOTAL				3,898	-	3,898

Although the Company has shareholdings of over 20% in a number of firms, these are not considered associated companies as they are support investments for which there are agreed repurchase deadlines and they are therefore not considered to be permanent investments and are not subject to fully integrated management as part of the Company's strategy. As such, it is considered that the Company exerts no significant influence over them or their operating decisions.

On 31 December 2020 the value recorded for these equity instruments was their cost, since a reliable fair value could not be obtained and it was considered that fair value

was close to cost due to the recency of the investment inception.

In foreign holdings, the functional currency is the currency of the country where the company has its headquarters. Furthermore, the net investment in holdings matches the carrying value of the investment.

EUROPEAN FINANCING PARTNERS, S.A. (EFP)

With the initial goal of financing private sector projects in ACP (African, Caribbean and Pacific) countries, the European Financing Partners (EFP) financing scheme has so far completed six rounds of financing, the last

of which was signed in 2016 for an additional 201 million euros, with its latest expansion in 2020 by 163 million euros. In the sixth round of financing, the EFP expanded its geographical scope of activity to finance projects in countries included in the OECD DAC list of Official Development Assistance recipients. Until then, the EFP had exclusively financed projects in ACP countries.

The EFP financing scheme, launched jointly by the European Investment Bank (EIB) and COFIDES' counterpart European bilateral development finance institutions, has committed a total of 682.9 million euros in 52 projects in 25 countries as of 31 December 2021. COFIDES/

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FIEX holdings in these projects at the end of 2021 represent a commitment of 21.83 million euros in 33 operations in 16 different countries, 10 of them in Sub-Saharan Africa.

As of 31 December 2021, 13 FIEX-financed operations under this facility are in the portfolio.

INTERACT CLIMATE CHANGE FACILITY, S.A. (ICCF)

The Interact Climate Change Facility (ICCF) was created by the French Development Agency (AFD in the French acronym), the European Investment Bank (EIB) and the Association of bilateral European Development Finance Institutions (EDFI) to finance viable private investment projects which contribute to climate change mitigation and energy efficiency in countries receiving Official Development Assistance. It was last expanded in 2020 by 166.8 million euros.

As of 31 December 2021, the ICCF had committed a total of 410.8 million euros to 28 projects located in 16 countries. As of the end of 2021, COFIDES has committed a total of 11.74 million euros to ICCF projects in 24 operations located in 14 different countries,

all of them Official Development Assistance recipient countries.

As of 31 December 2021, 22 COFIDES-financed operations under this facility are in the portfolio.

AURICA III FCR

Investment in a fund aimed at providing financing through expansion capital operations to Spanish companies with a profile oriented towards international expansion. The duration of the fund is 10 years and its investment period was extended by one year, ending in July 2022. The target return is 20%.

The fund was launched by Aurica Capital, a subsidiary of Banco de Sabadell, which also participates as an investor. In 2020, the management team acquired a majority holding in the fund's capital following PE market criteria.

No new investments were made in 2021. At the end of the year, the fund's portfolio consisted of eight investments amounting to approximately 121 million euros. The first divestment yielded a high return.

AUTOPISTA DEL NORDESTE, S.A.S.

Ortiz Construcciones y Proyectos is the parent company of a multinational business group whose activity is focused on the construction sector (civil engineering works, construction, EPC energy), although in recent years it has followed a strategic process based on the internationalisation and diversification of its business mix.

Concession contract awarded in 2014 as part of the bidding process for the first wave of the fourth generation of 4G road concessions in Colombia (4G Program).

The concession term is 25 years, extendable by four more years if the income volume expected and stipulated in the concession contract is not reached. The construction term is 5-6 years.

This concession was awarded in December 2014 to a consortium formed by Ortiz Construcciones y Proyectos (25%), KMA (25%), Valorcon (25%) and Equipo Universal (25%).

The operation consists of providing financial support to the Ortiz Group through the contribution of funds to the concession company Autopistas del Noreste in the form of capital,

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subordinated debt and counter guarantees for capital and subordinated debt.

COFIDES/FIEX became shareholders of the concession company in July 2017, when the shares were purchased and paid for.

SPAIN OMAN PRIVATE EQUITY FUND. I.L.P.

Fund established as a result of COFIDES' agreement with the OIA (previously SGRF) to set up the Spain Oman Private Equity Fund.

Management was entrusted to a private management company, selected through an open procurement procedure in the first half of 2018, within the framework of the public sector contract regulations applicable to COFIDES for service contracts, in compliance with the principles of disclosure, competition, transparency, confidentiality, equality and non-discrimination set forth in Article 192 of the revised text of the Spanish Public Sector Contracts Act, in force at the beginning of the contracting process.

MCH Private Equity Investments, SGEIC, S.A., a prestigious venture capital firm, was awarded the management of the fund.

The CNMV (Spanish National Securities Market Commission) registered the fund in its Register of Venture Capital Funds on 13 July 2018.

The fund is earmarked for investment in minority shareholdings in subsidiaries of Spanish groups or in the Spanish parent company with the aim of supporting their international development.

The size of the fund is 204.4 million euros. FIEX contributed an investment of 99 million euros and COFIDES with an investment of one million euros. The rest was contributed by the Oman Investment Authority (OIA), previously the State General Reserve Fund (SGRF).

The OIA was created during the reorganization of the SGRF, which was founded in 1980 with the aim of obtaining sustainable results from investments made from the surplus generated by oil sales after meeting the government's budgetary requirements, in order to secure funds for future generations. The OIA manages and invests these funds in a diversified portfolio in more than 25 countries around the world. It is supervised by the Ministry of Economy and Energy.

Two investments were made during 2021; the current portfolio of the fund includes seven investments amounting to 95 million euros. The investment period ends in July 2022.

CONCESION TRASVERSAL DEL SIGGA, S.A.S.

This consists of financing the construction, restoration, operation and maintenance of the existing Transversal del Sigla highway corridor (137 km), with almost all the improvement work being done via three instruments: equity, subordinated debt and counter-guarantees (capital and subordinated debt).

COFIDES/FIEX's financial support consisted of acquiring a shareholding of up to 15% in the Ortiz Group (with FIEX and COFIDES funds) and a similar percentage of the concession company's subordinated debt, up to a maximum of 14 million euro (85% FIEX). This was subsequently increased to a maximum amount of 25 million euro. The financial closing of the concession took place in May 2018 and the conditions precedent of FIEX's disbursement were met in October 2018.

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FONDO HURUMA INTERNACIONAL

Investment in a newly created fund aimed at financing agricultural producers, with a system for measuring social impact. The main end recipients of investment are finance institutions with an investment focus on the agricultural and rural sectors and organisations of agricultural producers, collection centres or suppliers of inputs or machinery, among others. The main investment areas are Latin America, Asia and Africa. This is the first operation that COFIDES will lead under the EU's blending framework.

The purpose of the Fund is to invest in venture capital in the broad sense, ensuring that the investee qualifies at all times as an eligible investment for a social enterprise fund through equity (15%), equity debt (15%) and senior debt (70%), aimed at:

1. Microfinance institutions.
2. Other finance institutions, with a minimum of 70% of investments under these two headings.
3. Small and medium-sized business organisations, with a maximum of 30% of the portfolio.

They should all invest in expanding operations in the rural sector, with low-income clients, in emerging markets, and their operations should have a positive social impact on low-income communities.

The portfolio is expected to consist of 25 investments of between 1 and 10 billion euros with an average amount of 4 billion euros. The investments will have a term of seven years for equity and junior debt investments and between two and four years for senior debt with a limit of six years.

EDFI MANAGEMENT COMPANY S.V.

Investment of an institutional nature, whereby a minority stake in the Belgian company EDFI Management Company, S.A. ("EDFIMC") is acquired for an indefinite period of time to indirectly implement COFIDES' corporate purpose as a bilateral development finance institution. It is therefore not a finance investment in execution of its mandate and is therefore not subject to the intrinsic temporal nature of COFIDES' usual operations.

EDFIMC was created in 2016 by European Development Financial Institutions ("EDFI ASBL"), an association that includes most

European bilateral development finance institutions ("EDFIs") and of which COFIDES is a member, with the aim of becoming a new European institution for development finance. At present, EDFI MC's main activity is the management and administration of ElectriFi and AgriFi, two facilities funded mainly by the European Union, with a presence in markets where COFIDES has little experience of direct financing to date. EDFIMC intends to continue to increase its financing activity in developing countries, in particular through their management of European funds. In addition, EDFI MC acts as operational manager of ICCF and EFP facilities funded by the main European DFIs, including COFIDES, and the EIB.

In this context, EDFI ASBL's initiative to strengthen the capital structure of EDFIMC, for a value of 1.2 million euros, with a majority shareholding made up directly of accredited EDFIs from EU Member States, has resulted in the participation, in addition to EDFI ASBL, of the following six EDFIs: COFIDES, BIO (Belgium), FINNFUND (Finland), FMO (Netherlands), IFU (Denmark) and PROPARCO France). The guiding principle of this project is parity between the participating EDFIs, with the exception of EDFI ASBL, which is granted a special role, in its

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capacity as founding and promoting partner and indirect representative of those EDFIs associated with EDFI ASBL that do not participate in the project.

COFIDES' investment, made in parallel with the other partners, was formalised in October 2020 through the subscription of 261 EDFIMC shares, equivalent to 12.5% of its share capital, and disbursement of 40,130.06 euros (25% of the nominal value of the capital increase subscribed). COFIDES was also appointed as a member of the new EDFIMC board of directors.

PROMOTORA HOSPITAL DE BOSA S.A.S.

Concession contract awarded in 2019 to the consortium led by Grupo Ortiz, consisting of the design, financing, construction, staffing, operation, refitting, maintenance and reversion of a hospital facility. The contract has a duration of 18 years and payments are committed through future funds (fixed availability payments).

The project is considered essential for the Bogotá Capital District and was included in the District Development Plan (PDD in

the Spanish acronym) for 2016-2020, whose objectives include improving the provision of health services, given the current deficiencies in healthcare.

The operation consists of providing financial support to Grupo Ortiz through the contribution of funds to the concession company Promotora Hospital de Bosa, S.A.S. in the form of capital, subordinated debt and counter guarantees for capital and subordinated debt.

COFIDES/FIEX became shareholders of the concession company in September 2021, when the shares were purchased and paid for.

ENERGÍA DE COLOMBIA STR S.A.S. ESP

Contract similar to a concession, but without reversion of assets, awarded in 2020 to a consortium led by Grupo Ortiz, consisting of the design, acquisition of equipment, construction and operation and maintenance of works connected to substations located in the department of Atlántico (Colombia), as well as 23 km of new lines.

The contract has a duration of 25 years of operation and payments are committed

through Expected Annual Revenue (fixed availability payments).

This is a strategic project in the city of Barranquilla, classified as an Urgent Project, which aims to eliminate voltage problems and meet the growing demand from users.

The operation consists of providing financial support to Grupo Ortiz through the contribution of funds to the concession company Energía de Colombia in the form of capital, subordinated debt and counter guarantees for capital and subordinated debt.

COFIDES/FIEX became shareholders of the project company in December 2021, when the shares were purchased and paid for.

An impairment reversal of 116 thousand euros was recorded in 2020.

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11. Financial assets

The composition of financial assets on 31 December is as follows:

Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, Funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2021:								
Financial assets at amortised cost		-	84,841	14,421	11,060	25,209	95,901	39,630
Financial assets at fair value through equity	9,450	5,024	-	-	-	-	9,450	5,024
Total	9,450	5,024	84,841	14,421	11,060	25,209	105,351	44,654
Financial year 2020:								
Loans and accounts receivable		-	78,004	10,740	11,656	20,859	89,660	31,599
Available-for-sale assets								
- At fair value	3,898	5,000	-	-	-	-	3,898	5,000
Total	3,898	5,000	78,004	10,740	11,656	20,859	93,558	36,599

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These amounts are broken down in the balance sheet as follows:

Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, Funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2021								
Long-term financial investments								
Equity instruments	9,450	-	-	-	-	-	9,450	-
Loans to companies	-	-	84,841	-	-	-	84,841	-
Other financial assets	-	-	-	-	115	-	115	-
Accounts receivable, Funds	-	-	-	-	10,945	-	10,945	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	438	-	438
Accounts receivable, Funds	-	-	-	-	-	14,249	-	14,249
Public Administrations	-	-	-	-	-	46	-	46
Short-term financial investments								
Equity instruments	-	5,024	-	-	-	-	-	5,024
Loans to companies	-	-	-	14,421	-	-	-	14,421
Accrual of interest on loans to companies	-	-	-	-	-	476	-	476
Other financial assets	-	-	-	-	-	10,000	-	10,000
Accrual of interest on other financial assets	-	-	-	-	-	-	-	-
Total	9,450	5,024	84,841	14,421	11,060	25,209	105,351	44,654

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Thousands of euros	Equity instruments (Note 10)		Loans to companies		Accounts receivable, Funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2020								
Long-term financial investments								
Equity instruments	3,898	-	-	-	-	-	3,898	-
Loans to companies	-	-	78,004	-	-	-	78,004	-
Other financial assets	-	-	-	-	115	-	115	-
Accounts receivable, Funds	-	-	-	-	11,541	-	11,541	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	439	-	439
Accounts receivable, Funds	-	-	-	-	-	9,143	-	9,143
Public Administrations	-	-	-	-	-	45	-	45
Short-term financial investments								
Equity instruments	-	5,000	-	-	-	-	-	5,000
Loans to companies	-	-	-	10,740	-	-	-	10,740
Accrual of interest on loans to companies	-	-	-	-	-	336	-	336
Other financial assets	-	-	-	-	-	10,896	-	10,896
Accrual of interest on other financial assets	-	-	-	-	-	-	-	-
Total	3,898	5,000	78,004	10,740	11,656	20,859	93,558	36,599

All financial assets valued at fair value through equity are valued using Level 3 methods as mentioned in Note 10 above.

The Company does not plan to retire any financial assets valued at cost on 31 December 2021.

No financial assets have been reclassified to other financial asset categories during 2021.

At year-end 2021, financial assets with amounts formalised and pending disbursement amounted to 21,078 thousand euros (17,952 thousand euros at year-end 2020).

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11.1. Loans to companies

11.1.1. Loans and accounts receivable

Loans are granted under financing agreements concluded with third parties to promote private projects involving Spanish interest carried out in developing countries. In addition to using its own resources, the Company may grant these loans through financing agreements with other financial institutions. Conditions regarding the term of these loans as well as the interest rate and any security required are individually stipulated in the contract signed for each loan.

The variations in the loan figures in the financial year are listed below:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Cost on 1 January	82,389	11,493	69,963	13,335
Increases	21,175	-	25,204	-
Decreases	(1,926)	(11,493)	(1,285)	(13,335)
Short-term transfers	(15,032)	15,032	(11,493)	11,493
Cost on 31 December	86,606	15,032	82,389	11,493
Accumulated impairment on 31 December	(1,765)	(611)	(4,385)	(753)
Net carrying value on December 31	84,841	14,421	78,004	10,740

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A number of these debt instruments are formalised through the acquisition of shares in the companies financed by COFIDES; this notwithstanding, given the repurchase conditions established, these transactions are considered to be debt instruments and not equity instruments. The detail of the loans formalised under this heading is as follows:

Thousands of euros			2021			
Company	Country	Activity	% Holding	Balance	Impairment	Net carrying value of holding
Electrón Investment S.A. (*)	Panama	(i)	2.30%	3,921	(50)	3,871
Globalvia Chile SPA	Chile	(ii)	8.17%	5,814	(105)	5,709
Globalvia Licitaciones e Infraestructura Chile SPA	Chile	(iii)	12.5%	5,005	(35)	4,970
TOTAL				14,740	(190)	14,550

(*) This holding includes an amount of 980 thousand euros and a short term value adjustment of 12 thousand euros, which is expected to be received in the year 2022.

Thousands of euros			2021			
Company	Country	Activity	% Holding	Balance	Impairment	Net carrying value of holding
Electrón Investment S.A.	Panama	(i)	2.30%	3,810	(153)	3,657
Globalvia Chile SPA	Chile	(ii)	8.17%	5,607	(224)	5,383
TOTAL				9,417	(377)	9,040

- (i) Construction, operation and maintenance of two power plants.
- (ii) Civil construction works.
- (iii) Civil construction works.

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The detail of the annual maturities of the loans is as follows:

Thousands of euros	2021	2020
2021	-	11,493
2022	15,032	13,998
2023	14,307	12,069
2024	15,664	11,517
2025 and subsequent years (for 2020)	12,435	44,805
2026 and subsequent years	47,200	-
Total	101,638	93,882

The financial income and accrued interest pending generated by these loans during the years 2021 and 2020 are as follows:

Thousands of euros	2021	2020
Accrued financial income (Note 19.1)	2,646	2,440
Accrued interest pending (Note 11.2)	476	336

The movements in the amount of impairment losses on loans on 31 December are as follows:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Impairment on 1 January	(4,385)	(753)	(4,154)	(512)
Net increases	-	-	(231)	(241)
Net decreases	2,620	142	-	-
Pay offs	-	-	-	-
Transfers	-	-	-	-
Discontinuation of provisions	-	-	-	-
Short term/long term transfers	-	-	-	-
Accumulated impairment on 31 December	(1,765)	(611)	(4,385)	(753)

The valuation corrections listed in the above table were calculated using the methodology applicable to each operation as described in Note 4.6.7.

11.2. Receivables from funds and other financial assets

The items under this heading on 31 December were as follows:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Trade accounts receivable	10,945	14,733	11,541	9,627
Other financial investments:				
Interest accrued on loans to companies (Note 11.1.1)	-	476	-	336
Other financial assets	115	15,024	115	15,896
Accrual of interest on other financial assets	-	-	-	-
Total	11,060	30,233	11,656	25,859

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11.2.1. Trade accounts receivable

The breakdown for trade accounts receivable is given below:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Accounts receivable	-	8,180	-	10,835
Accounts receivable, Funds	11,379	14,249	12,232	9,052
Other accounts receivable	-	46	-	136
Total	11,379	22,475	12,232	20,023
Impairment of trade accounts receivable	(434)	(7,742)	(691)	(10,396)
Total trade accounts receivable	10,945	14,733	11,541	9,627

The entries in the 2021 and 2020 financial years under "Impairment of trade accounts receivable" are detailed below:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Balance on 1 January	(691)	(10,396)	(2,434)	(10,057)
Net allocations	-	-	(309)	(339)
Transfers	-	-	-	-
Discontinuation of provisions	257	2,654	2,052	
Applications	-	-	-	-
Balance on 31 December	(434)	(7,742)	(691)	(10,396)

"Accounts receivable" refers primarily to the sums due and pending payment of third-party loans, in connection with the operations specified in Note 11.1.1 above.

"Accounts receivable, Funds" includes the amount of commissions accrued and pending for management and other services connected with the FONREC, FONPYME and FIEX funds.

11.2.2. Other financial assets

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Other financial assets				
Securities	115	-	115	-
Deposits	-	10,000	-	10,896
Total	115	10,000	115	10,896

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Non-current:

Other (non-current) financial assets included 115 thousand euros at year-end 2021 (115 thousand euros at year-end 2020), consisting primarily of deposited securities in connection with the Company's leases, as specified in Note 9.

Current:

Investments of cash surpluses:

- The list of certificates of deposits with a term of less than one year at the end of 2021 is as follows:

Type	Annual interest rate	Date formalised	Maturity date	Term deposits (Thousands of euros)	Interest accrued and outstanding (Thousands of euros)
Financial year 2021					
Term deposits with Banco Sabadell	-0.05%	23/12/2021	23/12/2024 (*)	10,000	-
Totals				10,000	-

(*) Although the maturity is over twelve months, it is classified as short term due to it being considered highly liquid, as it is available and effective at any time.

At the end of 2020 the detail of same was as follows:

Type	Annual interest rate	Date formalised	Maturity date	Term deposits (Thousands of euros)	Interest accrued and outstanding (Thousands of euros)
Financial year 2020					
Term deposits with Banco Sabadell \$	0.21%	07/12/2020	19/01/2021	896	-
Term deposits with Banco Sabadell	-0.25%	23/11/2020	23/12/2021	10,000	-
Totals				10,896	-

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- Holdings in investment funds:

The acquisition cost and the fair value of financial assets classified in this category on 31 December were as follows:

Thousands of euros	2021		2020	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares	5,000	5,024	5,000	5,000

The fair value has been calculated on the basis of the net asset value. No shares were purchased or sold in the financial year 2021.

11.3. Sums denominated in foreign currency

The breakdown of monetary financial instruments denominated in foreign currency is as shown below:

Thousands of euros	2021	2020
Long-term financial investments:		
Loans to companies	11,214	6,145
Total non-current assets	11,214	6,145
Short-term trade and other accounts receivable:		
Accounts receivable	607	506
Short-term financial investments:		
Loans to companies	528	483
Interest accrued on loans to companies	87	29
Cash and other cash equivalent liquid assets		
Cash in bank	669	597
Other equivalent liquid assets	-	896
Total current assets	1,891	2,511
Total financial assets in foreign currency	13,105	8,656

The exchange rates used at year-end 2021 and 2020 were::

	2021	2020
EUR/USD	1.1326	1.2271
EUR/COP	4,527.3752	4,199.8354

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12. Cash and other cash equivalent liquid assets

The amounts under the heading “Cash and cash-equivalent liquid assets” on 31 December are itemised as follows:

Thousands of euros	2021	2020
Cash and banks	27,991	21,987
Highly liquid short-term investments	-	-
Total	27,991	21,987

13. Equity

The composition and movement of equity are presented in the statement of changes in equity.

13.1. Capital

The company's share capital on 31 December 2021 and 2020 consisted of 6,555 registered, subscribed and paid-up shares with a face value of 6,010.12 euros each. All shares have the same political and economic rights.

The shares are freely transferable.

The companies with direct holdings in the share capital are listed below:

Shareholder	% Holding	Amount
ICEX Spain Trade and Investments	25.74%	10,139
Official Credit Institute	20.31%	7,999
Banco Santander, S.A.	20.17%	7,952
Banco Bilbao Vizcaya Argentaria, S.A.	16.68%	6,569
Banco Sabadell, S.A.	8.33%	3,281
Empresa Nacional de Innovación, S.A.	7.63%	3,005
Corporación Andina de Fomento	1.14%	451
Total	100%	39,396

13.2. Legal reserve

Pursuant to Article 274 of the Spanish Corporate Enterprises Act, 10% of companies' yearly profit must be earmarked for the legal reserve, until the funds provisioned amount to at least 20% of the share capital.

Such funds may not be distributed and if used to offset losses, in the event that other reserves are insufficient to cover this item, they must be replenished with future profits.

On 31 December 2020, the Company had funded this reserve to the maximum amount established by law and, therefore, the distribution of 2021 income proposed by the directors (see Note 3) does not assign it for distribution to the legal reserve.

13.3. Voluntary reserves

Voluntary reserves are freely available.

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13.4. Capitalisation reserve

On 31 December 2021, the Company had a capitalisation reserve of 4,599 thousand euros (3,744 thousand euros in 2020); the increase of 885 thousand euros is detailed in Note 3 of this report.

13.5 Information regarding shareholders' right to withdraw due to failure to distribute dividends (Article 348 bis of the revised text of the Spanish Corporate Enterprises Act)

During the last five years, dividends have been distributed for an amount between 9% and 16% of profits each year. In addition, for 2021, the Company has proposed a dividend distribution of 1,868 thousand euros (Note 3).

At the ordinary general meeting of shareholders held on 27 May 2021, which approved the proposal for the distribution of the 2020 result, no shareholder voted against the proposal.

14. Contingent assets and liabilities

The Company, in conjunction with its legal advisors, has rated the probability of success in a series of proceedings lodged primarily to claim sums outstanding receipt as likely or possible. It has consequently recorded a provision for such sums pending receipt on 31 December 2021 and 2020 under impairment of accounts receivable.

15. Financial liabilities

The composition of financial liabilities on 31 December was as follows:

Thousands of euros	Debts with credit institutions		Derivatives and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2021						
Liabilities at amortised cost	-	-	-	2,960	-	2,960
Total	-	-	-	2,960	-	2,960
Financial year 2020						
Loans and accounts receivable	-	-	-	621	-	621
Total	-	-	-	621	-	621

15.1. Debts with credit institutions

On 31 December 2021 and 2020 there were no outstanding balances with credit institutions.

Amounts denominated in foreign currency

On 31 December 2021 and 2020, there were no financial liabilities denominated in foreign currency.

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15.2. Derivatives and others - Loans and accounts payable

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Sundry payables	-	2,633	-	238
Personnel (remunerations outstanding)	-	327	-	383
Other financial liabilities	-	-	-	-
Total	-	2,960	-	621

15.3. Information on the average period of payment to providers

The average period of payment to providers during the year was 20.87 days (27.76 days in 2020).

15.4. Classification by maturity date

The classification of financial liabilities by maturity date is as follows:

Thousands of euros	2021					Total
	2022	2023	2024	2025	Subsequent years	
Debts with credit institutions	-	-	-	-	-	-
Trade accounts payable	2,633	-	-	-	-	2,633
Personnel	327	-	-	-	-	327
Other financial liabilities	-	-	-	-	-	-
Total	2,960	-	-	-	-	2,960

Thousands of euros	2020					Total
	2021	2022	2023	2024	Subsequent years	
Debts with credit institutions	-	-	-	-	-	-
Trade accounts payable	238	-	-	-	-	238
Personnel	383	-	-	-	-	383
Other financial liabilities	-	-	-	-	-	-
Total	621	-	-	-	-	621

16. Short-term accruals

The heading "Current liabilities" includes an entry for both 31 December 2021 and 2020 for the regularisation of consultant fees charged to the Fund for Foreign Investment (FLEX) billed but not regarded as accruing during the year, in accordance with Provision 2 of the Order issued by H.E. the Minister of Economy and Finance of 28 July 1999¹, also known as the FLEX Rule.

¹ "...If at the end of each financial year, the expenses incurred by the Fund for Foreign Investment's fund manager in the study and bidding phase specified above amount to less than seventy-five (75) per cent of the sums accruing thereto for the respective consultant fees laid down in Paragraph 1.a above, fifty (50) per cent of this difference will be held in the fund manager's account and used to pay fees accruing in subsequent financial years. The fund manager may receive no further sums for this item until such surplus has been fully expended" ..

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17. Tax matters

The detail of balances payable to public authorities on 31 December is as follows:

Thousands of euros	2021		2020	
	Non-current	Current	Non-current	Current
Assets				
Current tax assets	-	-	-	-
Withholdings and payments on account	-	-	-	-
Value Added Tax	-	-	-	-
Total	-	-	-	-
Liabilities				
Deferred tax liabilities	816	-	-	-
Current tax liabilities	-	386	-	-
Social security	-	117	-	109
Value Added Tax	-	386	-	215
Withholdings	-	117	-	105
Total	816	1,006	-	429

According to existing legislation, tax settlements cannot be regarded as conclusive until audited by the tax authorities or until the obligation period has elapsed, currently established as four years. The Company's books for the last four years are open to audit by tax authorities in respect of all the taxes for which it is liable. It is the opinion of the Company and of its tax advisors that no fiscal exposures for significant amounts exist which may, in the event of an audit, induce conflicting interpretations of the provisions of tax law applicable to the Company's operations.

As a result of, among other things, the different possible interpretations of current tax legislation, additional liabilities could arise as a result of an inspection. In any event, based on the information available, the analytical methodology applied and the specific advice received, the Company deems that such liabilities, should they arise, would not significantly affect the financial statements.

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17.1. Tax on earnings

The reconciliation between the year's revenue and expenses and the tax base (fiscal earnings) for corporation tax is shown below:

Thousands of euros	2021	2020
Earnings for the year	21,113	10,189
Corporation tax	4,822	3,385
Earnings before tax	25,935	13,574
Permanent differences	19	34
Temporary differences treated as permanent, due to limitation of amortisation for the year (70%)	-	-
Capitalisation reserve	(917)	(855)
Temporary differences treated as permanent, related to losses, impairment and variations in provisions for trade operations	(5,717)	850
Tax base (fiscal earnings)	19,320	13,602
25% tax	4,830	3,401
Adjustments to previous years	-	(4)
Expenses due to taxes paid on earnings abroad	16	6
Deductions for the current year	(24)	(18)
Expenses due to tax on earnings	4,822	3,385

(*) In compliance with the requirements of Article 25 of Spanish Law 27/2014, of 27 November, regarding corporation tax, in relation to the capitalisation reserve it is proposed that, as part of the distribution of earnings for 2021, an amount of 917,321 euros (855,073 euros in 2020) from the earnings for the year be used for the capitalisation reserve (see Note 17).

The estimated corporation tax payable is as follows:

Thousands of euros	2021	2020
Tax base (fiscal earnings)	19,320	13,602
Corporation tax at 25%	4,830	3,401
Deductions	(24)	(18)
Payments on account	(4,252)	(3,260)
Withholdings	(168)	(168)
Taxes paid abroad	-	-
Corporation tax payable	386	(45)

Deferred tax liabilities

As a result of the valuation of financial assets at fair value through equity at year-end, a deferred tax liability of 816 thousand euros has been recorded.

18. Environmental information

No significant assets were earmarked for environmental protection or improvement on 31 December 2021, nor were any relevant expenses related to this incurred during the year.

No environment-related subsidies were received in 2021 or 2020.

19. Revenues and expenses

19.1. Net turnover

The Company's main activity is the provision of financing either from its own resources or from third party resources it manages.

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This heading covers financial revenues and fees earned by the Company related to activities carried out on its own behalf. It also includes fees earned as a result of the Company managing FIEX, FONPYME and FONREC funds, and European Union programmes and funds (Note 1). Also included are revenues from the management of FONPRODE.

The itemised list of the aforementioned interest and fees earned on the Company's own behalf and the fees computed for FIEX and FONPYME - based on the provisions of the Order issued by H.E. the Minister of Economy and Finance on 28 July 1999 – and FONREC – based on the provisions of the Order issued by H.E. the Minister of Industry, Trade and Tourism on 10 September 2021 - is given in the table below:

Item	Basis for calculation	Thousands of euros	
		2021	2020
COFIDES interest	Financial revenues from interest on loans to companies	2,646	2,440
Profits from equity investments	Profits from equity investments	62	138
Total Interest		2,708	2,578
Consultancy fees	1.65% of the investment proposal submitted to FIEX.	2,199	761
Formalisation fees	1% on investments drawn from FIEX and 1.5% on FONPYME-financed investments.	1,905	1,153
Outlay fees	1% of the sums actually paid out by FONPYME.	160	196
Management fees	1.25% of the value of FIEX's live investment portfolio.	11,333	11,216
Performance fees	20% of dividends and other returns actually received by the funds.	5,270	4,952
Settlement fees	1.5% of the value of investments paid out and actually settled with FIEX.	1,614	870
Start-up fees	FONREC start-up (0.75% of the Fund's financing)	4,089	-
Other COFIDES fees	COFIDES' own fees and those of other programmes managed	3,910	3,303
Total fees		30,480	22,451
Total		33,188	25,029

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19.2. Personnel expenses

Personnel expenses, in thousands of euros, are itemised below:

Thousands of euros	2021	2020
Wages and salaries	4,770	4,777
Board of Directors' per diem payments	84	84
Company social security payments	1,095	1,098
Other personnel expenses	405	395
Total	6,354	6,354

19.3. External services and other taxes

The "External services" and "Other taxes" accounts are itemised below:

Thousands of euros	2021	2020
Publicity, advertising and public relations	135	99
Leases	912	925
Repairs and upkeep	253	218
Independent professional services	1,358	918
Insurance premiums	66	42
Training expenses	119	153
Travel and transport expenses	51	44
Other expenses	723	659
Total	3,617	3,057
Taxes	141	119
Total	141	119
Total	3,758	3,176

Independent professional services primarily covers external consultant fees associated with projects implemented by the Company in 2021 and 2020.

19.4. Financial revenues

This account includes financial income from the Company's treasury investments accrued in 2020 as yields on investments maintained as other financial assets in term deposits in foreign currencies. In 2021 treasury investments are held in Euro and have negative remuneration as a result of the monetary policy implemented by the European Central Bank.

19.5. Financial expenses

This heading covers expenses of a financial nature related to the management of the EFP and IICF facilities in which the company does not act as a promoting partner. Additionally, negative interest rates applied to the balances held by the Company in current accounts and deposits are recorded.

a) Other operating revenues

This includes small items which are not part of the company's current activity, mainly related to the re invoicing of expenses included under other current management expenses.

20. Memorandum accounts

This includes accounts that reflect events or circumstances that may give rise to rights or obligations affecting the Company's financial structure. Also included are registry accounts used for internal control of assets or liabilities and equity management information or control of future financial situations.

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The Company's memorandum accounts record the current account balances to be applied to expenditure and technical assistance for the Community budget programmes, Triple Inclusive Finance (TIF) and the Renewable Energy Programme for Sub-Saharan Africa (PIP), for which management agreements were concluded in 2020.

21. Operations with related parties

The related parties with which the Company conducted business - and the nature of their relationship - are listed below:

Financial year 2021	
Nature of the relationship	
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
FONREC	Fund managed by the Company
EC/Huruma	EU programme managed by the Company
Official Credit Institute	Company shareholder
ICEX	Company shareholder
	Board members
Senior management:	Chairperson
	General manager

Financial year 2020	
Nature of the relationship	
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
Official Credit Institute	Company shareholder
ICEX	Company shareholder
	Board members
Senior management:	Chairperson
	General manager

21.1. Related institutions

The balances in the accounts with related institutions are shown below:

2021				
Thousands of euros	FIEX	FONPYME	FONREC	Total
ASSETS				
Long-term financial investments				
Accounts receivable, Funds (Note 11.2.1)	11,093	286		11,379
Trade and other receivables				
Accounts receivable, Funds	8,615	241	1,890	10,746
LIABILITIES				
Long-term accounts payable				
Short-term accounts payable				
		2,139		

2020			
Thousands of euros	FIEX	FONPYME	Total
ASSETS			
Long-term financial investments			
Accounts receivable, Funds (Note 11.2.1)	11,862	370	12,232
Trade and other receivables			
Accounts receivable, Funds	8,115	203	8,318
LIABILITIES			
Long-term accounts payable			
Short-term accounts payable			

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Operations with related institutions are itemised below:

Thousands of euros	2021			
	Official Credit Institute (OCI)	FIEX	FONPYME	Total
Net turnover	21,753	728	4,089	26,570
Financial expenses				
Notes payable to credit institutions	-	-	-	
	21,753	728	4,089	26,570

Thousands of euros	2020			
	Official Credit Institute (OCI)	FIEX	FONPYME	Total
Net turnover	18,411	707		19,118
Financial expenses				
Notes payable to credit institutions	-	-		
	18,411	707		19,118

21.2. Directors and senior management

During the year ending on 31 December 2021, the Company's directors received remuneration in the form of per diems for a total of 84 thousand euros (84 thousand euros in 2020).

For the purposes of information in this financial statements report only, the following table lists the total remuneration received by the Company's senior management, with the exception of the directors mentioned in the preceding paragraph:

Thousands of euros	Wage payments		Other remuneration	
	Fixed	Variable	Bonuses	Other
2021	237	63	-	-
2020	232	63	-	-

The books showed no advances or loans to any company directors or managers on 31 December 2021 or 2020, nor had any obligations been assumed as security on their behalf. Moreover, the Company has undertaken no pension or life insurance obligations for any of its present or former directors.

The members of the COFIDES Board of Directors attest to their compliance with the provisions of Article 229 of the Spanish Corporate Enterprises Act. Details on their shareholdings, positions and duties, carried out on their own or third-party behalf, in companies engaging in the same business as COFIDES are given in the attached Annex I.

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22. Employee information

The number of employees and directors of the Company in the last two years, broken down by category, is as follows:

	2021	2020
Directors	12	12
Senior + Technical Management	23	20
Technical team	54	50
Support staff	10	10
Total	99	92

* In 2021, the new employee hiring process was conducted under the protection of Additional Provision 20 of Spanish Law 11/2020, of 30 December, concerning the General State Budget for the year 2021. Only temporary hires, necessitated by exceptional cases in order to cover urgent and non-deferrable needs or to temporarily cover the loss of employees on temporary contracts, took place. In all cases, prior authorisation was obtained from the Ministry of Finance and the Ministry of Territorial Policy and Civil Service, through the State Secretariats for Budgets and Expenditure and for Civil Service, as well as from the majority shareholder, as is set out in the aforementioned additional provision.

The distribution by gender of company personnel and of the directors at the end of the year is as follows:

Thousands of euros	2021			Average number of people with disabilities >33%
	Women	Men	Total	
Directors	3	9	12	-
Senior + technical management	12	11	23	-
Technical team	33	21	54	1
Support staff	9	1	10	-
Total	57	42	99	1

Thousands of euros	2020			Average number of people with disabilities >33%
	Women	Men	Total	
Directors	2	10	12	-
Senior + technical management	10	10	20	-
Technical team	31	19	50	1
Support staff	9	1	10	-
Total	52	40	92	1

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23. Auditors' fees

The fees paid for auditing services amounted to:

Thousands of euros	2021	2020
Auditing	28.00	28.00
Other services	-	-
Total	28.00	28.00

In addition, services were contracted for the amount of 2,397 euros for the audit of the financial statements of EC/FI HURUMA FUND.

24. Events after the reporting period

From 31 December 2021 until the preparation of these financial statements by the Board of Directors of the Company, no event occurred that significantly affects these annual accounts and that needs to be mentioned.

However, the war provoked by the Russian invasion of Ukraine is causing, among other things, an increase in the price of raw materials and energy supplies, as well as the imposition of sanctions on Russia by Western countries. These affect, to a greater or lesser extent, the economy in general and in particular entities with operations in Ukraine or Russia, or with links to these countries. Neither the Company nor the funds it manages have significant direct investments in Ukraine or Russia. The extent to which the conflict will affect the Company's business depends on how it unfolds and cannot be easily predicted on the date of preparation of these financial statements. In any event, despite the uncertainty it is causing, it is not expected to cause problems for the day-to-day activity of the Company or to affect the fulfilment of its obligations to third parties, nor is it expected to affect the going concern basis of accounting as of the date of preparation of these financial statements.

Detail of participations and positions in other companies of the Directors of the Company as of December 31, 2021

Directors	Company	Number of shares held by director or family member	Percentage holding	Position and duties
Mr. José Luis Curbelo Ranero	-	-	-	-
Ms. María Aparici González	BBVA	-	-	-
	Banco Santander	-	-	-
Mr. Antonio Bandrés Cajal	Axis Participaciones Empresariales	-	-	Director/Investment Committee Fond-ICO Infraestructuras
	ICO	-	-	Head of International Financing and EU Affairs
	Fondo Marguerite I	-	-	Management Board member
	Fondo Marguerite II	-	-	Management Board member
	FIEX FONPYME EXECUTIVE COMMITTEE	-	-	Board member
Ms. Eva Bueno Velayos	-	-	-	-
Mr. Javier Estévez Zurita	-	-	-	-
Mr. Pablo López Tallada	BBVA	-	-	Trade Finance
Mr. David Noguera Ballús	Banco Sabadell	-	<0.005%	Deputy Director. Structured Finance Director
	Sabadell Corporate Finance, S.L.	-	On behalf of my associates, <0.005%	Chairman
Mr. Alfonso Noriega Gómez	-	-	-	Head of the ICO Chairman's Office
Mr. Pablo de la Torre Rodríguez	Banco Santander S.A.	-	Less than 0.01%	Commercial Head of International Business Santander España
Mr. Fernando Jiménez-Ontiveros Diego	-	-	-	-
Ms. Rocío Fernández Funcia	BBVA	-	On behalf of my associates, less than 0.01%	-
	Banco Santander			
	Caixa Bank			
Mr. Gabriel Galán González	-	-	-	-

Detail of participations and positions in other companies of the Directors of the Company as of December 31, 2020

Directors	Company	Number of shares/ percentage holding	Position and duties
Mr. José Luis Curbelo Ranero	-	-	-
Ms. María Aparici González	BBVA	<0.001%	-
	Banco Santander	<0.001%	-
Ms. Idoia Arteagabeitia González	-	-	-
Mr. Antonio Bandrés Cajal	Axis Participaciones Empresariales	-	Director/Investment Committee Fond-ICO Infraestructuras
	ICO	-	Head of International Financing and EU Affairs
	Fondo Marguerite I	-	Management Board member
	Fondo Marguerite II	-	Management Board member
	Comité Ejecutivo FIEEX y FONPYME	-	Board member
Mr. Javier Estévez Zurita	-	-	-
Mr. Pablo López Tallada	BBVA	-	Trade Finance
Mr. David Noguera Ballús	Banco Sabadell	<0.005%	Deputy Director. Structured Finance Director
		Por parte de mis partes vinculadas, <0.005%	
	Sabadell Corporate Finance, S.L.	-	Chairman
Mr. Alfonso Noriega Gómez	-	-	Head of the ICO Chairman's Office
Mr. Pablo de la Torre Rodríguez	Banco Santander S.A.	Less than 0.01%	Commercial Head of International Business Santander España
Mr. Fernando Jiménez-Ontiveros Diego	-	-	-
Mr. Juan Ignacio Moratinos Alonso	-	-	-
Mr. Jaime Uscola Lapiedra	Banco Santander, S.A.	Less than 0.01%	Executive



Supplementary information

Global Compact initiative

COFIDES have formed part of the Global Compact since 2005 and are a founding partner of the initiative's network in Spain. This Annual Report, together with the Report on Corporate Governance, contain the information required for the 2021 Communication on Progress.

Areas	Principles	COFIDES
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.	Investment <i>due diligence</i> .
	2. Business should make sure that they are not complicit in human rights abuses.	Inclusion of international standards on decent employment in financing agreements. Integrity channel
Labour	3. Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.	Inclusion of ILO Core Conventions C087 and C098 on freedom of association and right to collective bargaining in financing agreements.
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Inclusion of ILO Core Conventions C029 and C105 on the elimination of forced labour in financing agreements.
	5. Businesses should uphold the effective abolition of child labour.	Inclusion of ILO Core Conventions C138 and C182 on the elimination of discrimination in employment and occupation in financing agreements.
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Inclusion of ILO Core Conventions C100 and C111 on the elimination of discrimination in employment and occupation in financing agreements.
Environment	7. Businesses should support a precautionary approach to environmental challenges.	Investment <i>due diligence</i> .
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Climate finance.
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Code of Ethics.
		System for compliance with anti-corruption principles. Inclusion of OECD Anti-Bribery Convention in financing agreements.

Supplementary information

Report parameters

Time-wise, this Report is limited to fiscal period 2021. The reports for earlier years are available on the COFIDES website. The contents attempt to address the information requested by stakeholders consulted in preceding years. In 2019 the analysis of materiality was confirmed against the results of the consultations with stakeholders conducted on the occasion of the design of the Strategic Plan 2019-21.

Report dimension, scope and limitations

This Report (external dimension) includes information on the projects financed by COFIDES and more specifically on their management and impact. It also addresses in-house (internal) data deemed to be relevant to understanding company operating procedures.

It covers information on the COFIDES, FIEIX and FONPYME projects formalised in 2021 as well as the project portfolio at 31 December of that year under the headings Added impact of investments and

Sustainability management. The indicators computed by COFIDES on the social-environmental and development particulars of portfolio projects are based essentially on information provided by project sponsors on the occasion of *due diligence* proceedings. Although project analysts specialising in different areas are responsible for verifying the information received, non-financial information is not presently as reliable as the financial information on projects, which is audited. Efforts focus on obtaining the largest possible number of replies for subsequent compilation and linear pooling. The internal dimension indicators are compiled by the respective divisions and pooled linearly.

With our consistent focus not only on the financial dimensions of projects but also on others that ensure their sustainability, COFIDES seek to **systematise information** with which to attribute greater weight to these matters in both the companies internationalised and in the company itself. The information on external effects excludes data from earlier years, for the portfolio varies annually with new investments and divestments.

Additional information

The four risk rating categories listed in the section 'Social and environmental considerations' are defined in the table below.

Risk/ impact	Description
A: High	Risks and/or potential, severe, widespread, generally irreversible or unprecedented adverse impacts of varying nature.
B+: Medium - high	Risks and/or potential, moderate and primarily local and reversible adverse impacts characterised by specific features that may lead to risks or impacts of greater magnitude and scope.
B: Medium	Risks and/or potential, moderate, local and reversible adverse impacts that can be effectively mitigated with well-known methods of proven efficacy.
C: Low	Scantly significant or non-existent risks and/or potential impacts.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

