

COFIDES
Investment and development



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Letter from the Chairman

The macroeconomic environment foretold a complex and challenging 2022: the effects of the coronavirus pandemic were compounded by the war in Ukraine, the energy crisis, an across-the-board rise in inflation, the breakdown of global value chains and an accelerated change of course in monetary policies marked by a blanket rise in interest rates. All these factors have led to a more uncertain and unstable situation today.

However, despite these difficulties, COFIDES notched **high levels of business** in 2022, characterised mainly by the implementation of the new mandate to support corporate solvency, while continuing to grow in the Company's traditional fields of action: financing internationalisation and development.

On balance, the **Fund for the Recapitalisation of Companies Affected by COVID-19** completed its investment period on time and successfully met the portfolio target, after a total of **Euros 735 million** was formalised among **89 beneficiary companies**.



José Luis Curbelo,
Chairman and CEO of COFIDES.

Furthermore, the internationalisation financing business also kept up with a high level of transactions, closing the year with a **total portfolio of Euros 1,727 million**, up 43% on 2021.

As in previous years, it should be noted that this was made possible by maintaining a **default rate** below the market rate (2.9% of the portfolio of COFIDES's own resources, 4.4% for FIEX and 8.9% for FONPYME).

BLENDED FINANCE WITH THE EU

In addition to the implementation of the Recapitalisation Fund, 2022 saw the consolidation of COFIDES as a **major player** in the management of the **European Union's development financing budget**.

In December 2022, the European Commission approved three guarantee programmes proposed by COFIDES under the new European Fund for Sustainable Development Plus (EFSD+).

In partnership with the Spanish Agency for International Development Cooperation (AECID), the following programmes will mobilise approximately Euros 138 million:

(1) SOL programme, which will promote financial inclusion and renewable energy projects in Latin America and the Caribbean;

(2) TIF II programme, which will offer a guarantee on the portfolio of loans granted to MSMEs by microfinance institutions in Latin America and the Caribbean;

(3) Global Social Impact Fund (GSIF), impact investment fund created to facilitate the economic and social inclusion of the most vulnerable population in Sub-Saharan Africa.

At the end of the year, COFIDES and AECID signed the **framework agreement** to implement the EFSD guarantee facility, signed with the European Union in the framework of the **Renewable Energy Support Programme for rural areas in Sub-Saharan Africa**. The initiative will facilitate access to electricity for populations in underserved rural areas of sub-Saharan Africa, a region where more than 50% of the population still lacks access to electricity. With this decisive step towards its implementation, this programme will also contribute to promoting action against climate change, because it is based exclusively on the use of clean energy.

Lastly, the EU has approved a new impact investment fund —the **Kuali Fund**— designed in collaboration with the AECID and with which COFIDES looks to repeat the successful public-private collaboration model of the Huruma Fund.

Once again, **collaboration with the AECID** has been satisfactory, and COFIDES continued to **support** the agency in **managing the FONPRODE**.

During this time COFIDES submitted seven new operation profiles amounting to Euros 118 million, which is a record high. COFIDES also supported FONPRODE with eight new formalisations amounting to Euros 113 million, which also represents an increase on 2021.

In addition, it monitored 81% of the FONPRODE portfolio.

STRATEGIC PLAN 2022-2024

This year also bore witness to the implementation of the Strategic Plan 2022-2024, which defines the challenges the Company sets for coming years. To prepare the plan, **consultations were held with various COFIDES**

stakeholders in order to draft a document that was as participatory as possible.

The new plan makes COFIDES an instrument to support the internationalisation of Spanish companies and the country's development aid policy, as well as a leader in the national fund management market, evolving into a public fund management company working towards various government-defined public policy objectives.

It also endorses COFIDES's commitment to the Sustainable Development Goals (SDGs) by financing operations with climate and environmental objectives and gearing its investments towards sustainable development in economic, environmental and social terms. Accordingly, note should be made of the ambitious and necessary objective that **30% of the new internationalisation support portfolio** should be **climate-related** and **sustainable**.

As provided in the new Strategic Plan, COFIDES launched the **COFIDES Impact** programme with funds from the Next Generation EU mechanism within the framework of the Recovery, Transformation and Resilience Plan. COFIDES Impact was created and launched with the aim of promoting private investment projects that generate a positive impact on the SDGs, thus establishing a link between financing and its effects on the investment beneficiaries.

PARTNERSHIP NETWORK

COFIDES continued to expand its network of strategic alliances by signing agreements with the sovereign wealth funds of Qatar and Abu Dhabi—**Qatar Investment Authority** and **Mubadala Investment Company**—as well as with the **International Renewable Energy Agency**, with which we expect to collaborate closely to jointly undertake investments in strategic sectors linked to the various

"transitions" (energy, climate and socio-economic).

These are some of the milestones reached by COFIDES in 2022 and which are extensively described in this Activity and Sustainability Report, which for the first time includes a section aligned with the recommendations of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, the main international standard for disclosing information on climate change.

FUTURE CHALLENGES

Following COFIDES's designation as host fund for **the 15th annual meeting of the International Forum of Sovereign Wealth Funds (IFSFW)**, COFIDES is now coordinating organisation of the meeting, which will take place in Madrid in September 2023. The IFSWF is a global network of nearly 50 sovereign wealth funds from around the world, which together invested more than USD 70 billion in 2021.



COFIDES's Chairman, José Luis Curbelo, in his speech accepting the designation of COFIDES as host of the 15th IFSWF annual meeting.

It has members from all five continents and is a unique platform for international cooperation, information exchange and investment mobilisation among such institutions. A major portion of these entities' investments are directed towards priority sectors for sustainable development at a

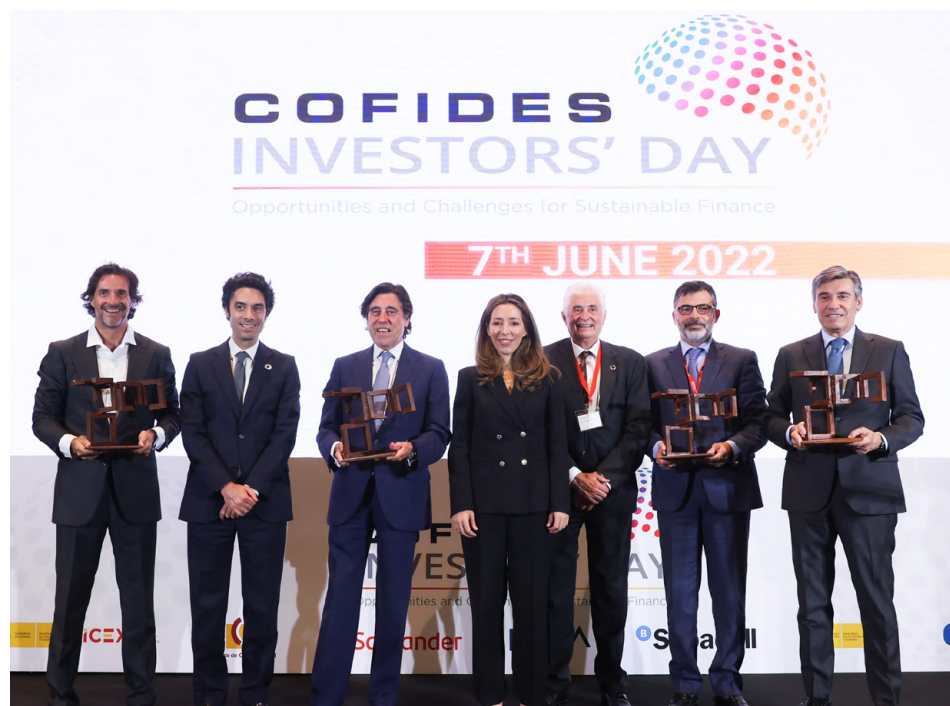
global level, such as infrastructure, renewable energy, sustainable mobility, digital transformation and food security. The designation of COFIDES as the organiser of the next IFSWF annual meeting demonstrates the growing recognition and institutional prominence that the Company is gaining at international level.

This meeting will be a unique forum to present the new **Co-Investment Fund (FOCO)**, which will be a new mandate for the Company. It is currently being designed and expected to be operational in the second half of 2023. This is a new fund endowed with Euros 2,000 million, which aims to attract foreign investment and boost growth and the ecological and digital transition of the Spanish economy. The fund will be created in partnership with sovereign funds, institutions and foreign institutional investors to co-invest in Spanish companies that develop business models aligned with the strategy of the Recovery, Transformation and Resilience Plan (PRTR).

Also within the PRTR framework, the **Social Impact Fund (FIS)**, which will also be managed by COFIDES, is scheduled to be launched in 2023. This is a new vehicle that will be endowed with Euros 400 million to develop investments in Spain with

the aim of strengthening the national ecosystem of investment and social and environmental impact. By managing these new funds, COFIDES is expected to triple its turnover during the 2022-2026 period.

None of the achievements I have mentioned above would be possible without the people who make up this Company and who, once again, have demonstrated their high degree of commitment and professionalism in managing FONREC and maintaining COFIDES's high level of activity. As such, I would like to thank them for their work and dedication in this decisive year for the Company. I would also like to highlight the support and collaboration of the Secretary of State for Trade, as well as the members of the Board of Directors, the members of the FIEX, FONPYME and FONREC committees, and the AECID. With all of them, we hope to address these future challenges in order to continue consolidating COFIDES's growth in the coming years.



Secretary of State for Trade, Xiana Méndez, at COFIDES Investors' Day.

01

Introduction

Milestones

Management milestones

- **Execution of FONREC in record time** with the objective of maximising the flow of funds to companies. Performance in a highly demanding working environment conditioned by the term of the EU State Aid Temporary Framework, which ended on **30 June 2022**.
- Preparation of the **new Strategic Plan 2022-2024**, which reflects COFIDES's ambition to consolidate and expand its activity both in terms of internationalisation and development, as well as through the new mandates conferred on it, with the conviction that it is committed to **sustainability** as a cross-cutting theme.
- Implementation of the Technical Assistance Fund of the **Triple Bottom Line Inclusive Finance in Latin America Promoting Climate Smart Finance & Better Access (TIF)** programme began, with seven projects under consideration in 2022. Signing of the first agreement with a beneficiary entity (COOPAC Norandino, Peru), for the design consulting services relating to the transformation programme.
- In the framework of the new EFSD+, the European Union approved **three programmes involving the mobilisation of Euros 138 billion in budget guarantees** to support renewable energy and financial inclusion projects, which will involve the management of EU resources for technical assistance:
 - **SOL programme:** continuation of the existing renewable energy programme for mini/off-grid projects in underserved areas in Sub-Saharan Africa, extending its geographical scope to Latin America and the Caribbean.
 - **TIF II programme:** based on the TIF programme, this will provide a guarantee on the MSME loan portfolio of microfinance institutions in Latin America and the Caribbean.
 - **Global Social Impact Fund (GSIF):** an impact investment fund that aims to promote the economic and social inclusion of the most vulnerable populations in Sub-Saharan Africa.



Client of Microserfin, beneficiary of the Huruma Fund.

Milestones

Management milestones

- The European Union gave the go-ahead for a **new impact investment fund presented by COFIDES jointly with the AECID: the Kuali Fund**. It aims to transform the business models and production processes of its beneficiaries in Latin America, the Caribbean and India to implement greener, more efficient, inclusive and sustainable models and processes.
- Assignment of COFIDES as executing entity of the Spanish Recovery, Transformation and Resilience Plan to manage the funds from the European Commission's Next Generation EU budget for implementation of the **COFIDES Impact** programme.
- COFIDES's financial support for internationalisation in 2022 was **rated** as **excellent by its** clients in the satisfaction survey.



Milestones

Activity milestones

2022 was a **historic year for the Company in terms of activity**, in which the Company recorded:



1,727 M €

Record total portfolio volume under management, up 43.15 % on 2021 (Euros 1,206.77 million), and reaching its highest level ever.



2,063 M €

The **total committed investment portfolio** also reached an **all-time high**, 50% higher than 2021 (Euros 1,374.41 million). The committed investment portfolio is obtained by adding the total portfolio and the amounts formalised but not yet disbursed.



925 M €

Record volume of annual approvals, led by FONREC operations (Euros 713 million).



671 M €

Record disbursements.



858 M €

Record amount of formalisations.

Milestones

Activity milestones



118 M €
in 7 profiles of
new operations

In support of FONPRODE management, COFIDES submitted seven new operation profiles amounting to **Euros 118 million, a record high**. It also submitted 12 proposals for operations to FONPRODE, slightly down on 2021 in both number and amount.



113 M €
in 8 formalisations

COFIDES supported FONPRODE in **eight formalisations** amounting to Euros 113 million, which is higher in both number and amount than 2021.

The **default rate** stands at 2.92% of COFIDES's own resources portfolio, 4.40% for the FIEX portfolio and 8.89% for the FONPYME portfolio. FONREC's portfolio had no defaults at year-end.



Clients of Norandino, a beneficiary of the TIF programme.

Milestones

Corporate milestones

- **Organisation of the first meeting of the collaborative network of sovereign wealth funds operating in the EMENA region (Europe, Middle East and North Africa) region.**
- COFIDES signed **collaboration agreements** with the Mubadala Investment Company (the United Arab Emirates fund) and with the Qatar Investment Authority (the Qatari fund) and renewed the agreement entered into with the Industrial Development Corporation of South Africa Limited, all with the aim of exploring business and investment opportunities of mutual interest.
- **Holding, organising and participating in various conferences and roundtables related to sustainability**, such as the closing event of Spainsif's Sustainable and Responsible Investment Week, the presentation of COFIDES Impact and the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27).
- **For the first time, COFIDES is measuring and calculating the carbon footprint of its internationalisation portfolio.** The result provides a better picture of the impact its investments have on climate change, monitor both the attributed emissions and the effectiveness of future decarbonisation measures, and begin to engage all its assets in reducing its emissions.
- **COFIDES is holding the first COFIDES Investors' Day**, a meeting that brings together its various stakeholders: shareholders, clients, consultants, and national and international institutions and collaborators.
- **Implementation, at the beginning of the year, of the Equality Plan** after the Company and the workers' legal representatives reached an agreement on the plan.



Roundtable moderated by the Secretary of State for Trade, Xiana Méndez, at the first COFIDES Investors' Day.



Meeting of the collaboration network of sovereign wealth funds operating in the EMENA region held at COFIDES.

Milestones

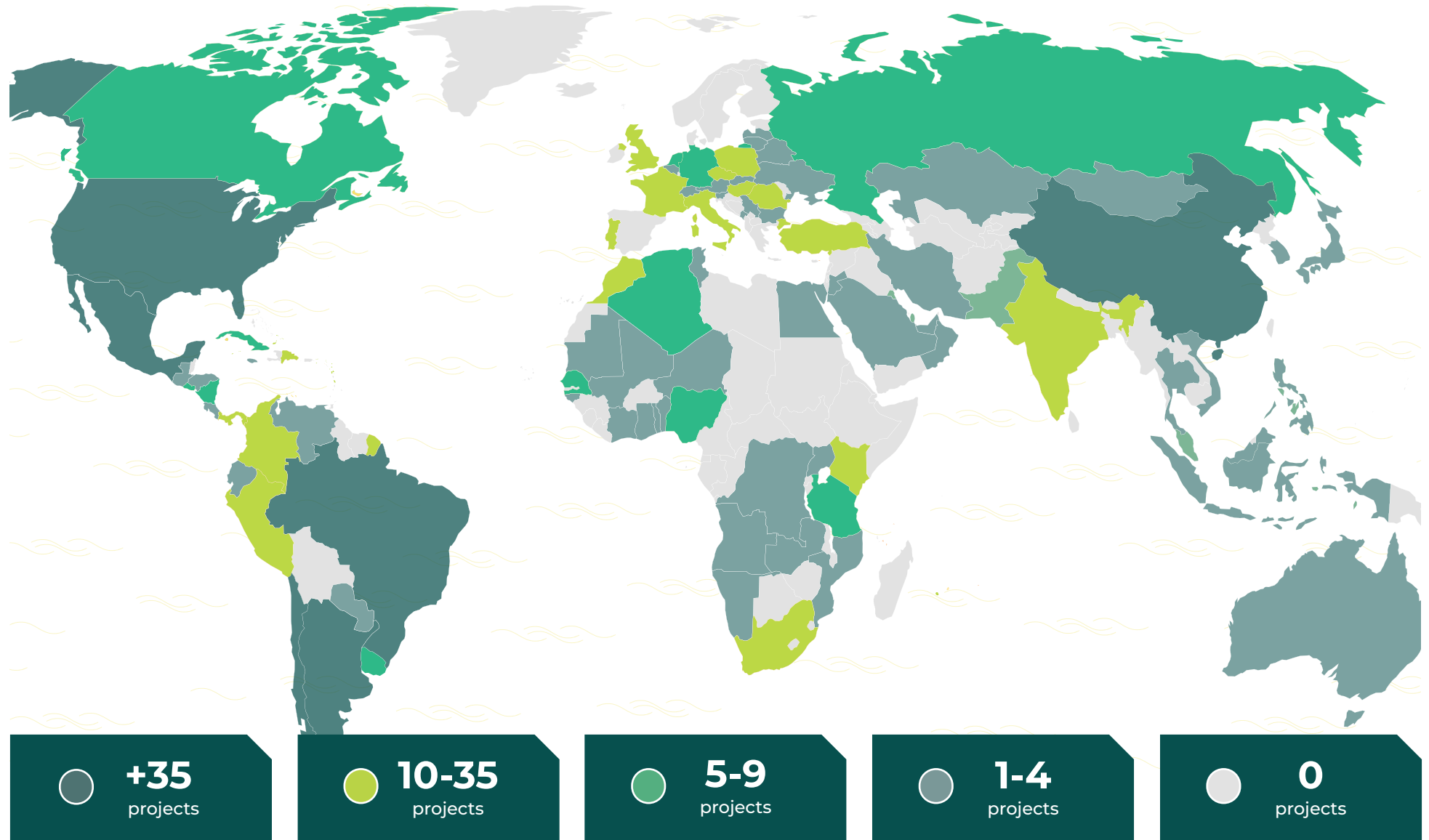
Corporate milestones

- **COFIDES adheres to the United Nations Women's Empowerment Principles (WEPs)** as part of its commitment to effectively promote gender equality and women's empowerment in the workplace.
- **COFIDES joined the Business Network for LGTBI Diversity and Inclusion (REDI).**



COFIDES's chairman, José Luis Curbelo, speaking at a panel held during Spain Investors' Day.

Business history map



Countries and number of projects

Country*	N° of projects
MEXICO	144
CHINA	73
UNITED STATES	54
BRAZIL	53
CHILE	41
ARGENTINA	36

Country*	N° of projects
COLOMBIA	33
INDIA	33
MOROCCO	27
PERU	26
POLAND	21
ROMANIA	21
FRANCE	19
ITALY	18
PORTUGAL	18
UNITED KINGDOM	15
CZECH REPUBLIC	14
DOMINICAN REPUBLIC	13
KENYA	11
HUNGARY	10
PANAMA	10
SOUTH AFRICA	10
TÜRKIYE	10

Country*	N° of projects
GERMANY	9
EL SALVADOR	7
RUSSIA	7
ALGERIA	6
NETHERLANDS	6
CANADA	5
CUBA	5
NICARAGUA	5
NIGERIA	5
SENEGAL	5
URUGUAY	5
TANZANIA	5

Country*	N° of projects
ECUADOR	4
SLOVAKIA	4
HONDURAS	4
PARAGUAY	4
ANGOLA	3
AUSTRALIA	3
BELGIUM	3
EGYPT	3
UNITED ARAB EMIRATES	3
MAURICIO	3
THAILAND	3

Country*	N° of projects
UKRANIE	3
AUSTRIA	2
BULGARIA	2
IVORY COAST	2
COSTA RICA	2
GHANA	2
JORDAN	2
LATVIA	2
NAMIBIA	2
TUNISIA	2
UGANDA	2
VENEZUELA	2
SAUD ARABIA	1
BENIN	1
BELARUS	1
SOUTH KOREA	1
SLOVENIA	1
PHILIPPINES	1
GUATEMALA	1
GUINEA BISSAU	1
INDONESIA	1
IRAN	1
JAMAICA	1
JAPAN	1
KAZAKHASTAN	1

Country*	N° of projects
KUWAIT	1
LITHUANIA	1
MALAYSIA	1
MALI	1
MAURITANIA	1
MONGOLIA	1
MONTENEGRO	1
MOZAMBIQUE	1
NIGER	1
OMAN	1
PAKISTAN	1
QATAR	1
D.R. CONGO	1
SERBIA	1
SWEDEN	1
SWITZERLAND	1
TOGO	1
VIETNAM	1
ZAMBIA	1

* (Including the projects of the EFP and ICCF lines. Charged to these in 2022 there are commitments for a project in Costa Rica and another in Nicaragua).

FONREC: A success story demonstrating COFIDES's versatility



Miguel Tiana Álvarez,
Director-General of COFIDES.

In 2020, the outbreak of the COVID-19 pandemic led to an across-the-board disruption of economic activity, the effects of which were particularly pronounced in the most mobility-related sectors, such as tourism, leisure and dining, transport and certain industrial sectors. As a result, Spanish companies operating in these sectors began to experience liquidity constraints. As months passed and the pandemic persisted, liquidity problems gave way, in some cases, to deteriorating solvency, putting the survival of the companies concerned at risk. Many of the companies in this situation were small- or medium-sized enterprises, which play a key role both in the structuring of the Spanish productive tapestry and in job creation at national level.

In order to support companies facing this problem, the **Fund for the Recapitalisation of Companies Affected by COVID-19 (FONREC) was created in 2021 and endowed with Euros 1 billion** to provide temporary financial support to medium-sized companies that were viable prior to COVID-19 and had a viable business model in the medium term.

FONREC management was entrusted to COFIDES on the basis of various attributes of the company, of which two in particular stand out. Firstly, its extensive experience in both the financing of private sector investment projects and in the comprehensive analysis (financial, legal, ESG) of this type of operation. Secondly, the high degree of capillarity of its activity, which means that COFIDES, in addition to being able to finance large-scale projects, also has a solid track record of sustained support for small and medium-sized enterprises.

The assignment of this mandate has had a significant impact on the company's activity in both quantitative and qualitative terms. In fact, COFIDES had to amend its articles of association in order to be able to make investments in Spain, which is a major update of its mission, positioning it to take on new mandates to contribute to the objectives of various public policies.

The FONREC investment period ended on 30 June 2022, given the need to be aligned with the European Union's temporary state aid

framework. It is therefore an opportune time to take preliminary stock of the Fund's activity.

COFIDES received a total of 144 applications for funding, for an aggregate volume of Euros 1,356 million. All applications were subjected to a rigorous screening process to verify their individual compliance with each and every one of the eligibility conditions set out in the instrument's legal framework, as well as an evaluation from an economic-financial, environmental and social perspective. Those that received a favourable assessment by COFIDES were subsequently submitted to the Technical Investment Committee—an interministerial body chaired by the Secretary of State for Trade—for approval. Using FONREC resources, **85 operations were ultimately formalised for a total financing volume of Euros 735 million.**

Around 80% of the formalised amount has already been disbursed. The remaining disbursements are subject to the beneficiary companies meeting milestones associated with the implementation of the viability plans.

In all, **75% of the financing approved takes the form of participating loans** (repayment of which is linked to business performance and which are accounted for as an increase in equity for its recipient, with the consequent positive impact on its solvency). The remaining 25% was channelled through ordinary loans, which were always granted on a complementary basis to the participating loans.

In sectoral terms, funding was chiefly directed to support companies whose business model is closely linked to mobility, such as tourism, dining, retail distribution and certain industrial activities (e.g. automotive component manufacturing).

Geographically, FONREC's impact has been spread throughout the country. In absolute terms, Catalonia, Madrid and the Basque Country stand out, accounting for 54% of approved funding, which is proportionate to the fact that 51% of potentially eligible companies are located in these regions. However, it should be noted that nearly all the autonomous communities have a company based in their territory that has obtained

financing from this Fund. Also, many of the financed companies are active in multiple regions of the country and not only in the region where they are headquartered, which further contributes to the dissemination of FONREC's impact.

The Fund has mostly supported smaller companies: 70% of the funding went to companies with turnover of less than Euros 60 million, and companies classified as SMEs received 40% of the Fund's total financing. These data corroborate the instrument's ability to operate at a high degree of granularity.

In addition, it is estimated that **FONREC has contributed to the preservation of some 37,000 jobs**, 40% of which are female-held jobs. This shows that, through its role in preserving the national economic tapestry, the Fund has also become an effective tool for maintaining employment.

The FONREC has been configured as a **flexible instrument**, which has enabled beneficiary companies to allocate the resources received to meet their priority needs, associated both

with their operating and financial expenses, and to enable them to carry out new equity investments necessary to secure the viability of their business model in the medium and long term.

As regards the rating of the approved operations, **the average financial rating was B-**, which shows that the financing has been directed to companies facing temporary difficulties. This result is consistent with the profile of the companies targeted by the instrument.

The average ESG rating was B, which is consistent with its sector-based profile; this means that the risks and negative impacts are moderate, localised and reversible and can be effectively mitigated through the agreed-on measures and actions.

In conclusion, **the first phase of FONREC's implementation**, consisting of the analysis, approval and formalisation of operations, **can be considered a success**. The fund has performed very well, securing a portfolio profile consistent with the objectives pursued by the instrument. COFIDES is currently in the

midst in the next phase of implementation, which consists of managing the formalised portfolio through close monitoring of all operations. The fund has already started to recover its initial amounts, and repayments are expected to be concentrated over the next six years.

Even further, **FONREC implementation has also demonstrated COFIDES's versatility in contributing to the fulfilment of the objectives of various public policies**. While the Company's traditional lines of activity will continue to lie at the core of its business, the FONREC experience demonstrates the ability of COFIDES professionals to successfully implement new tasks. This is the best credential for the expected assignment of new mandates to the Company in 2023.

02

**Our actions and
their impact**

1. High impact undertakings

COFIDES Impact, sustainability in the Spanish internationalisation process

In its efforts to advance in the management of social and environmental risks in internationalisation projects, COFIDES worked on the design of a financial instrument to support Spanish companies in improving their strategies and operations towards more sustainable models.

Accordingly, **in the last quarter of 2022, the COFIDES Impact programme was launched to reinforce the sustainable practices** of projects financed using COFIDES-managed internationalisation support funds (both FIEEX and FONPYME funds and the Company's own resources). COFIDES Impact puts forward two scenarios for implementing sustainability support: first, the application of reduction in the price of financing—a sustainability variable—derived from the achievement of a sustainability target and, second, the possibility of accessing an economic package—technical assistance—to develop and implement social and environmental management procedures. The two scenarios are complementary and not

mutually exclusive. In any case, the exercise of defining the targets to be achieved is negotiated with the client and framed within the strengthening of the internationalisation process of Spanish companies.

Also, the fact that COFIDES Impact was designed from the outset as an instrument driving sustainability in the main made it possible to include it in the Recovery, Transformation and Resilience Plan and endow it with Next Generation funds from the European Union for a total of Euros 1.7 million.

Implementation started in October 2022 and **by the end of the year it had been applied to 47% of approved new operations, with good reception from the private business sector.** The actions supported include obtaining internationally recognised certifications such as ISO 14001 for environmental management, ISO 45001 for occupational health and safety and ISO 50001 for energy efficiency, as well as progress in specific indicators that have been considered key in various projects, such as the



Regina Pálla,
*Head of Sustainability Unit
at COFIDES.*

“The fact that we designed COFIDES Impact as an instrument driving sustainability gave us the opportunity to present it and have it included in the Recovery, Transformation and Resilience Plan and receive Next Generation funds from the European Union. The instrument is flexible and versatile in its design and, accordingly, in constant coordination with companies, we will explore all actions that promote sustainability in their projects”.

annual reduction of emissions or the annual increase in the use of sustainable materials.

The programme will run until the end of 2024, with the aim of supporting the inclusion of sustainable practices at the largest number of companies in the process of internationalisation.



Picture of the roundtable that took place at the presentation of the COFIDES Impact programme, with the participation of the Global Head of Responsible Business at BBVA, Antoni Ballabriga; the Global Director of Sustainability at Telefónica, Elena Valderrábano; and the Director of the Spanish Office of Climate Change, Valvanera María Ulargui, moderated by Cinco Días journalist Paz Álvarez.

The first technical assistance project of the TIF programme: Norandino savings and loan cooperative



Employee of Cooperativa Norandino with one of the institution's clients.

The TIF programme aims to improve access to financial services for low-income populations in Latin America while also reducing climate risk and vulnerability, especially for smallholder farmers.

In addition to providing loan financing from the AECID-managed FONPRODE, the TIF programme uses technical assistance resources from the European Union's Latin America and Caribbean Investment Facility.

In 2022, COFIDES analysed seven technical assistance projects in line with the TIF's three lines of activity: financial deepening, green finance and institutional strengthening.



The first technical assistance project to be approved under the TIF Programme was promoted by the Norandino credit and savings cooperative (Peru).

Norandino is a savings and credit cooperative created in 2005 on the initiative of 24 farmers, supported by various coffee cooperatives, with the aim of offering its members in the rural regions of northern and north-eastern Peru a financial alternative that would suit their needs. This cooperative is committed to the development of its members through quality financial products based on social and environmental responsibility.

Norandino provides financial services through 16 agencies and 5 information offices and is present primarily in four regions of northern Peru (Cajamarca, Piura, San Martín and Amazonas). Its focus is clearly rural and predominantly agricultural financing. It currently has more than 33,000 associates, of whom just over 35% are women.

TIF is supporting Norandino in the development of a **digital transformation plan**. This plan will facilitate the automation of the cooperative's processes, which will foster access to its current and potential members and bridge the financial inclusion gap in the area in which it operates.

“TIF will contribute to improving access to financial services tailored to the needs of MSMEs and the population excluded from traditional banking”.

José Carlos Villena,

Head of the Partnerships for Development Division at COFIDES.

This technical assistance project involves a first phase (with a contribution of Euros 30,000 out of European Union funds) to perform design consulting services to determine and prioritise Norandino's digitalisation needs and design the technical assistance project to be implemented to launch the cooperative's various digital initiatives. The outcome of these first consulting services relates to the need for the cooperative to orient and redesign its financial products and services to better serve its members and customers. In addition, it will also make it easier to automate its internal processes to make operations more effective and economical.





José Carlos Villena,

Head of the Partnerships for Development Division at COFIDES.

“The start of implementation of the first technical assistance project, with resources from the European Union, is the **first major milestone for the TIF programme, which aims to support more than ten entities in at least four countries and which will contribute to improving access to financial services adapted to the needs of micro, small and medium-sized enterprises (MSMEs) and the population excluded from traditional banking**”.



Employee of the Norandino savings and credit cooperative.

The second phase, which consists of the implementation of the outcome of the previous phase, will start in the first half of 2023.

First assistance project of the TIF programme

1ST PHASE
30,000 €

Contribution out of **European Union funds**

2ST PHASE
2023

Implementation of the project as defined by the consulting services **will commence in the first half**

Objective: Consulting services to design and prioritise Cooperativa Norandino's digitalisation needs and the automation of its internal processes in order to make its operations more effective and economical.

Fostering internationalisation

Technology at the base of growth

In 2022, COFIDES supported Xcalibur Multiphysics Group and Fersa Bearings in their expansion in India.

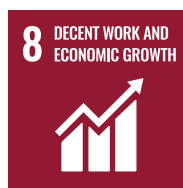
COFIDES provided financing to acquire local companies that will enable these firms to expand their business volume in a high-growth market that has emerged as a technological powerhouse in recent years. Both are technology-based businesses, which is key to stimulating productivity, economic growth and employment.

Xcalibur Multiphysics Group

COFIDES supported Xcalibur Multiphysics, a world leader in airborne geophysical solutions, in its landing in Colombia in 2020. In 2022, this work to support its internationalisation continued with the provision of financing for its growth in India. COFIDES extended a joint venture loan of up to Euros 1 million using its own resources and the FONPYME fund

resources to acquire a majority interest in McPhar International India.

Xcalibur Multiphysics chose India because of its large potential for the exploration and future extraction of materials needed for the energy transition. Darío Castellanos, who is also temporarily CEO of the newly acquired McPhar International, explains that the Indian natural capital mapping programme is highly ambitious. "Xcalibur Multiphysics aims to be the partner of choice for India's geological department, winning the highest number of awards in a Acquiring this company translates into growth for the Spanish company



Darío Castellanos,
*Vice President of Project Finance at
Xcalibur Multiphysics Group.*

"We are constantly exploring new markets to promote economic growth and job creation in the countries".

Technology at the base of growth

in the number of resources and products in this country. More than 20 people, mostly graduates and postgraduates, are currently working in India. "We expect to have a staff of 50 professionals," says Castellanos, adding that "it is of utmost importance to meet the ESG criteria we have set for ourselves in terms of equal treatment and opportunities, diversity and occupational risks." In addition, they have set up the Xcalibur Foundation, "which will develop a project in India to contribute to a more egalitarian system."

According to the head of Xcalibur Multiphysics, international presence is key to its growth and positioning as a market leader. "We are a global corporation. "We are constantly exploring new markets to promote economic growth and job creation in the countries."

For the company, innovation is a value that sets it apart. "Our services include the most

advanced natural mapping technologies. They enable the exploration of natural capital in a rapid manner, providing high quality data, generating the least environmental impact and protecting biodiversity. We have an innovation process that enables us to improve our services

and offer greater added value to our customers. We have a plan for the next five years to refine existing technologies and look for new areas of activity, with a dedicated R&D team and projected investments of between Euros 45 million and Euros 50 million.

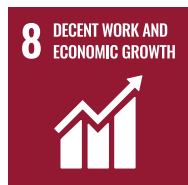
Of his experience with COFIDES, Castellanos stresses that **"COFIDES has been a key component in our expansion. It has acted as a lever for our growth, providing financial support in countries where we wanted to strengthen our presence"**.



Xcalibur Multiphysics aircraft in India.

Technology at the base of growth

Fersa Group



In 2022 COFIDES provided Fersa Group a joint venture loan of Euros 9.59 million for the acquisition of 70% of the Indian company Delux Bearings, specialised in the manufacture of bearings for the automotive and industrial equipment sectors.

This strategic move also enables the Fersa Group to expand its production capacity and strengthen its position in the automotive sector as a supplier to the industry's leading manufacturers and to generate synergies in innovation and R&D, as well as in operations



Fernando Chóliz,
Fersa Group CFO.

Fersa Bearings's investment in Delux provides the group "a wealth of knowledge and experience in bearings and advanced electronics applications for the powertrain of electric and conventional vehicles", which are complementary to those manufactured by the Zaragoza-based multinational corporation. Accordingly, it also diversifies its product range and caters to market needs and trends that require solutions that improve efficiency".

and costs by reinforcing its global supply chain. "With this investment, the Fersa Group takes another step forward in its growth strategy, its commitment to sustainable technology and its global presence," he says.

With this project, the company will generate approximately 5 new jobs in Spain and between 50 and 100 in India, as production capacity will be expanded.

Fersa's business strategy has shifted from a traditional export model to a model with a local presence in its main markets. It is present on five continents and has "a global workforce of more than 850 employees and a global structure that includes six state-of-the-art production facilities, 19 distribution centres and four international R&D centres to support and provide service to our customers worldwide".

Fernando Chóliz recalls that Fersa has been **collaborating with COFIDES for more than 10 years** and concludes that "the experience has been highly gratifying and satisfactory". He highlights "the **professionalism of the team and the diligence**" with which they have managed all their projects, as well as "the **commitment** to support our growth and internationalisation project".

Technology at the base of growth

“With this investment, the Fersa Group takes another step forward in its growth strategy, its commitment to sustainable technology and its global presence”.

Fernando Chóliz,
Fersa Group CFO.



Álvaro Hernández,
Head of Investments Unit.

“We aim to consolidate the growth of highly innovative companies. Technologies are essential for todrive the transformation of the Spanish productive model, providing it with greater levels of competitiveness and the capacity to create jobs”.



Fersa Group employees.

Growth through internationalisation

SEG Ingeniería

COFIDES began collaborating with SEG Ingeniería to support its internationalisation projects in 2015. Since then, the company has managed to significantly expand its turnover and international presence. In 2022, one further step in this direction was taken with the granting of financial support by COFIDES for SEG Ingeniería to establish itself in El Salvador.

SEG Ingeniería's performance over the years has been remarkable. In 2015 total turnover (national and international) amounted to Euros 9.3 million, while in 2022 it was close to Euros 30 million. "Our company at that time was in four countries in Latin America, and now we are in 13. **We have had major organic and inorganic growth, supported to a large extent by COFIDES funding**", says SEG Ingeniería vice-president Jaime Fernández.



Present mainly in Latin America, the company has also been present in other countries, such as Brazil, Saudi Arabia, Morocco and Algeria. "The choice of these markets was due to Spain's cultural proximity and relations with them. In engineering, processes are relatively similar to those in Spain and the administration and management of the works, while different, do have similarities".

In recent years, the company's growth has also been reflected in job creation. "Our staff has tripled over the years. Worldwide, the group has around 800 people. There are around 200 in Spain.

The vice-president of SEG Ingeniería considers that, although internationalisation was initially perceived as a way of creating jobs, "it has brought us a wide variety of work and scenarios. In our sector, work is highly cyclical and allows us to be less dependent on a specific market. Having to tackle different jobs is also very rewarding in a technical sense".



Jaime Fernández,
Vice-president of SEG Ingeniería.

**"Internationalisation
has brought us a
wide variety of work
and scenarios".**

Growth through internationalisation

However, internationalisation also brings its challenges, such as "expatriation of staff" and "building a good local team". Another major challenge is financing, because "in LATAM countries there is no easy access to credit, and our sector generates a substantial working capital. In this connection, COFIDES is a great help for companies like ours".



Design and supervision of the structural repair of the Panama City marine bypass bridge.

On his relationship with COFIDES, he says that **"it has been a great help to us for many reasons. It clearly understands the specific financing needs and offers solutions for them. Its staff is highly trained and understands companies' different processes"**.



Supervision of construction of the Dué River Dam and Hydropower Plan in Ecuador.



Eduardo Fernández,
COFIDES analyst.

"Over the years it has been highly satisfying and rewarding to witness the unstoppable growth of SEG Ingeniería through the numerous engagements we have collaborated on. We thank all the members of SEG Ingeniería for their professionalism and their willingness at all times to facilitate the work of the team members who have worked with them".

Circular economy

Mundimoto

Mundimoto is a company specialised in buying and selling second-hand motorcycles. It is present throughout Spain and, with the **support of COFIDES, has recently started its internationalisation process in Italy, with the opening of a centre in Milan.**

This business is fully based on the circular economy, thus promoting a production and consumption model that allows materials and products to be reused, rented or recycled as many times as possible to generate added value.

The CEO of Mundimoto, Josep Talavera, states, "We promote the circular economy, as we buy used motorcycles and repair them so that they can be reused again, either through purchase or rental".



In fact, he says that "being the largest motorcycle marketplace in Europe with the largest number of second-hand motorcycles, our goal is to change the way we consume".

In recent months we have also started to focus on electric mobility, and in this connection, apart from selling this type of motorcycle, we offer endless facilities to all our users. For example, for those who want to change their internal combustion engine for an electric one, we offer a test drive for our entire range of electric motorcycles.

One of the main draws is because of the sustainability of Mundimoto's business model.

Europe's largest online motorcycle platform

Digitalisation has been one of the driving forces behind Mundimoto's success. "We have made digitalisation a reality. While we have logistics centres and offices where our customers can come to see the bikes first hand, we are a marketplace, the largest online motorcycle sales platform in Europe. 70-80% of the sales we make are



Josep Talavera,
CEO and founder of Mundimoto.

"The use of refurbished motorcycles is a more sustainable form of consumption and, moreover, in times of inflation and crisis like the current one, it is valued even more.

The millennial and Z generations are much more aware of the reality of the climate crisis, and sustainability is a very influential factor in their purchasing and decision making".

Circular economy

“Our goal is to change the way we consume”.

Josep Talavera,
CEO and founder of Mundimoto.

digital. Our customers see the bike for the first time when we deliver it to their home and can return it if they are not happy with it. They also have a one-year warranty. We provide security”.

COFIDES has supported Mundimoto in its first internationalisation project. “We are extremely grateful for our experience with COFIDES, as we have been able to kickstart our internationalisation process starting with Italy, one of the key countries to continue growing in Southern Europe. With the support of COFIDES we will be able to acquire the stock of refurbished motorcycles necessary for our Italian customers,” says Josep Talavera.



“At COFIDES we hope to continue engaging in more projects like Mundimoto, an SME with a business model that contributes to making a more sustainable world through the circular economy”.

Marcos Martínez,
Investment Analyst.



Mundimoto motorcycles.

2. Boosting sustainable financing and investment impact

"**Sustainability and Impact**" is one of the four pillars of COFIDES's new Strategic Plan 2022-2024.

In 2022, sustainability has been a priority for the Company. Among other actions, the carbon footprint of the portfolio was measured, and proactivity in the generation of climate projects was reinforced with the aim of aligning the financing activity with the principles and objectives of the Paris Agreement at the end of the plan. In addition, the first operations began to be financed under the COFIDES Impact programme, described in "High Impact Undertakings".

Measuring the portfolio's carbon footprint

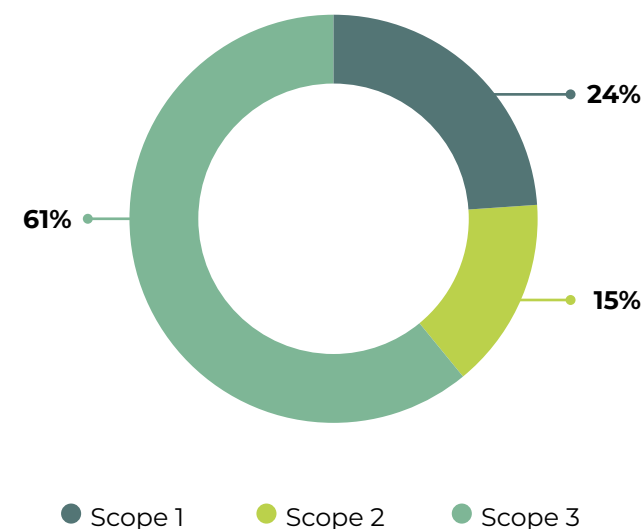
In order to strengthen the portfolio's resilience and continue to make progress in risk management and

identifying opportunities, COFIDES has for the first time measured and calculated the carbon footprint of its internationalisation portfolio for 2021, using the PCAF methodology and GHG Protocol. The result is a wide-ranging inventory to obtain a better picture of the impact its investments have on climate change, monitor both the attributed emissions and the effectiveness of future decarbonisation measures, and begin to engage its clients in reducing its emissions. Detailed information is provided in the section on the TCFD standard.

Proactivity in generating climate projects

COFIDES has set the objective of identifying and financing sustainable investment opportunities, so that new operations in the internationalisation portfolio

Total emissions in COFIDES internationalisation portfolio broken down by scope in %



See the news published on the website.

dedicated to climate action and environmental sustainability reach an average of 30% of the financing for the three-year duration of the Plan.

The volume of climate finance in 2022 accounted for 26% of the total amount formalised in operations using COFIDES, FIEX and FONPYME resources, which represents a significant increase, since these projects accounted for an average of 10% of total formalisations in the 2019-2021 period. The definition of climate finance used by COFIDES is based on the compliance with either the

criteria of the Common Principles for Climate Mitigation Finance Tracking developed by a group of multilateral development banks together with the International Development Finance Club (IDFC), or the European Union's Sustainable Finance Taxonomy Regulation.

COFIDES also entered into a collaboration agreement with IRENA last year with the aim of generating renewable energy projects.

capital flows to emerging and developing countries. These objectives have been included for the fourth consecutive year in the corporate objectives that are generally linked to employees' variable remuneration. The contribution of operations formalised in 2022 is published on the COFIDES website.

Aggregate impact of investments

COFIDES promotes the establishment of partnerships with the private sector to finance projects that help generate positive and lasting effects in the countries where the investment is made and has a long track record of measuring impact.

The aforementioned climate finance target is part of the set of annual sustainability targets that are material to COFIDES's activity and related to supporting employment, responsible industry, social infrastructure and climate change mitigation, as well as



Signing of the memorandum between COFIDES and the International Renewable Energy Agency (IRENA).

Details relating to the projects in the portfolio financed by COFIDES, FIEX and FONPYME are as follows

432.89 MM €

tax revenue

2,133.43 MM €

increase in national income

Contribution to the creation and maintenance of



20,895

direct jobs



770.38 MM €

combined wages
and salaries



3,743

female-held
jobs



28 projects

with a positive contribution to
gender equality

2X CHALLENGE
FINANCING FOR WOMEN

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

COFIDES is a member of the IFC
- developed Investing for Impact:
Operating Principles for Impact
Management initiative. In 2022
COFIDES issued its third statement.



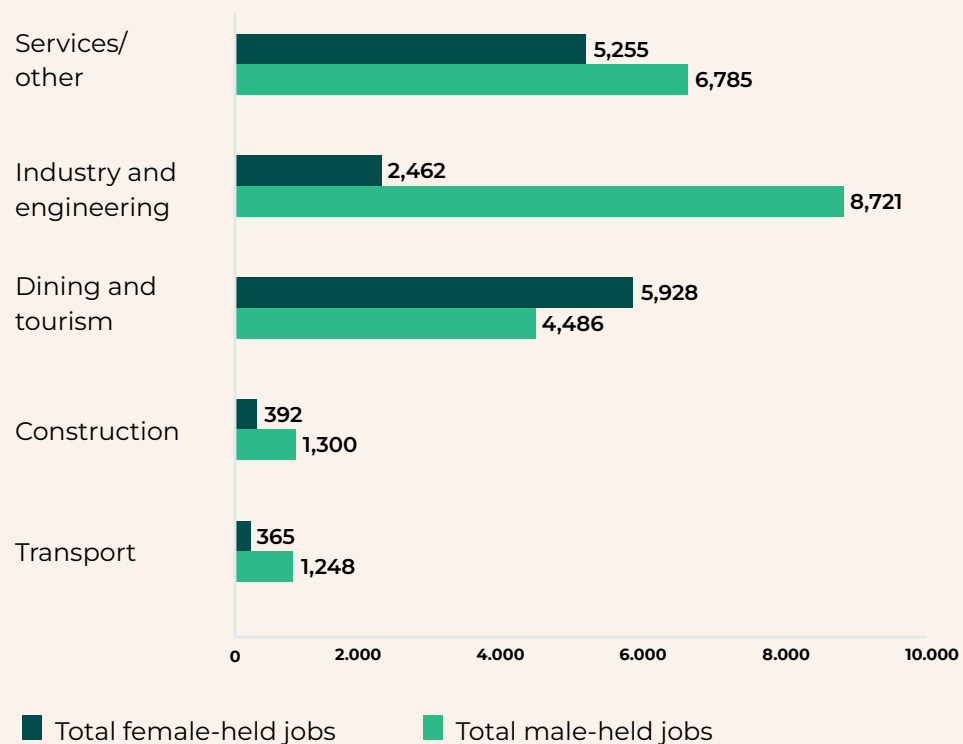
**Operating Principles for
Impact Management**

COFIDES' contribution to SDGs



The FONREC Fund has proved to be an effective tool for job preservation; it is estimated that, in its absence, 36,942 jobs would have been destroyed, 39% of which would have been female-held jobs.

FONREC · Sector-based distribution of jobs preserved



Data from the study by Ernst & Young Spain.



03

**Management
activities**

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

Such practices are applied at COFIDES to the management of the Company's own resources 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 2022, our yearly client satisfaction survey revealed a high degree of satisfaction with the services rendered. The courtesy and accessibility of COFIDES staff and good coordination between divisions were the items that scored most highly. They also value the agility in processing financial support and the capacity to offer flexible solutions to resolve problems, in addition to the teams' extensive knowledge of the business.

The Overall Client Satisfaction Index in 2022 stood at 4.59/5—levels that attest to the Company's excellence in management. The index rose on 2021, when it stood at 4.44/5.



Clients of Caurie, a microfinance institution in Senegal that is a Huruma Fund beneficiary.

Operational and management capacity

ROLE	SOURCE	KEY FIGURES
Management	COFIDES own resources	<ul style="list-style-type: none"> • Equity, 31.12.2022: Euros 189.34 million. • Approvals 2022: 15 projects for Euros 32.95 million. • Formalisations, 2022: 12 projects for Euros 23.40 million. • Portfolio committed, 31.12.2022: 150 operations for Euros 141.71 million.
	FIEX	<p>Exclusive management of the Fund for Foreign Investment (FIEX) on behalf of the Secretary of State for Trade, attached to the Spanish Ministry of Industry, Trade and Tourism.</p> <ul style="list-style-type: none"> • Equity, 31.12.2022: Euros 1,252.26 million. • Approvals, 2022: 15 projects for Euros 158.35 million. • Formalisations, 2022: 10 projects for Euros 87.27 million. • Cumulative revolving commitments: 320 projects for Euros 2,725.65 million. • Portfolio committed, 31.12.2022: 156 operations for Euros 1,102.28 million.
	FONPYME	<p>Exclusive management of the Fund for SME Foreign Investment Operations (FONPYME) on behalf of the Secretary of State for Trade, attached to the Spanish Ministry of Industry, Trade and Tourism.</p> <ul style="list-style-type: none"> • Equity, 31.12.2022: Euros 97.79 million. • Approvals, 2022: 21 projects for Euros 21.26 million. • Formalisations, 2022: 19 projects for Euros 17.07 million. • Cumulative revolving commitments: 272 projects for Euros 217.75 million. • Portfolio committed, 31.12.2022: 111 operations for Euros 86.78 million.

ROLE	SOURCE	KEY FIGURES
Management	FONREC	<p>Management of the Fund for the Recapitalisation of Companies Affected by COVID-19, attached to the Spanish Ministry of Industry, Trade and Tourism through the Secretary of State for Trade.</p> <ul style="list-style-type: none"> • Equity, 31.12.2022: Euros 982.18 million. • Approvals, 2022: 83 projects for Euros 713.06 million. • Formalisations, 2022: 84 projects for Euros 730.37 million. • Portfolio committed, 31.12.2022: 85 projects for Euros 732.70 million.
Management support	FONPRODE	<p>One of the main financial instruments of the Spanish Agency for International Development Cooperation (AECID), whose primary goal is to contribute to eradicating poverty.</p> <ul style="list-style-type: none"> • Managed by the AECID. • COFIDES began to lend support to AECID in reimbursable cooperation operations in October 2015. • COFIDES provides management support for the following: <ul style="list-style-type: none"> • Reimbursable action planning. • Identification of operations eligible for financing. • Financial, legal, environmental, social and development due diligence analyses. • Support in the formalisation of operations. • Economic, financial and portfolio performance monitoring. • In 2022, COFIDES provided management support to AECID through the preparation of 7 financial condition profiles, 12 proposals for operations and the formalisation of 9 operations. The Company monitored 81.36% of the portfolio (48 out of 59 operations) and participated in 11 missions and due diligence processes on behalf of FONPRODE.
EU programmes Multilateral and bilateral resources	Guarantees (+technical assistance)	<ul style="list-style-type: none"> • Several profiles of potential eligible operations were presented within the framework of the Foreign Investment Plan and the Renewable Energy Program for Sub-Saharan Africa (Renewable PIP) programme. • The European Commission has approved one project and three guarantee programmes submitted by COFIDES in collaboration with the AECID.

ROLE	SOURCE	KEY FIGURES
	Guarantees (+technical assistance)	<ul style="list-style-type: none"> The new impact investment fund —Kuali Fund— which aims to transform the business models and production processes of its beneficiaries in Latin America, the Caribbean and India. Under the new European Fund for Sustainable Development Plus (EFSD+), three guarantee programmes were approved, mobilising Euros 138 million in guarantees to support renewable energy and financial inclusion projects: <ul style="list-style-type: none"> i) SOL programme, continuation of the renewable energy programme for mini/off-grid projects in underserved areas in Sub-Saharan Africa, extending its geographical scope to Latin America and the Caribbean. ii) TIF II programme, based on the TIF programme, this will provide a guarantee on the MSME loan portfolio of microfinance institutions in Latin America and the Caribbean. iii) Global Social Impact Fund (GSIF), an impact investment fund that aims to promote the economic and social inclusion of the most vulnerable populations. <p>The programmes will be supported by a technical assistance contribution.</p>
EU programmes		
Multilateral and bilateral resources	Other technical assistance projects	<ul style="list-style-type: none"> Following the formalisation in 2021 of the Technical Assistance Facility (TAF) trust agreement between COFIDES (TAF contributor), GAWA (TAF manager) and the Banque de Patrimoines Privés bank, technical assistance projects are expected to start in 2023. Implementation of the TIF technical assistance programme will commence in 2022 with six projects under consideration. The first agreement was signed with a beneficiary entity to perform design consulting services for COOPAC Norandino's transformation programme.
	Other blending projects	<ul style="list-style-type: none"> The Huruma Fund is the first COFIDES-led blending project. In 2022, due diligence continued to be conducted of Fund-financed operations, with 14 financing operations completed in Latin America and Africa and two equity subscriptions in Asia. The manager plans two new equity subscriptions in Asia and new financing operations in Africa and Latin America.



ROLE	SOURCE	KEY FIGURES
Lines in the framework of the EDFIs Multilateral and bilateral resources	EFP	<p>European Financing Partners: Financing scheme driven by the European Investment Bank (EIB) and COFIDES's counterpart bilateral European development finance institutions (EDFIs).</p> <ul style="list-style-type: none"> • Resources committed by EFP at 31.12.2022: Euros 697.7 million in 55 projects in 22 countries. • Share of COFIDES and FIEX resources in EFP at 31.12.2022: Euros 20.79 million in 32 operations in 14 countries. <p>COFIDES entered into a new Master Investment Agreement (MIA) that will have two windows for the EFP VI facility and the ICCF II facility. The Amended and Restated Master Investment Agreement EFP VI entails the extension of both facilities and will run until 31 October 2025. The amount committed by COFIDES/FIEX in EFP VI is Euros 30 million, of which Euros 10 million will be earmarked for the EFP window.</p>
	ICCF	<p>Interact Climate Change Facility: Investment facility created by the French Development Agency (AFD), the European Investment Bank (EIB) and the EDFI to finance viable private investment projects that contribute to mitigating climate change and fostering energy efficiency in countries receiving official development assistance.</p> <ul style="list-style-type: none"> • Resources committed by ICCF at 31.12.2022: Euros 413.6 million in 28 projects in 17 countries. • Share of COFIDES and FIEX resources in ICCF at 31.12.2022: Euros 11.38 million in 23 operations in 14 countries. <p>Based on the new MIA, the amount committed by COFIDES/FIEX to the ICCF window is Euros 20 million of the total Euros 30 million.</p>



ROLE	SOURCE	KEY FIGURES
<p>Lines in the framework of the EDFIs</p> <p>Multilateral and bilateral resources</p>	<p>EDFI Management Company</p>	<p>COFIDES holds a 12.5% ownership interest in EDFI Management Company and has been a member of its Board of Directors since 2021. It manages, inter alia, the AgriFI and ElectriFi initiatives, two EU-backed blended finance facilities:</p> <ul style="list-style-type: none"> • AgriFI: Supports value chain oriented investments targeting the inclusion of small and medium-sized farmers and/or agricultural MSMEs. The endowment is Euros 120 million. • ElectriFI: Supports investments in electrification for populations in rural and underserved areas. It promotes energy access projects and has a portfolio of 49 projects in 20 countries (concentrated in Sub-Saharan Africa).
<p>Others. Multilateral and bilateral resources</p>	<p>Green Climate Fund</p>	<ul style="list-style-type: none"> • As an accredited entity, in 2022 COFIDES submitted its Annual Self Assessment Report and the Annual Report on IAE Support to DAE.

Approvals, formalisations and disbursements

COFIDES, FIEX, FONPYME, FONREC · 2022

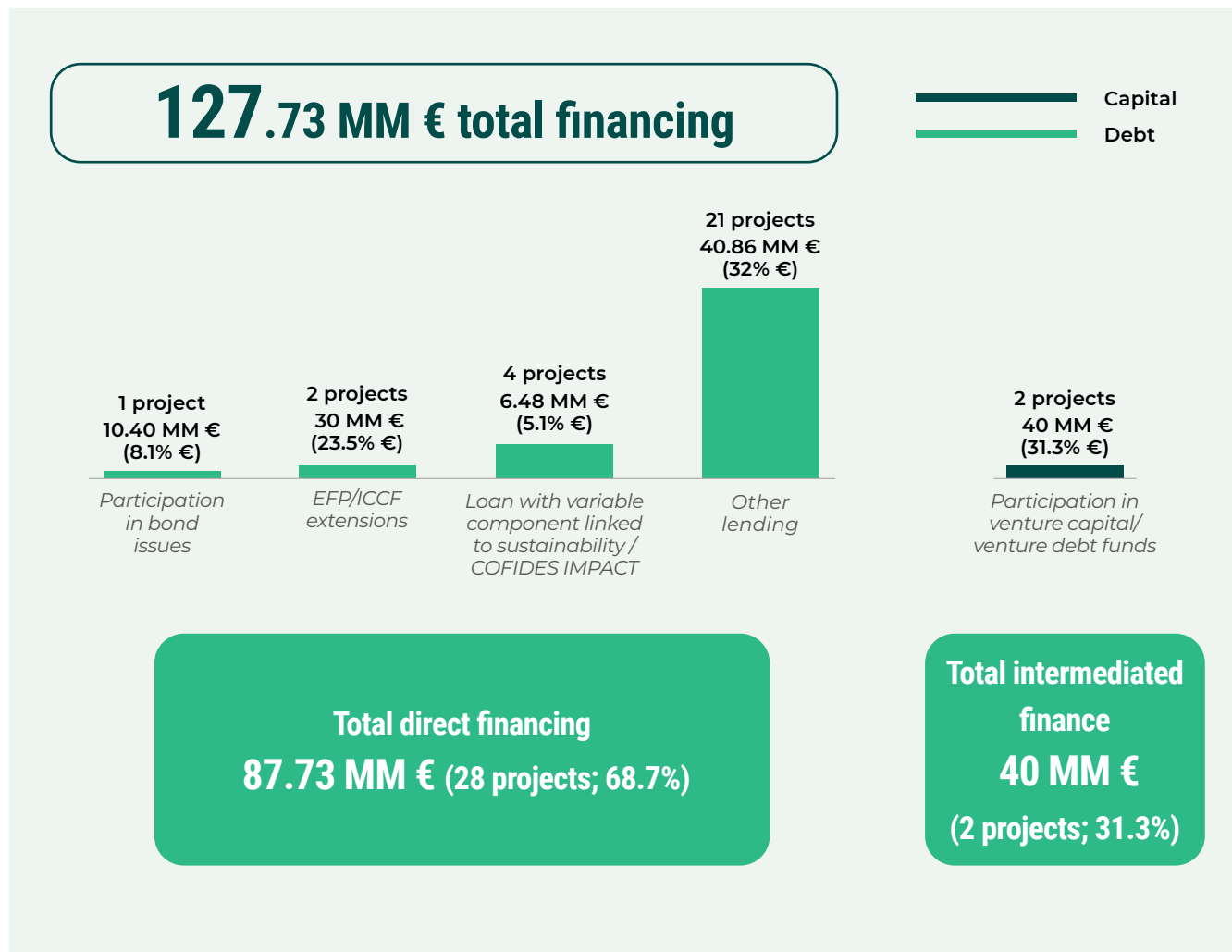
	No. of projects	Mill. €
Approvals	121	925.62
Formalisations	114	858.10
Disbursements	----	671.33

FONPRODE

COFIDES management support · 2022

	No. of operations	Mill. €
Profiles	7	118.4
Proposals	12	228.13
Approvals by Council of Ministers	6	199.73
Formalisations	8	113.46

FORMALISATIONS BY PRODUCT · 2022 · COFIDES/FIEX/FONPYME



Portfolio by region and sector

COFIDES, FIEX and FONPYME

In millions of Euros	2022
Total portfolio	1,152.64
Committed portfolio	1,330.78
2022	
No. of operations	304
Countries	57

COFIDES, FIEX, FONPYME and FONREC

In millions of Euros	2022
Total portfolio	1,727.48
Committed portfolio	2,063.48
2022	
No. of operations	372
Countries	58

Country*	Total portfolio investment volume (%)
Spain **	34
Internationalisation ***	14
Chile	9
United States	7
Mexico	6
Colombia	3
United Kingdom	3
Peru	3
China	2
India	2
Italy	2
Poland	2
Algeria	1
Brazil	1
France	1
Hungary	1
Oman	1
Panama	1
Paraguay	1
Russia	1
Portugal	1
Other countries	5
Total	100

Sector	Volume Total portfolio investment (%)
Transport infrastructure	15
Automotive	14
Other	12
Energy	9
Finance	8
Hotels	8
Defence	7
Agri-food	5
Engineering	5
Construction	4
Metalworking industry	3
Environment	2
Chemical and pharmaceutical industry	2
Transport	2
Other sectors	4
Total	100

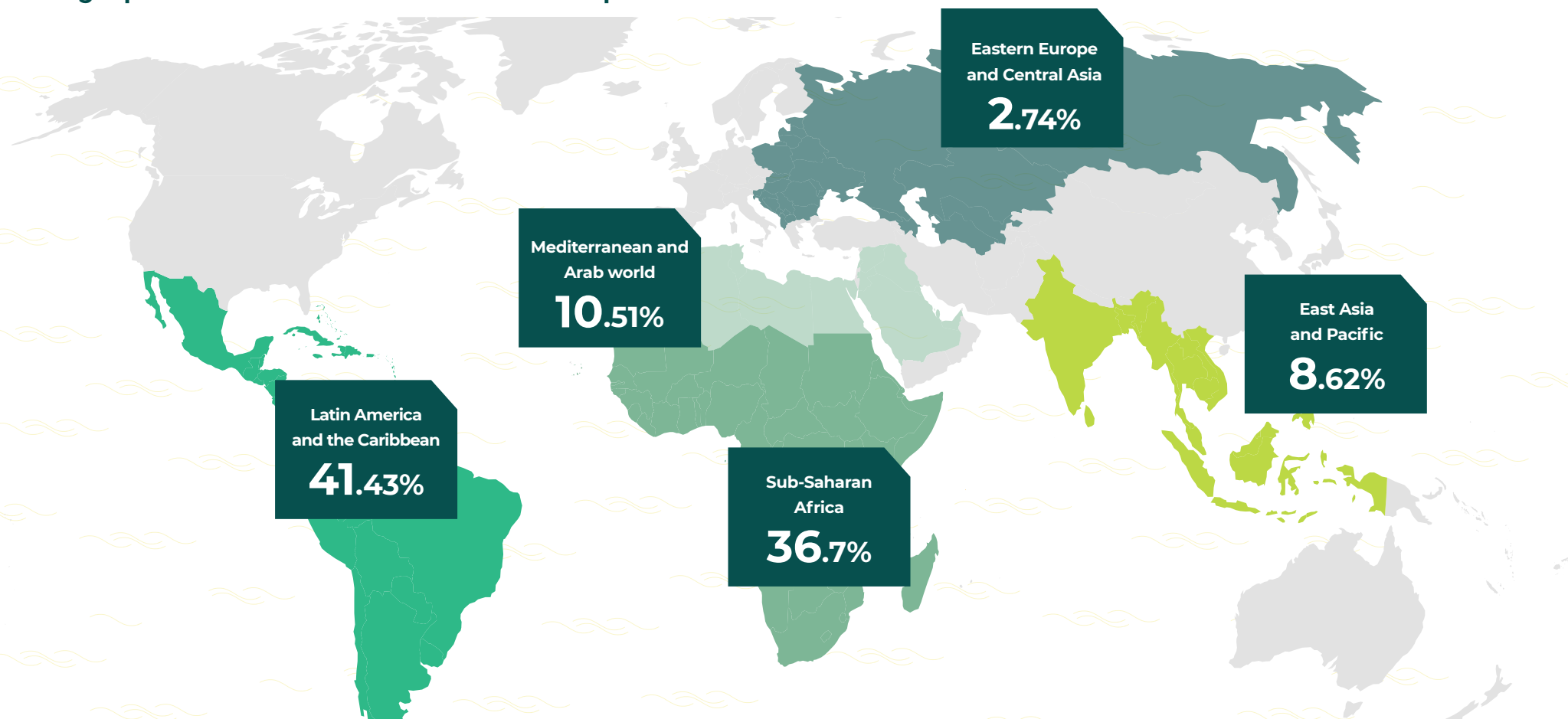
*The complete map of COFIDES's business history can be consulted in "Business History Map".

**Mainly FONREC.

***Operations aimed at promoting the internationalisation of the sponsoring companies by granting financing directly in Spain.



Geographical distribution of FONPRODE portfolio²



Euros 3,491.18 million¹ of assets under management, of which 72% relate to COFIDES, FIEX, FONPYME and FONREC and 28% to FONPRODE.

¹COFIDES is part of the management support for the Development Promotion Fund (FONPRODE). FONPRODE's net assets at 2021. Net assets of COFIDES, FIEX, FONPYME and FONREC at 2022.

² At 2021.

Sustainability management

Achieving a positive impact is based on appropriate management of financial and ESG risks as part of the investment process. COFIDES conducts an analysis of the socio-environmental and corporate governance aspects of the operations, which is essential to promoting their long-term sustainability after COFIDES's temporary intervention in the investment has ended.

The 2022 edition of the GSR Scoreboard published by [Global SWF](#) ranked COFIDES in 15th place, with a score of 80%, among the top 100 State-owned investors worldwide. The GSR Scoreboard analyses governance, sustainability and resilience issues.



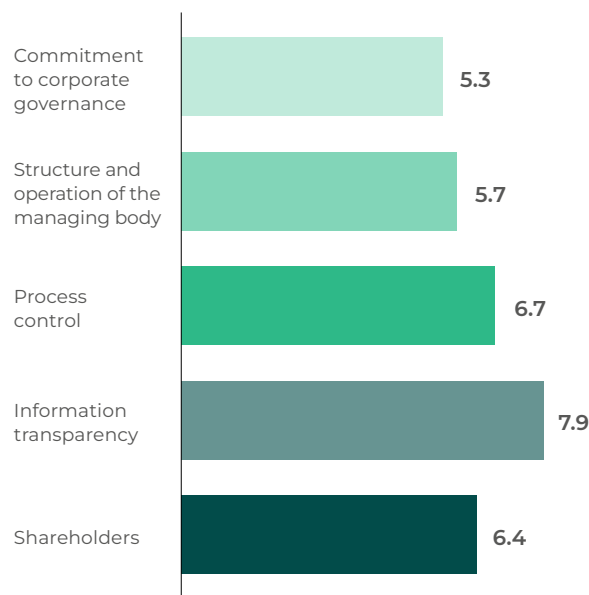
Roundtable held at COFIDES on the closing day of the Sustainable Investment Week organised by Spainsif.

Corporate governance

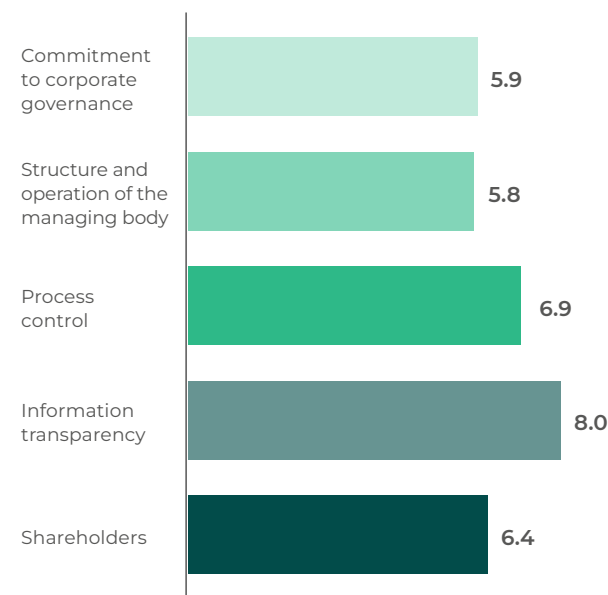
COFIDES promotes good corporate governance practices in the groups of companies it finances. In 2022, the development of these good practices by the Spanish sponsor has been assessed in the financing subscribed using COFIDES, FIEX and FONPYME funds. The evaluation criteria were similar to those of previous years.

Good practices assessed

COFIDES, FIEX, FONPYME



COFIDES



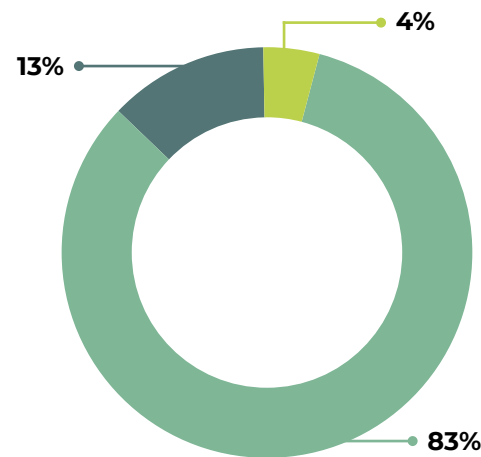
* Scale of 0 to 10.

On the basis of the foregoing assessment, a rating has been assigned to the companies analysed. Each company has been placed in one of the following categories: initial, intermediate and advanced, depending on the level of its corporate governance development.

The objectives for 2023 are to: improve the management of information gathering and assessment of the sponsor's governance practices and explore the possibility of digitising part of the process; review and update the corporate governance questionnaire; and strengthen the corporate governance team.

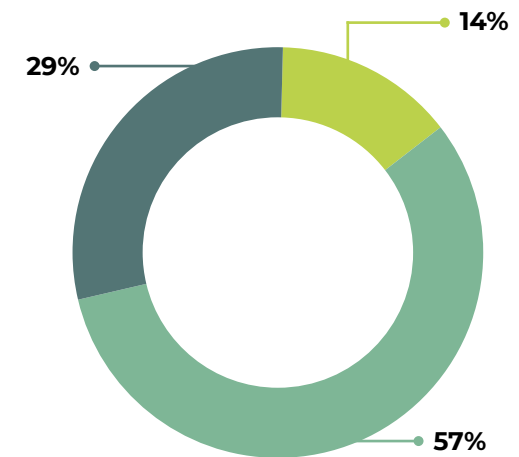


Corporate governance rating. Operations formalised COFIDES, FIEX, FONPYME 2022



- Initial phase - C
- Intermediate phase - B
- Advanced phase - A

Corporate governance rating. Operations formalised COFIDES 2022



- Initial phase - C
- Intermediate phase - B
- Advanced phase - A

Social and environmental considerations

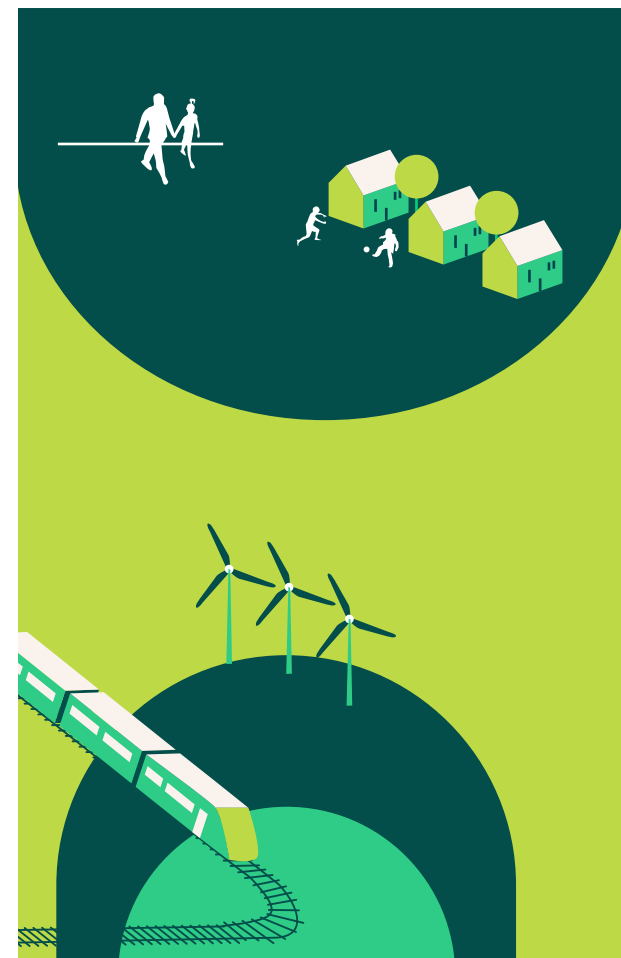
Since 2001, COFIDES has had a Social and Environmental Policy in place, approved by its Board of Directors. In addition, it has had a Gender Policy in place since 2015. These policies include operating procedures covering the entire project life cycle and aligned with international standards of reference at development finance institutions. They apply to all countries where operations are financed.

In 2022, the International Finance and Sustainability Manual aimed primarily at COFIDES-financed companies, was reviewed. This is an eminently practical manual, the main objective of which is to inform about the scope of the Company's socio-environmental policies, the contractual requirements and the reasons behind their content and application.

In the area of governance, a Sustainability Committee will be set up in 2023 within the Board of Directors, which, inter alia, will be responsible for guiding policy in this area, advising the Board of Directors and overseeing stakeholder relations. The Sustainability and

Impact Investing Division, which is part one of the internal decision-making committees, is responsible for identifying, analysing and monitoring the socio-environmental risks of the projects financed, as well as supporting the identification of sustainable projects. The outcome of the related evaluation is included in the project reports submitted for approval to the decision-making committees.

The training of socio-environmental specialists and financial analysts is a fundamental tool for incorporating new skills in analysis that are also aligned with national and international developments in this area. In 2022, a horizontal training on the EU Sustainable Finance Taxonomy was delivered for both profiles of professionals. In addition, one financial analyst and two socio-environmental specialists were certified in the ESG Investing course given by the CFA Institute.



Socio-environmental risk profile of the Internationalisation portfolio

The process of analysing operations results in the assignment of a rating (A, B+, B and C) which classifies operations based on risk and/or potential environmental and social impact and determines the contractual clauses and their subsequent monitoring. The description of the four rating categories can be found in the Parameters section of the report.

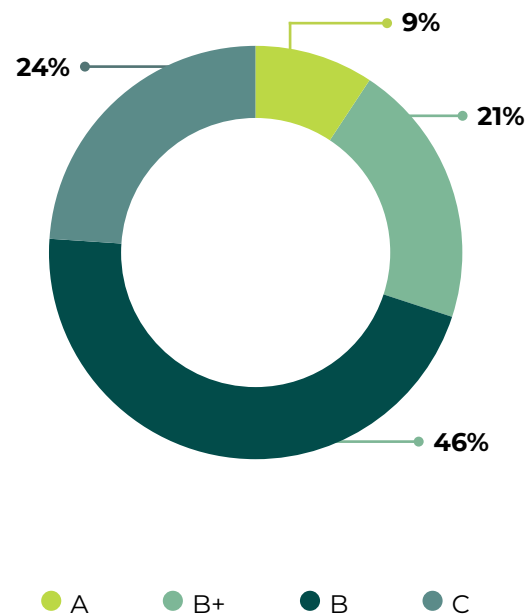
In certain projects with high social risk, COFIDES requires companies to carry out a human rights due diligence process aligned with the UN Guiding Principles on Business and Human Rights. In 2022, a project with medium-high social risk in a developing country was required to carry out a human rights due diligence process, a requirement that had been included in the contract. This process resulted in an action plan that is currently being implemented.

Portfolio operations

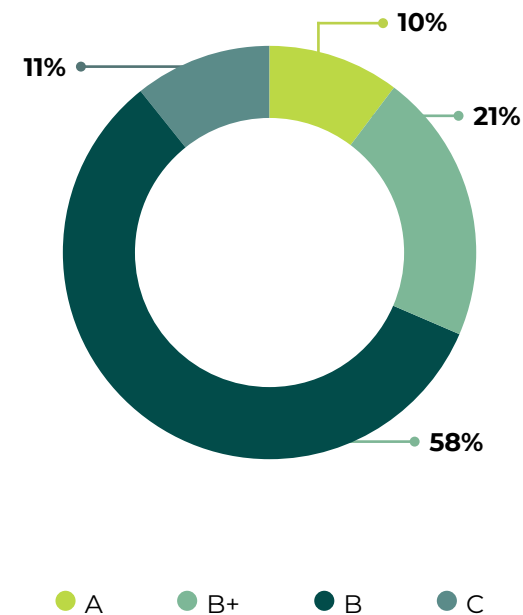
COFIDES, FIEX, FONPYME

(A high risk/high impact; B+ medium-high risk/impact; B medium risk/impact; C low risk/impact).

Environmental rating



Social rating



Socio-environmental risk profile of the FONREC portfolio

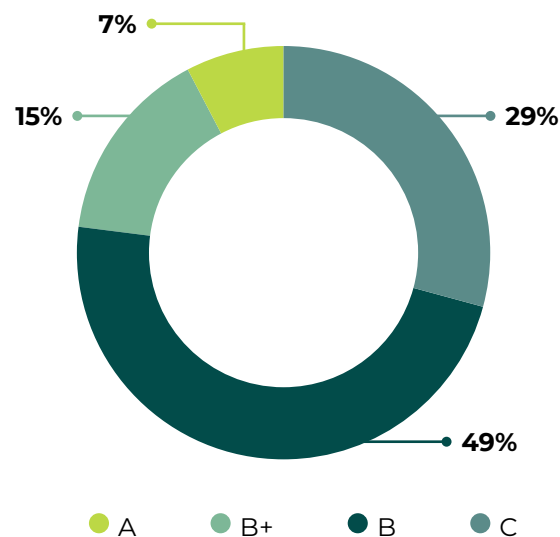
The approval and launch of FONREC in 2021 required the establishment of socio-environmental requirements to be met by the companies receiving financing from this fund. The analysis focuses on the evaluation

Portfolio operations

FONREC

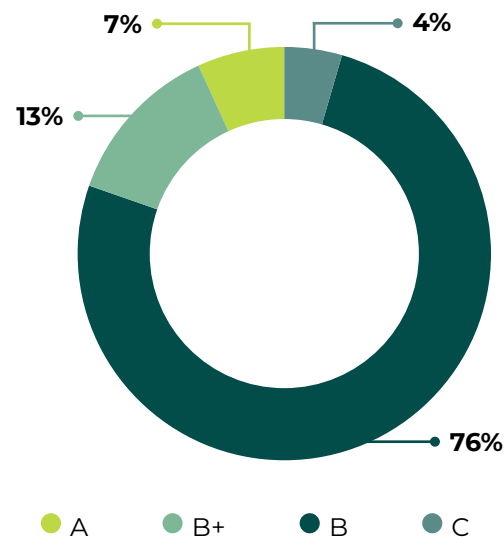
(A high risk/high impact; B+ medium-high risk/impact; B medium risk/impact; C low risk/impact).

Environmental rating



of corporate governance in three areas: cross-cutting socio-environmental risk management, energy transition and adaptation to climate change, and decent work and gender equality. In cases where the company has not had them, clauses have been prepared so that during the first period of the financing they can bridge this gap and implement them.

Social rating



Socio-environmental analysis in FONPRODE projects

In 2022, the socio-environmental analysis targeted new microfinance operations, with special monitoring of the new client protection framework (new pathway) and the new investment funds, ensuring the ESG capacities of the management companies, as well as monitoring the state loans that have begun to be included in the FONPRODE portfolio.

The gender analysis of all operations continues to be deepened, because it is one of the distinctive flagships of the AECID, in which not only quantitative (employment), but also qualitative (training and empowerment) objectives are pursued. Additional information and data on the impact of this Fund can be found in the [Activity Reports](#) published by the AECID.

Task Force on Climate-Related Financial Disclosures (TCFD)

COFIDES's activity is carried out under the conviction that the financial sector has a leading role to play in mobilising the significant amount of financing that is necessary to meet the SDGs by 2030 and the goals of reducing emissions and decarbonising economies by 2030 and 2050, respectively.

Climate change has major implications for financial institutions, whose investments are not only exposed to the potential consequences of global warming, but also to the regulatory and economic changes needed to combat climate change.

In 2022 COFIDES began to develop the approach to include climate risks in accordance with the recommendations of the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD) relating to governance, strategy, risk management and metrics and targets. It is the main international standard for the disclosure of climate change risks and opportunities in business.

This is the first COFIDES report aligned with the TCFD standard. It includes actions carried

out in 2022 as well as commitments to be carried out in the coming years.

Governance

In 2022, the COFIDES Board of Directors approved the 2022-2024 Strategic Plan, in which Axis 2 (Sustainability and Impact) includes climate targets to ensure that financing activity is aligned with the principles and objectives of the Paris Agreement by the end of the plan. The plan also aims to further consolidate sustainability as a corporate value, using cross-cutting actions such as the inclusion of sustainability objectives in corporate objectives.

The Audit and Risk Committee supports the Board of Directors in the control and management of financial and non-financial risks as well as in the supervision of financial and non-financial reporting.

A Sustainability Committee is planned to be set up in 2023. Its functions will include identifying and guiding sustainability policies, targets, strategy and best practices, as well as advising the

Board of Directors on environmental and social issues.

The Sustainability and Impact Investing Division, which is part one of the internal decision-making committees, is responsible for identifying, analysing and monitoring the socio-environmental risks of the projects financed, as well as supporting the identification of sustainable projects. The outcome of the related evaluation is included in the project reports submitted for approval.



Presentation of the COFIDES Strategic Plan 2022-2024 to the Director of the Office of Climate Change, Valvanera María Ulargui.

Strategy

The current Strategic Plan lays out the company's commitments related to climate action, which include analysing the physical and/or transition risks associated with climate change of the projects in the portfolio, as well as identifying opportunities for climate finance and environmental sustainability in order to make the Company more proactive in project origination. **COFIDES believes that through its funding it can make a positive contribution to SDG 7, Affordable and Clean Energy, and SDG 13, Climate Action.**

The company is also committed to the Paris Agreement on Climate Change through the Declaration on International Public Support for the Clean Energy Transition adopted at COP26 in Glasgow in November 2021, along with other commitments at multilateral and EU level. It is also a signatory to the Harmonised EDFI Fossil Fuel Exclusion List and the EDFI Statement on Climate and Energy Finance.

Climate change presents risks in the markets in which COFIDES operates and in the

operations it supports. Financed projects may be impacted by acute or chronic physical risks and/or transition risks such as policy, regulatory, technology and reputational risks arising from the shift to a low-carbon, climate-resilient economy. A number of risks that may affect clients have been initially identified. The list is indicative only and non-exhaustive.

Physical risks

Type	Associated risk	Potential financial impact
Acute: <ul style="list-style-type: none"> • Extreme weather events. 	<ul style="list-style-type: none"> • Loss and damage to property and assets. • Rising cost of insurance. • Potential for reduced revenue due to reduced production capacity. • Business interruptions. 	<ul style="list-style-type: none"> • Depreciation and early asset disposals. • Changes in customers' repayment capacity. • Financial losses. • Impairment of financed assets.
Chronic: <ul style="list-style-type: none"> • Changes in precipitation patterns. • Rise in average temperatures and sea levels. 		

Transition risks

Type	Associated risk	Potential financial impact
Political and legal	<ul style="list-style-type: none"> • Increase in the cost of CO₂ emissions. • Increased price of emissions to encourage a shift to renewables. • Increased regulatory requirements for risks associated with climate change. • Risks of environment-related lawsuits. 	
Technological	<ul style="list-style-type: none"> • Substitution of existing products and services with lower emission products and services. • Failed investment in new technologies. • Costs to transition to low-emission technology. 	<ul style="list-style-type: none"> • Early disposal of existing assets due to regulatory changes. • Lower profitability of assets and financed operations. • Decline in the creditworthiness of counterparties.
Market	<ul style="list-style-type: none"> • Changing consumer preferences and demand for more sustainable products. • Greater market volatility and costs, supply constraints for coal-based raw materials. 	
Reputation	<ul style="list-style-type: none"> • Greater control by various stakeholders. 	

The Strategic Plan also includes a commitment to earmark 30% of the volume of formalisations in the internationalisation portfolio to climate action and environmental sustainability projects during the 2022-2024 period.

Accordingly, COFIDES joins the commitment adopted by Spain to mobilise funds for projects that foster the transition to a low-carbon economy. The definition of climate finance used by COFIDES is based on the compliance with either the criteria of the Common

Principles for Climate Mitigation Finance Tracking developed by a group of multilateral development banks together with the International Development Finance Club (IDFC), or the European Union's Sustainable Finance Taxonomy Regulation.

Furthermore, in 2023, the List of Activities Excluded from Financing by FIEEX and FONPYME funds, as well as COFIDES's own resources, will be updated to include fossil fuels, such that projects relating

to coal and fossil fuels within the company's value chain will be excluded from financing.

Climate change also presents opportunities for COFIDES in relation to financing resilient projects in various sectors and helping clients enhance resource efficiency and improve environmental management. Examples include projects in the renewable energy, electric transport, resilient agriculture and climate-resilient and low-carbon water infrastructure sectors, as well as green bonds.

controls on the climate risk of each managed resource, which could result in an impact on equity/profit or loss or reputational risks for the company". Adding this risk enables it to be managed and monitored as part of the corporate risk management system.

With regard to the approach to identifying, analysing and managing the climate risks of the projects financed, since 2001 COFIDES has had an environmental and social risk management system integrated into the due diligence process and aligned with international standards (World Bank Group and European counterparts). All financed operations have an environmental rating and a social rating. This categorisation reflects the potential impacts of operations and determines the contractually required environmental and social actions, as well as the level of monitoring of identified risks. The UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human



COFIDES's Head of Sustainability and Impact Division, Rafael Matos, moderated two roundtables at the United Nations Climate Change Conference 2022 (COP27).

Risk management

In 2022 COFIDES began work on incorporating climate risk into the preliminary draft of its corporate risk map, which was initially defined as the "risk of not adequately integrating the deployment of the sustainability strategy at the operational level, through the development of standards or commitments to measure, mitigate and establish

Rights and the ILO Declaration on Fundamental Principles and Rights provide the framework for the actions of financed companies. Work continues on how best to integrate climate analysis into the due diligence process of operations. In order to determine the materiality of climate risks, the exposure of the portfolio in the different sectors as well as at country and geographical area level will be analysed in the future.

COFIDES ensures that its activities do not cause significant harm (DNSH) to the cross-cutting environmental targets set out in the best market practices and comply with international standards of responsible conduct. This approach has been developed taking into account the reference provided by the EU Taxonomy regulation. The proposed criteria to ensure that projects contribute significantly and do not cause significant harm to climate change mitigation and adaptation objectives are particularly relevant as a starting point to technically assess projects and ensure that the financing activity is in line with the decarbonisation pathway contained in the Paris Agreement. In general, and with due flexibility, COFIDES considers these criteria as a "floor", i.e. the level below which a project could be considered to be rejected. On occasion, where justified, a stricter interpretation may be provided for.

With the aim of supporting companies in strengthening their socio-environmental capacities, which can lead to greater resilience, **in 2022 the company launched the COFIDES Impact Programme to boost impact investment, as part of the Recovery, Transformation and Resilience Plan for managing the Next Generation EU instrument.** Its main objective is to promote and facilitate

environmental and social management in the projects financed by COFIDES, FIEX and FONPYME and, accordingly, to shift their production and management approaches towards more sustainable models. **75% of the operations formalised under this programme in 2022 are linked to climate change objectives.** Programme development and implementation will continue in 2023 and 2024.



Speakers who participated in the presentation of COFIDES Impact: COFIDES Director-General Miguel Tiana; Red2Red CEO José Moisés Martín Carretero; Telefónica's Global Director of Sustainability, Elena Valderrábano; COFIDES Chairman José Luis Curbelo; Director of the Spanish Office of Climate Change, Valvanera María Ulargui; BBVA's Global Head of Responsible Business, Antoni Ballabriga; and COFIDES's Head of Sustainability and Impact Investing Division, Rafael Matos.

Metrics and Targets

COFIDES is developing metrics to assess risks and opportunities related to climate change in line with its strategy.

Category of metrics proposed by TCFD	Types of metrics used
GHG emissions Scope 1, 2 and 3; emission intensity.	Total emissions financed (Scope 1, 2 and 3). Emission intensity.
Transition risks Amount and scope of assets and business activities vulnerable to transition risks.	Total emissions (Scope 1 and 2). Work in progress.
Physical risks Amount and scope of assets and business activities vulnerable to physical risks.	Work in progress.
Climate-related opportunities Proportion of revenues, assets or other business activities aligned with climate-related opportunities.	% of climate finance and environmental sustainability operations.
Equity deployment Amount of equity, CAPEX, financing or investment earmarked for climate-related risks and opportunities.	Volume of climate finance and environmental sustainability operations in the portfolio.
Remuneration Directors' remuneration linked to climate considerations.	Climate-related targets.

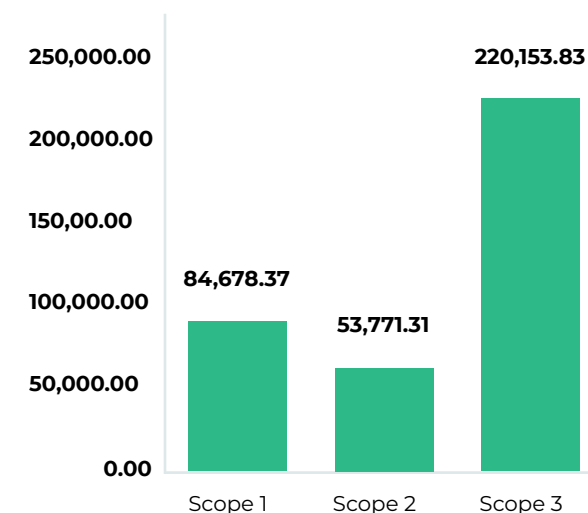
For the first time, **COFIDES has measured and calculated the carbon footprint of its Internationalisation portfolio** for 2021 using the methodology developed by the Partnership for Carbon Accounting Financials (PCAF) and following the Greenhouse Gas Protocol (GHG Protocol). For this purpose, it has compiled information on all transactions operations in the portfolio as at 31 December 2021.

The result is a wide-ranging inventory with the objectives of obtaining a better picture of the impact its investments have on climate change, easily monitor both their attributed emissions and the effectiveness of future decarbonisation measures and begin to engage all its assets in reducing emissions.

Emissions financed from the total portfolio amount to 358,603.51 tCO₂e, of which indirect Scope 3 emissions account for 61% of total emissions. Direct Scope 1 emissions account for 24% and indirect Scope 2 emissions for 15% of the total. The intensity factor (GHG emissions per Euros million of outstanding balance) is 333.84 tCO₂e/Euros million, which is significantly lower than other similar European entities.

2021	Total emissions financed tCO ₂ e (% portfolio)	Breakdown by scope			Emission intensity tCO ₂ e/Euros million € (GHG emissions per Euros million of portfolio balance)
		Scope 1	Scope 2	Scope 3	
Total portfolio	358,603.51 (100%)	24%	15%	61%	333.84
Project finance	290,634.11 (81% of total)	19%	15%	66%	325.28
Corporate finance	42,654.13 (12% of total)	25%	6%	69%	403.26

Financed emissions of the portfolio broken down by scope (tCO₂e)



COFIDES also calculates its carbon footprint from 2019 (Scope 1 and 2) and offsets emissions through collaboration with projects registered with the Spanish Office of Climate Change. The carbon footprint is calculated pursuant to the GHG Protocol.

	Type	tCO ₂ eq. 2020	tCO ₂ eq. 2021	tCO ₂ eq. 2022
Scope 1	Direct emissions from office and corporate vehicles	9.08	12.46	10.73
Scope 2	Indirect emissions from electricity consumption	42.72	80.33	74.43
TOTAL		51.80	92.79	85.16

The increase in emissions in 2021 was associated with the return to the "new normal" after the pandemic and the recovery of in-person working. In 2022, the application of the Energy Saving and Efficiency Measures Plan for the State Public Sector resulted in a reduction of direct and indirect consumption and, therefore, of the carbon footprint in a scenario of business growth and growth in the number of employees.

The amount of climate finance operations formalised in 2022 amounted to Euros 33 million, i.e. 26% of the volume of operations. The criteria for deciding that a project contributes to climate change are based on the compliance with either the criteria of the [MDB/IDFC Common Principles for Climate Mitigation Finance Tracking](#) or the [EU Sustainable Finance Taxonomy Regulation](#). The Taxonomy Regulation establishes technical screening criteria for economic activities with the potential to contribute to climate change mitigation and adaptation in the most significant sectors, and the Common Principles set out principles for

tracking climate change mitigation finance for development finance. Both standards consider an activity as mitigation if it involves an effort to reduce or limit GHG emissions or to enhance their sequestration or removal. The Taxonomy further classifies adaptation activities as those that provide solutions that reduce the risks of current or projected adverse climate impacts or reduce the consequent adverse impacts of such risks on people, nature or assets.

In 2022, for the third consecutive year COFIDES included a raft of material sustainability targets for its activity within the Company's corporate targets and generally linked to the variable remuneration of its employees. Two climate-related targets were identified among these targets.

The 2022-2024 Strategic Plan set a target for new internationalisation portfolio operations dedicated to climate action and environmental sustainability to reach an average of 30% of financing, the same percentage set by other development finance

institutions. In 2022, 26% of formalised operations were reached. This is a significant increase, as in the 2019-2021 period these projects accounted for an average of 10% of the total number of formalisations.

Climate-related targets	Indicators	2022
Climate change mitigation	MW installed capacity	642.6
Climate finance	New operations formalised	26%

Commercial and institutional action

TYPE OF ACTION	INSTITUTIONS INVOLVED	DESCRIPTION
	EDFI	<ul style="list-style-type: none"> • COFIDES actively participates in the working groups led by the association, such as the Chief Investment Officers Task Force and the Harmonisation Task Force, among others. • Consolidation of progress in the harmonisation of socio-environmental standards. • At the EDFI annual meeting, the institutions signed a joint commitment to achieve greater alignment of standards regarding alignment with the Paris Agreement in terms of projects, portfolio, client reporting and human rights standards. • COFIDES sits on the Board of Directors of EDFI Management Company. It participates on the Boards of Directors of the EFP and ICCF investment facilities as an observer.
Institutional action	Other international initiatives	<ul style="list-style-type: none"> • COFIDES is consolidating its position as the main Spanish institution with direct relations with international sovereign wealth funds. It actively participates in meetings of the two leading international sovereign wealth fund forums: the International Forum of Sovereign Wealth Funds (IFSWF) and the One Planet Sovereign Wealth Funds (OPSWF) initiative, taking part in the CEO meeting in Baku (Azerbaijan). • COFIDES has been designated as host of the 15th annual meeting of the IFSWF to be held in Madrid in October 2023, coinciding with the Spanish presidency of the European Union. • COFIDES participates in the meetings of the European, Middle East and North Africa Sovereign Wealth Funds Foundation in the EMENA Sovereign Wealth Funds Collaborative Network and was the host institution for its autumn 2022 meetings. • COFIDES signed collaboration agreements with sovereign wealth funds to explore business and investment opportunities: Mubadala Investment Company, the United Arab Emirates' fund and, with the Qatar Investment Authority, the Qatari fund.
	Publications	<ul style="list-style-type: none"> • COFIDES contributed to issue 927 of the Revista de Economía ICE: Información Comercial Española with the piece <i>Financiación del desarrollo en el marco del blending</i> by the COFIDES chairman.

TYPE OF ACTION	INSTITUTIONS INVOLVED	DESCRIPTION
	Sponsorships and participation in events	<ul style="list-style-type: none"> • For the first time since it was set up, COFIDES Investors' Day was organised with the aim of strengthening the company's institutional relations and building loyalty. Held in June 2022, the event brought together the company's main stakeholders. • COFIDES collaborates with the Universidad Internacional Menéndez Pelayo in the summer course entitled "The road to impact economics: investment and measurement". • COFIDES participated in the EBRD's 31st Annual Meeting and Business Forum held in Marrakech. • It is part of the Finance in Common summit, which focuses on accelerating green transitions for sustainable recovery. • It participates in the World Bank Group/International Monetary Fund Annual Meetings, organised by the World Bank and the International Monetary Fund in Washington D.C. (US). • For the first time as a sponsor, COFIDES took part in the 12th annual Spain Investors Day, which brings together companies from the most important sectors of the Spanish economy. • COFIDES continues its collaboration with the Spanish Exporters and Investors Club.
Institutional action	Other institutional activities	<ul style="list-style-type: none"> • COFIDES hosted the closing session of the 11th annual Sustainable Investment Week, organised by Spainsif, the Spanish Sustainable Investment Forum. • Within the framework of the Recovery, Transformation and Resilience Plan (PRTR) for the Spanish economy, COFIDES presents its new COFIDES Impact programme. • At the United Nations Climate Change Conference 2022 (COP27) held in Egypt, COFIDES organised a roundtable on "<i>Climate finance for the private sector</i>", which analysed the challenges for development financial institutions and the actions of the public and private sectors in the fight against climate change.
	FONREC dissemination activity	<ul style="list-style-type: none"> • In 2022, COFIDES continued to disseminate the fund's activity through the publication of press releases, opinion articles and interviews in the media. • Coordination is sought with chambers of commerce, financial institutions, sectoral associations and other standard setters, and various promotional events are held.

TYPE OF ACTION	INSTITUTIONS INVOLVED	DESCRIPTION
Institutional action	Other relations	<ul style="list-style-type: none"> Within the framework of the visit of the Spanish Prime Minister to South Africa, COFIDES renewed the collaboration agreement with the Industrial Development Corporation of South Africa Limited.
Business action	COFIDES business activity	<ul style="list-style-type: none"> The business development activity of COFIDES's Internationalisation Division in 2022 is part of the new Strategic Plan for the 2022-2024 period. Dissemination and promotion in different forums: <ul style="list-style-type: none"> As part of the activities carried out with the promotion agencies of the autonomous communities, COFIDES participated in conferences and seminars to publicise the financial instruments it provides to companies (ACCIÓ, EXTENDA, SPRI). Follow-up meetings on current collaboration agreements and meetings to present co-financing opportunities (Instituto Vasco de Finanzas, Basque Trade & Investment, ELKARGI). Collaboration with representative institutions such as the Exporters Club, Banco Sabadell —under the Export to Grow programme— and the Spanish Chamber of Commerce, as well as sectoral associations (Spanish Federation of Food and Drink Industries (FIAB), Instituto para la Calidad Turística Española). ICEX Spain Trade and Investments and COFIDES continued to work together in 2022. COFIDES participated in the Mission of Spanish companies organised in March in Marrakech by ICEX and the Economic and Commercial Office of Spain in Rabat in collaboration with the EBRD, the Multilateral Partnership for Development held in Cairo and the Business Meeting in the Dominican Republic. Webinars: "Financing mechanisms for companies of Spanish interest in Mexico" organised by ICEX together with the Commercial Office of Mexico and "Conference on financial advice for internationalisation" aimed at Canary Islands companies. COFIDES continues to foster relations with multilateral and bilateral development institutions such as EDFI, DEG, EBRD and CAF. Working meetings were held with investment sponsorship entities and embassies such as Colombia, Ecuador and Canada, and with Business France, with which working breakfasts were organised in Barcelona, Bilbao and Madrid to present the services provided by Business France and COFIDES's financial support to companies with investment projects in France.

TYPE OF ACTION	INSTITUTIONS INVOLVED	DESCRIPTION
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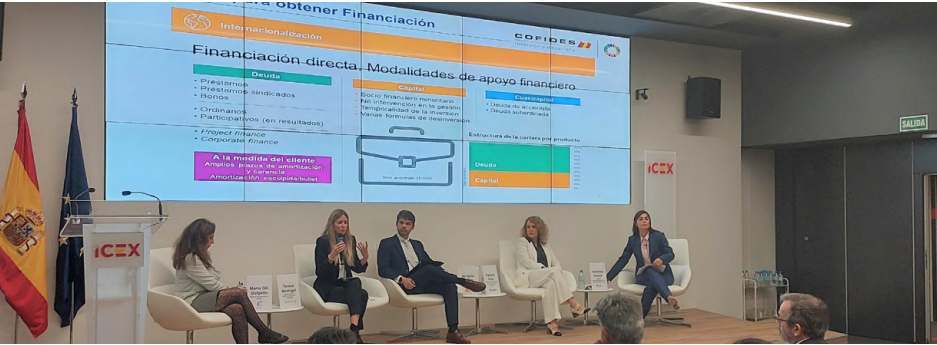
Business action	COFIDES business activity	<ul style="list-style-type: none"> • Contact with 460 new potential customers with internationalisation projects (626 in 2021). • Proactivity in the identification of target companies is aimed at those with investment projects in the countries previously identified as priorities in the Strategic Plan 2022-2024. By type of company, 70% of the contacts made were with SMEs (75% in 2021). 237 meetings were held with potential customers, a much higher number than in 2021 (121).
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COFIDES chairman José Luis Curbelo speaking at the Universidad Menéndez Pelayo summer course entitled "The road to the impact economy: investment and measurement".



Signing of the agreement between COFIDES and the Qatar Investment Authority.



Internationalisation manager Teresa Madrigal presents COFIDES instruments at an event organised by the FIAB.



Meeting of Julia Rabadán, manager of Partnerships for Development, with representatives of Honduran organisations.

04

**Our
organisation**

Board of Directors and Management team

Board of Directors*



Image of the 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

Ms. Eva Bueno Velayos

Global Head Cash Management
Banco Santander, Corporate &
Investment Banking

Ms. Silvia Díez Barroso

International Finance Director
Official Credit Institute (ICO)

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 Programme
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.

Ms. Mercedes Storch de Gracia Calvo

Head of Fond-ICO Next Tech
and International Relations
Axis Participaciones Empresariales,
S.G.E.I.C., S.A., S.M.E.

Mr. Pablo de la Torre Rodríguez

Director of the Foreign Trade Area
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

Vice-Secretary

* At 31 December 2022.

Management team*



Chairman and Chief Executive Officer

Mr. José Luis
Curbelo Ranero



Director-General

Mr. Miguel Tiana
Álvarez



General Secretary

Mr. Javier Castro
López



Head of the Investment Department

Mr. Miguel Ángel
Ladero Santos



Head of the Talent and Technology Division

Mr. Fernando
Aceña Moreno



Head of the Inter- nationalisation Division

Ms. Ana Cebrián
Parrondo



Head of the General Secretariat Division

Ms. Ana Victoria
Fernández Sáinz
de la Maza



Head of the Finance and Risk Division

Ms. Carolina
Fernández-
Puebla Muñiz



Head of the Internal Control Division

Ms. María Victoria
de Luis Durán



Head of the Sustainability and Impact Investing Division

Mr. Rafael Matos
Martínón



Head of the Solvency Division

Mr. José Luis
Ocasar Eusebio



Head of the Partnerships for Development Division

Mr. José Carlos
Villena Pérez

* At 31 December 2022.

Team

COFIDES deems its human resources to constitute the company's foremost competitive advantage. Accordingly, it pursues 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.

COFIDES has a procedure on competence, training and working environment, as well as annual training plans. Approved by the Management Committee, the 2022 Training Plan addressed other issues such as new developments in the EU Taxonomy, bankruptcy reform, EDFI, diversity, AML/CFT and the prevention of occupational risks, among others. English and French continue to be taught on an ongoing basis, particularly for those who need to use them when performing their duties. In addition, COFIDES fully pays for language classes. Lastly, note should be made of the complete digitisation of the training plan following the effects of the health crisis caused by COVID-19.

	Number	Women
Senior and technical managers	25	52%
Technical staff	56	61%
Support staff	10	90%
TOTAL	91	62%



Schooling

3% PhDs

64% MScs/MBAs

84% Five-year university degrees

4% Four-year university degrees

13% Other specialised courses



10.41
Average seniority



45.28
Mean age

Type of employment contract

89%
Permanent


11%
Temporary

Permanent (full-time)

 **50** female employees


 **31** male employees

Temporary (full-time)

 **6** female employees

 **3** male employees

Temporary (part-time)

 **1** male employee



COFIDES employees.

Training

Investment (mean per employee)



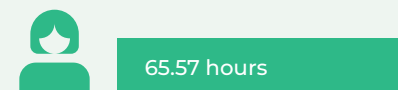
Staff covered by training plan



Meaning training hours by category



Average hours by sex



Remuneration at COFIDES is based on a salary grid drawn up by the Company in 2012 with the support of specialised external consultants. It includes the various categories that exist at the company: support staff, analyst, manager and head of unit, with seven salary levels per grade. The grid also includes the remuneration of the heads of division based on the decision taken by Senior Management in 2013.

The salary grid has been updated annually with the percentage salary increases set out in the successive General State Budget Laws. It also includes the maximum percentage (of fixed remuneration) of the variable remuneration or bonus that an employee may receive depending on the fulfilment of the individual, division and corporate targets set out in the Performance Appraisal System (SAR).

The remuneration of new employees is determined by applying the salary grid. The level is decided by the Selection Board with the approval of the director-general at the end of the selection process on the basis of the experience, training, proven knowledge and skills of the successful candidate.

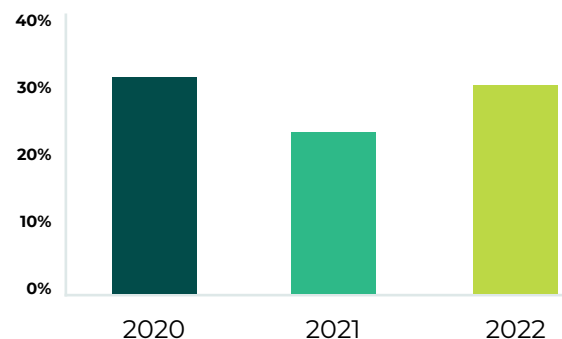
The ratio of the total remuneration (including fixed and variable remuneration) of the highest paid person at COFIDES (the chairman) to the median total compensation of all employees excluding the highest paid person is 0.32. In other words, the highest paid person receives a total remuneration of 3.27 times the median total remuneration of the company's employees.

The total annual compensations (including fixed and variable remuneration) of the two highest paid persons at the company (the chairman and the director-general) were set by Royal Decree 451/2012, of 5 March, which regulates the remuneration regime for senior managers and executives in the public business sector and other entities. The percentages of annual increases in their remuneration are set out in the successive General State Budget Laws, verified annually by the Ministry of Finance and Public Function, and this percentage is identical to that of the rest of the workforce, such that the percentage increase ratio is the same for all persons working at the company. In 2022 the percentage increase was legally set at 3.5%.

As regards non-employee workers, in 2022 there were four people for IT, reception and messaging positions, as well as three workers who were hired on an ad hoc basis for legal advisory services in managing the FONREC. All were outsourced. In addition, there were four interns working in business divisions.

In 2019 COFIDES joined the *#Dónde están ellas?* initiative led by the European Parliament's office in Spain. The manifesto promotes gender equality through the active participation of women in external events organised by the signatory institutions. Women were present speakers at 33% of the events organised by COFIDES in 2022.

COFIDES events - Women speakers



COFIDES has an equality plan, and an executive summary of the [Equality, Diversity and Inclusion Report](#) is available on the website.



Carbon-neutral office

Since 2019, the company has committed to calculating and offsetting the carbon footprint of COFIDES facilities vis-à-vis the Spanish Ministry of Ecological Transition and Demographic Challenge's Office of Climate Change (OECC), for which the mandatory report has been submitted to the ministry in order to obtain the seal for 2022.

Emission data for 2020, 2021 and 2022 can be found under TCFD.



COFIDES office.

Stakeholder relations

National and international private and public sectors are progressively joining forces with academia to rise to the world challenges identified in Agenda 2030. COFIDES, aligned with this trend, maintains working relations with a number of organisations in those realms. Ongoing dialogue is the basis of the relationship between the company and its stakeholders. In preparing the Strategic Plan, meetings were held with various stakeholders in 2022.

STAKEHOLDER RELATIONS			
CATEGORIES	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
SHAREHOLDERS	Public and private shareholders	General Meeting of Shareholders	Half-yearly
		Board of Directors	Monthly
		Audit and Risk Committee	Periodically
		Collaborative working meetings	Occasional
GENERAL STATE ADMINISTRATION	Secretary of State for Trade Directorate General of International Trade and Investment	FIEX and FONPYME Executive Committees	Monthly
		FONREC Technical Investment Committee	Periodic
		Institutional issue-based meetings	Occasional
	Secretary of State for International Cooperation AECID	FONPRODE Executive Committee	Quarterly
		Bilateral meetings	Periodic
	Ministry for Ecological Transition and the Demographic Challenge Spanish Office of Climate Change	Meetings	Occasional

STAKEHOLDER RELATIONS			
CATEGORIES	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
GENERAL STATE ADMINISTRATION	Ministry of Finance	IGAE audits	Annual
	Court of Auditors	Audit reports	Occasional
PARTNERS IN THE BUSINESS AND IN THE INTERNATIONALISATION PROCESS	Companies	Negotiation	
		Integrated analysis	Permanent
		Business meetings, investment forums and seminars	Occasional
		Satisfaction surveys	Annual
	AGE public entities	Integrity channel	Permanent
	Other public bodies	Meetings at different levels	
		Seminars and forums	Occasional
		Partnership agreements	
	Private associations		
	Impact investment funds		
	Regional agencies		
	EDFI	Board of Directors	Periodic
		Annual General Meeting	Annual

Letter from the Chairman	Introduction	Our actions and their impact	Management activities	Our organisation	Annual accounts	Supplementary information
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STAKEHOLDER RELATIONS			
CATEGORIES	STAKEHOLDER	TYPE OF RELATIONSHIP	FREQUENCY
PARTNERS IN THE BUSINESS AND IN THE INTERNATIONALISATION PROCESS	EDFI	EFP/ICCF investment committees Issue-based working groups Task Force - Harmonisation Initiative on Responsible Financing and Impact Measurement	Periodic
	European Commission (DG INTPA and DG NEAR)	Blending meetings	Occasional
	UN (Green Climate Fund)	Meetings	Occasional
	Other multilateral organisations	Meetings Seminars and forums	Occasional
	Sovereign wealth funds	Meetings Conventions and agreements	Periodic
	Academics	Reports	One-off Permanent
THINK TANKS	Foundations and associations	Seminars	
		Integrity channel	
THIRD SECTOR	NGO		

Stakeholder Relations			
CATEGORIES	Stakeholder	Type of Relationship	Frequency
TEAM	Employees	Notes from internal committees	Weekly
		Internal meetings	Periodic
		Workers' committee	
		Internal newsletter	Occasional
		Welcome days	
		Integrity channel	Permanent
MEDIA	National and regional newspapers. Specialised journals	Press releases	Occasional
		Social media	Permanent
		Advertising	Occasional



05

**Annual
accounts**

Audit report issued by an independent auditor

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**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 2022

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

MAZARS Auditores, S.L.P. Domicilio Social: Calle 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 2022, 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 2022, 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.

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

En la nota 4.6.5 de la memoria adjunta 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:

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- La Política de Cobertura de Riesgos por Deterioro de Valor es de aplicación para todas ellas con la única excepción de las operaciones de capital a precio abierto que se valoran a valor razonable.
- 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 razonabilidad de los ratings establecidos en base a las políticas de la entidad.
- 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.

Ingresos por comisiones – Aplicación de la nueva orden ministerial

Tal y como se describe en la nota 18.1, la remuneración a favor de la Entidad por la gestión y el asesoramiento de fondos públicos viene determinada por distintas Órdenes Ministeriales. Como consecuencia de los cambios que se han producido a lo largo de los últimos 20 años, tanto en el entorno, como en los instrumentos financieros en los que participan los fondos FIEX y FONPYME, con fecha 16 de junio de 2022, la Ministra de Industria, Comercio y Turismo firmó la «Orden por la que se regula la remuneración que ha de percibir la Compañía Española de Financiación del Desarrollo, COFIDES, S.A. como gestora del Fondo para Inversiones en el Exterior (FIEX) y el Fondo para operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa (FONPYME)», sustituyendo a la Orden Ministerial de 28 de julio de 1999 que había venido regulando la remuneración a la Gestora.



La nueva Orden mantiene los principios de la anterior — la remuneración debe incentivar la eficiencia en la gestión, debe ser diferenciada por fases de la inversión y debe ser suficiente para remunerar el capital de la Gestora — pero ajusta las comisiones a percibir por COFIDES.

Este hecho ha provocado que, desde el 16 de junio de 2022 la entidad ha obtenido remuneraciones diferentes por la prestación de sus servicios a los fondos FIEEX y FONPYME. Dado que este hecho ha supuesto una modificación sustancial en el importe de los ingresos por comisiones a estos Fondos, consideramos este aspecto como relevante en nuestra auditoría.

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

- Mantenimiento de reuniones con la Dirección de la entidad para el entendimiento de las nuevas condiciones aplicables desde el 16 de junio de 2022 para los diferentes servicios establecidos.
- Análisis a través de test de detalle que las nuevas condiciones establecidas en la nueva Orden Ministerial con fecha 16 de junio de 2022 se aplican de forma adecuada a la prestación de servicios de la Entidad.
- Verificación que, para aquellas comisiones que desaparecen con la nueva Orden Ministerial, no se encuentran registrados ingresos correspondientes a esta naturaleza de servicios, desde la fecha de entrada en vigor de la misma

Otra información: Informe de gestión

La otra información comprende exclusivamente el informe de gestión del ejercicio 2022, 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 2022 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 verse 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:

- 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.

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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.

Madrid, 4 de abril de 2023

MAZARS AUDITORES, S.L.P.
ROAC N°S1189



MAZARS AUDITORES, S.L.P

2023 Núm. 01/23/03143
96,00 EUR

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

Carlos Marcos Corral
ROAC N° 17577

Annual accounts

For the financial year ending 31 December 2022

Balance sheet as at 31 December 2022 (in thousands of euros)

ASSETS	Note	2022	2021
NON-CURRENT ASSETS		99,285	105,890
Intangible fixed assets	5	-	17
Computer software		-	17
Property, plant and equipment	6	490	522
Other facilities		283	317
Furniture		93	112
Information processing equipment		114	93
Long-term financial investments	10	98,795	105,351
Equity instruments		7,523	9,450
Loans to companies		78,280	84,841
Debt securities		3,500	-
Other financial assets		136	115
Debtors - funds		9,356	10,945
CURRENT ASSETS		94,615	73,315
Non-current assets held for sale	7	446	446
Trade and other receivables	10	12,950	14,733
Debtors		507	438
Debtors - funds		11,571	14,249
Other debtors	10	872	-
Receivables from public administration		-	46
Short-term financial investments	10	48,895	29,921
Loans to companies		12,474	14,421
Credits to companies, interest receivable		749	476
Other financial assets		5,047	15,024
Debt securities		30,625	-
Short-term accruals		143	224
Cash and cash equivalents	11	32,181	27,991
Liquid assets		32,181	27,991
TOTAL ASSETS		193,900	179,205
Off-balance Sheet Items, liquid debt	19	854	171

Annual accounts

Balance sheet as at 31 December 2022 (in thousands of euros)

EQUITY AND LIABILITIES	Note	2022	2021
EQUITY		189,344	172,652
Registered capital	12	39,396	39,396
Reserves		128,938	109,693
Legal and statutory		7,879	7,879
Other reserves		121,059	101,814
Profit/loss for the year	3	20,334	21,113
Valuation Adjustments		676	2,450
Financial assets at fair value with changes in equity	14	676	2,450
NON-CURRENT LIABILITIES		1,075	816
Long-term payables		850	-
Long-term debt	14	850	-
Deferred tax liabilities		225	816
CURRENT LIABILITIES		3,481	5,737
Liabilities related with non-current assets held for sale	7	588	613
Trade and other payables		2,603	3,966
Sundry payables	14	506	2,633
Staff (remunerations pending payment)		486	327
Current tax liabilities	16	923	386
Other payables to public administration	16	688	620
Other financial liabilities	16	-	-
Short-term accruals	15	290	1,158
TOTAL EQUITY AND LIABILITIES		193,900	179,205
Memorandum account, treasury, EU liabilities	19	854	171

Annual accounts

Profit and Loss Account for the year ended December 31, 2022 (in thousands of euros)

ONGOING OPERATIONS	Note	2022	2021
Net turnover	18.1	37,303	33,188
Other operating income		189	257
Staff expenses	18.2	(6,926)	(6,354)
Wages, salaries and similar expenses		(5,399)	(4,854)
Employer contributions		(1,527)	(1,500)
Other operating expenses		(4,329)	(983)
External services	18.3	(3,766)	(3,617)
Taxes	19.3	(109)	(141)
Losses, impairment and changes in provisions for trade operations	11.1 and 11.2	(439)	2,875
Other day-to-day operating expenses		(15)	(100)
Depreciation and amortisation charge	5, 6	(174)	(181)
Impairment losses and profit/loss on disposal of fixed assets	5, 6 and 7	-	(30)
Impairments and losses		-	(30)
Other profit/loss		-	-
OPERATING PROFIT/LOSS		26,063	25,897
Financial income	18.4	139	-
From negotiable securities and other financial instruments from third parties		139	
Financial expenses	18.5	(213)	(205)
From other debts to third parties		(213)	(205)
Exchange differences		(178)	243
FINANCIAL PROFIT/LOSS		(252)	38
PRE-TAX PROFIT/LOSS		25,811	25,935
Profit taxes	16.1	(5,477)	(4,822)
PROFIT/LOSS FOR THE YEAR	3	20,334	21,113

Annual accounts

Statement of changes in equity for the year ended December 31, 2022 (in thousands of euros)

A) Statement of recognised income and expenses pertaining to the financial year ending on 31 December 2022.

	Note	2022	2021
A) Income statement bottom line	3	20,334	21,113
Income and expenses directly recognized in equity		(1,774)	2,450
I. For valuation of financial instruments			
1. Financial assets at fair value with changes in equity		(1,774)	2,450
B) Total income and expenses recognised directly in equity		(1,774)	2,450
TOTAL RECOGNISED INCOME AND EXPENSES (A + B)		18,560	23,563

B) Statement of total changes in equity corresponding to the financial year ending on 31 December 2022.

	Registered capital (Note 12.1)	Legal reserve (Note 12.2)	Other Reserves (Note 12.3)	Profit/loss for the year (Note 3)	Dividends (Note 3.1)	Valuation Adjustments	Total
BALANCE AT 31 DECEMBER 2020	39,396	7,879	92,641	10,189	-		150,105
Total recognised income and expenses in 2021	-	-	-	21,113	-	2,450	23,563
Distribution of profit for the financial year of 2020:							-
To reserves	-	-	9,173	(9,173)	(1,016)		(1,016)
To dividends	-	-		(1,016)	1,016		-
BALANCE AT 31 DECEMBER 2021	39,396	7,879	101,814	21,113	-	2,450	172,652
Total recognised income and expenses in 2022	-	-	-	20,334	-	(1,774)	18,560
Distribution of profit for the financial year of 2021:							-
To reserves	-	-	19,245	(19,245)	(1,868)		(1,868)
To dividends	-	-		(1,868)	1,868		-
BALANCE AT 31 DECEMBER 2022	39,396	7,879	121,059	20,334	-	676	189,344

Annual accounts

Statement of cash flows for the year ended December 31, 2022

	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss for the year before taxes		25,811	25,935
Adjustments to profit/loss		687	(2,489)
Depreciation and amortisation charge (+)	5, 6	174	181
Impairment losses (+/-)			
Changes in provisions (+/-)	10.1 and 10.2	439	(2,875)
Proceeds from divestments of fixed assets (+/-)		-	-
Financial income (-)		(139)	-
Financial expenses (+)		213	205
Other income and expense (-/+)		-	-
Changes in working capital		(15,498)	(11,700)
(Increase)/Decrease in debtors and other accounts receivable		1,337	(5,106)
(Increase)/Decrease in other current assets		(18,829)	(2,978)
Increase)/(Decrease) in creditors and other accounts payable		(1,363)	2,916
Increase)/(Decrease) in other current liabilities		(893)	(856)
Other non-current assets (+/-)		4,250	(5,676)
Other cash flow from operating activities		(4,997)	(4,412)
Interest paid (-)		(213)	(205)
Interest received (+)		139	0
Income tax received (paid) (+/-)		(4,923)	(4,207)
Cash flow from operating activities		6,003	7,334
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for investments (-)		(125)	(79)
Intangible fixed assets	5	-	-
Property, plant and equipment	6	(125)	(79)
Collections for disposal of assets (+)		2	8
Other financial assets		2	8
Cash flow from investing activities		(123)	(71)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from and payments for financial liabilities		-	-
Repayment and amortisation of		-	-
Debt with financial institutions (-)		-	-
Dividend and interest on other equity instruments paid	3.1	(1,868)	(1,016)
Dividends		(1,868)	(1,016)
Cash flow from financing activities		(1,868)	(1,016)
EFFECT OF EXCHANGE RATE VARIATIONS		178	(243)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,190	6,004
Cash and cash equivalents at the start of the year	11	27,991	21,987
Cash and cash equivalents at the end of the year	11	32,181	27,991

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Annual Accounts Report for the year ended December 31, 2022

1. Nature and activities of the company

Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (henceforth, the company or COFIDES), is a State-owned trading company whose corporate purpose is to promote, with profitability criteria, the economic and social development of emerging and developing countries, in the main through the granting of financing to private projects with Spanish interests which are carried out in said countries.

It is also the corporate purpose of COFIDES to manage any public funds assigned to it by a regulation with the force of law, as well as to support the management of public funds or the rendering of advice services with regard to the management of public funds, which have also been assigned to it by a regulation with the force of law.

Law 66/1997 of 30 December designated COFIDES as the manager of Fondo para Inversiones en el Exterior, F.C.P.J. (henceforth,

FIEX) and of the Fondo para Operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa, F.C.P.J. (henceforth, FONPYME), in its own name and on behalf of said funds. In addition, the activities and operation thereof are regulated by R.D 1226/2006 of 27 October, which repealed the previous R.D. 2815/1998 and which, in turn, has been amended by R.D. 862/2010 of 2 July, R.D. 321/2015 of 24 April and R.D. 72/2016 of 19 February. Said funds are assigned annually from the General State Budget and they are intended to promote the internationalisation of company activity and, in general, of the Spanish economy, through participative financial instruments, on a co-financing basis with the company promoting the project.

Law 14/2013 supports entrepreneurs and their internationalisation, besides amending Law 66/1997 which created FIEX and FONPYME, included the power of COFIDES to cooperate in the identification and analysis of investment projects liable to be financed from the Company Internationalisation Fund (henceforth, FIEM), managed by the Secretary of State for Trade, Industry and Tourism.

The second final provision of Law 8/2014 of 22 April, on the hedging by the State of the risks of the internationalisation of the Spanish economy, considers that the management of the Fund for the Promotion of Development (henceforth, FONPRODE), including the study, planning, negotiation and monitoring of subsidies from the latter, is the competence of the Ministry of Foreign Affairs and Cooperation through the competent Secretary of State with regard to international cooperation on development and of the Spanish International Cooperation Agency for Development, with the support of COFIDES.

The approval of Law 8/2014 involved a further recognition of COFIDES as the Spanish Institution for Development Financing, accruing to its membership of the European Development Finance Institutions (henceforth, EDFI). The duties pertaining to COFIDES with regard to supporting the management of FONPRODE are regulated in article 8 of R.D. 597/2015 of 3 July, which approves the Regulation of this Fund.

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Since May 2016, COFIDES has been an entity accredited before the European Commission (henceforth, EC), which enables it to indirectly manage funds from the Community budget. COFIDES may assume the role of the main co-financier in blending operations, a financing instrument which is coordinated through the combination of subsidies of the European Union with the financing of accredited public and private financial entities.

In October 2018 COFIDES was designated as an accredited entity before the Green Climate Fund (henceforth, GCF), a United Nations Convention Framework Fund on Climate Change which emerged in late 2010. The accreditation of the GCF allows COFIDES to mobilise resources from the Fund to finance public or private projects for the mitigation and/or adaptation to climate change in developing countries. COFIDES may structure projects for the sum of up to M\$250 and with any environmental and social risk level (including category A). The resources of the GCF, which are combined with the refundable financing of accredited entities, may be instrumentalised in the form of concessional loans, stakes in capital, guarantees and donations.

Royal Decree-Law 5/2021 of 12 March on extraordinary measures to support corporate

solvency in response to the Covid-19 pandemic creates the Fondo de recapitalización de empresas afectadas por la Covid-19, F.C.P.J. (Recapitalisation Fund for companies affected by Covid-19) (henceforth, FONREC), with a budget assignment of M€1,000 and it assigns its management to COFIDES.

On 13 June 2016, the Secretary of State for Trade transferred to the company, by way of a Resolution, 850 thousand euros to the Programme to Drive Impact Investment Projects -COFIDES Impact- in the context of the Recovery, Transformation and Resilience Plan. Law 31/2022 of 23 December on the General State Budget for 2023 includes an item of an additional 850 thousand euros for this Programme, also pertaining to funds from the Recovery, Transformation and Resilience Plan.

In the context of the promotion of the internationalisation of Spanish companies, COFIDES Impact sets out to establish a link between financing and the impact of investments through key project indicators or the establishment of management procedures which better position companies in their contribution to the Sustainable Development Goals set out in Agenda 2030, and both the operations financed by COFIDES and from

its own resources, and from the FLEX and FONPYME funds, are potentially eligible.

The registered and tax office of the company is located at Paseo de la Castellana, 278, planta 3, Madrid, Spain.

2. Basis of presentation

The annual accounts were drawn up by the Company Directors for submission to approval by the General Shareholders' Meeting and they are expected to be approved without any changes.

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

2.1. True and fair view

The annual accounts for the financial year closing on 31 December 2022 were obtained from the company's accounting records and they have been submitted in accordance with the prevailing commercial legislation and the General Chart of Accounts approve by Royal Decree 1 enacted on 12 January 2021, with the aim of giving a true and fair view of the equity and financial position, the earnings from its transactions, changes in equity and

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cash flows which have occurred during the financial year.

There is no mandatory accounting principle which, with a significant impact, has ceased to be applied to the drawing up of these annual accounts. Neither have any non-mandatory accounting principles been applied.

2.2. Comparison of information

For comparative purposes, the annual accounts show, for each of the items in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the report, in addition to the figures for 2022, those corresponding to the previous year, which formed part of the annual accounts for 2021, approved by the General Shareholders' Meeting on 25 May 2022.

2.3. Critical aspects of valuation and estimation of relevant uncertainties and judgements in the application of accounting policies

The preparation of the annual accounts requires the application of relevant accounting estimates and the making of judgements,

estimates and assumptions in the process of applying the company's accounting principles. In this regard, the following is a summary of those aspects involving a greater degree of judgement and complexity or areas where assumptions and estimates are significant for the preparation of the annual accounts.

Impairment losses

The company has a Risk Hedging Policy owing to value Impairment based on the historic analysis of the behaviour of operations in line with their credit rating. The result of the analysis is an estimate of the recoverable value of assets for each rating category which serves as the basis for the determination of the value impairment percentages. Every year the company verifies the reliability of the impairment percentages compared with the updating of the recoverable value information.

The company has an Investments area and a Risks area whose specific tasks include the supervision and management of the risk of its commercial financial operations; the result of its analysis and assessment of the risks assumed is summarised in the operation rating (Note 4.6.7).

2.4. Functional and presentation currency

The annual accounts are presented in thousands of euros, rounded to the nearest thousand, which is the company's functional and presentation currency.

3. Distribution of profit

a) Distribution of profit

The distribution of profit for financial year ending on 31 December 2021, drawn up by the Directors and approved by the General Shareholders' Meeting on 25 May 2022 consisted of:

	2021
Basis of distribution	Euros
Profit for the financial 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

The proposed distribution of profit for the financial year ended 31 December 2022, prepared by the Directors and pending approval by the General Shareholders' Meeting, consists of the following:

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	2022
Basis of distribution	Euros
Profits for the financial year	20,333,457.79
Distribution	
Distribution of dividends	1,796,070.00
Legal reserve	
Capitalisation reserve (*)	1,924,463.83
Voluntary reserve	16,612,923.96
TOTAL	20,333,457.79

(*) In compliance with the requirements set out in article 25 of Law 27/2014 of 27 November, regarding Corporation Tax, with regard to the capitalisation reserve, an assignment is proposed as part of the distribution of earnings for 2022 from the profits for the year for the sum of 1,924 thousand euros (917 thousand euros in 2021) to the Capitalisation Reserve. (Note 16.1).

b) Limitations on the distribution of dividends

The company must transfer 10% of its financial year profit to the legal reserve until it amounts to at least 20% of the share capital. This reserve is not available for distribution to shareholders until it exceeds the limit of 20% of share capital (Note 13).

Once the amounts established by law or the bylaws have been met, it is only possible to distribute dividends charged against financial

year profit or unrestricted reserves if the value of the equity is not or, as a consequence of the distribution, will not be lower than the share capital. For these purposes, the profits attributed directly to equity will not be distributed either directly or indirectly. If there are losses from previous financial years that cause the value of the company's net equity to be lower than the share capital, the profits will be used to offset these losses.

4. Accounting principles

The main recognition and posting criteria used by the company in the preparation of these annual accounts were as follows:

4.1. Intangible fixed assets

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

After initial recognition, intangible fixed assets are valued at their cost, minus the accumulated amortisation amount and, where applicable, the accumulated amount of corrections posted owing to impairment.

For each intangible fixed asset it is analysed and determined whether the service life is definite or indefinite.

4.1.1. Industrial property

This item includes the activation of the amount pertaining to the name or business name of the company.

4.1.2. Computer software

Computer software is posted at its acquisition price. Any maintenance costs of the computer software are posted under the income statement as expenses at the time when they are incurred.

4.1.3. Service life and amortisation

The amortisation of intangible fixed assets is carried out by distributing the amount to be amortised systematically during the course of its service life by applying the following criteria:

	Amortisation method	Estimated years of service life
Industrial property	Straight-line	10
Computer software	Straight-line	4

To this end, the acquisition cost minus, where applicable, its residual value is assumed to be the amount to be amortised.

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The company reviews the residual value, service life and amortisation method of intangible assets at least at each year-end. Any modifications to the criteria, if any, determined initially are recognised as a change in estimate.

4.1.4. Impairment of the value of fixed assets

The company evaluates and determines any valuation changes owing to impairment and any reversals of losses owing to an impairment in the value of the intangible fixed assets in accordance with the criteria mentioned in Note 4.3.

4.2. Property, plant and equipment

4.2.1. Initial recognition

The assets included under Property, plant and equipment are posted at their acquisition price or at their production cost and they are shown on the balance sheet for said value minus the depreciations amount and, where applicable, any accumulated valuation changes owing to impairment.

4.2.2. Depreciations

The depreciation of Property, plant and equipment is carried out by distributing the amount to be depreciated systematically during the course

of their service life. To this end, the acquisition cost minus its residual value is assumed to be the amount to be depreciated. The company determines the depreciation cost of each fixed assets item.

The depreciation of the items of Property, plant and equipment is established by applying those criteria set out below:

	Depreciation method	Estimated years of service life
Other facilities	Straight-line	10
Furniture	Straight-line	10
Information processing equipment	Straight-line	4

The company reviews the residual value, the service life and the depreciation method for Property, plant and equipment at the end of each financial year. Any modifications to the criteria determined initially are recognised as a change in estimate.

4.2.3. Subsequent costs

Subsequent to the initial recognition of the asset, only those costs are capitalised which are incurred as and when they undergo an increase in their capacity, productivity or extension

of their service lives. In this regard, any costs deriving from the daily maintenance of the Property, plant and equipment are posted under the income statement as and when they are incurred.

4.2.4. Value impairment of the Assets

The company evaluates and determines any valuation changes owing to impairment and any reversals of losses owing to an impairment in the value of the Property, plant and equipment in accordance with the criteria mentioned in Note 4.3.

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

The company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value minus costs to sell and the value in use.

Once the valuation change owing to impairment or its reversal has been recognised, the depreciations of subsequent financial years are adjusted, taking into account the new book value.

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Notwithstanding the above, if the specific circumstances of the assets make it clear that there is a loss of an irreversible nature, the latter is directly recognised under losses deriving from the fixed assets of the income statement.

Impairment losses are recognised in the income statement.

4.4. Non-current assets held for sale

The company classifies under the heading “Non-current assets held for sale” those assets whose book value will essentially be recovered through their sale, rather than from their continued use, when they meet the following requirements:

- They are available under their present conditions for their immediate sale, subject to the usual conditions for their sale.
- Their sale is highly likely.

Non-current assets held for sale are valued at the lower of their book value and their fair value minus sale costs, except for deferred tax assets. These assets are not depreciated and, where necessary, the relevant valuations are made so that the book value does not exceed the fair value minus sale costs.

Related liabilities are classified under the heading “Liabilities related with non-current assets held for sale”.

4.5. Leases

Leases in which the agreement substantially transfers to the Entity all the risks and benefits inherent in the ownership of the assets are classified as financial leases and otherwise they are classified as operating leases.

The Entity does not have any agreements as a lessor.

4.5.1. Accounts of the lessee

The company leases to third parties, under operating lease agreements, the properties at which it carries out its usual activity, as well as a representation vehicle.

The instalments deriving from operating leases, net of any incentives received, are recognised as an expense using the straight-line method over the lease term.

4.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and,

at the same time, a financial liability or equity instrument of another entity. The company recognises financial instruments on the balance sheet solely when it becomes party to the contract in accordance with the specifications of the latter.

On the attached balance sheet, financial assets and liabilities are classified as current or non-current in line with whether their maturity is equal to, shorter than or longer than twelve months, respectively, as from the year-end date.

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

- Accounts receivable and payable owing to commercial operations.
- Loans to third parties.
- Securities, both debt securities (bonds and promissory notes) and equity instruments of other entities (shares) or stakes in collective investment undertakings.
- Cash and cash equivalents.
- Other financial assets: such as deposits in credit entities, sureties, etc.

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- Other financial liabilities: debts to third parties arising from the usual operations of the company.

Financial assets

For valuation purposes, financial assets are classified as follows:

- Financial assets at amortised cost.
- Financial assets at fair value through changes in the income statement.
- Financial assets at fair value with changes in equity.
- Financial assets at cost.

At year-end, the company did not have any assets classified at fair value with changes in the income statement or at cost.

4.6.1. Financial assets at amortised cost

A financial asset is included under this category, including those admitted to trading on an organised market, if the Company has the capacity and the intention to maintain the investment with a view to receiving cash flows deriving from performance of the

contract and the contractual terms of the financial asset give rise, on specified dates, to cash flows which are solely receipts of principal and interest on the outstanding principal amount.

The contractual cash flows which are solely receipts of principal and interest on the outstanding principal amount are inherent in an agreement which has the nature of an ordinary or common loan, without prejudice to the fact that the transaction conforms to an interest rate of zero or below the market rate.

Generally speaking, this category includes trade receivables and non-trade receivables:

- Trade receivables: these are financial assets which derive from the sale of goods and the rendering of services owing to trade transactions of the company with a deferred, and
- Non-trade receivables: these are financial assets which, as they are not equity nor derivative instruments, are not of a trade origin and their payments are for a given or determinable amount, deriving from loan or credit transactions granted by the company.

Initial valuation

Financial assets classified under this category are initially recognised at fair value which, in the absence of evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, plus directly attributable transaction costs.

Nonetheless, trade receivables due within one year for which there is no specific contractual interest rate, as well as staff receivables, dividends receivable and called-up equity instruments expected to be settled in the short term can be measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Subsequent valuation

Subsequently, the financial assets included under this category are valued at their amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

Nonetheless, any receivables due within one year which, pursuant to the provisions of the previous section, are initially valued at their nominal value, continue to be valued at said amount, unless they have been impaired.

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Impairment

When the contractual cash flows of a financial asset are modified owing to financial difficulties of the issuer, the company analyses whether there are grounds to post a loss owing to a value impairment.

At least upon year closure, the necessary impairment is carried out whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, has been impaired as a result of one or more events that occurred after its initial recognition and which could bring about a reduction or delay in estimated future cash flows which derive from the insolvency of the debtor.

Any loss owing to an impairment in the value of these financial assets shall be the difference between their book value and the present value of the future cash flows, including, where applicable, those deriving from the enforcement of real guarantees and collateral which it is estimated will be generated, discounted at the effective interest rate calculated at the time of their initial recognition. When calculating losses owing to the impairment of a group of financial

assets, models based on statistical methods or formulas are used.

Impairment losses, as well as their reversal when the amount of said loss falls for reasons related with a subsequent event, are recognised as an expenses or income, respectively, in the income statement. The impairment reversal is limited to the book value of the asset that would have been recognised on the date of the reversal had the impairment not been recognised.

The recognition of default interest in financial assets with credit impairment shall follow the general rules, without prejudice to, concurrently, the company assesses whether said amount shall be subject to recovery and, where applicable, posting the attendant impairment loss.

4.6.2. Financial assets at fair value with changes in equity

A financial asset will be included under this category when the contractual conditions thereof give rise, on specified dates, to cash flows which are solely the receipt of principal and interest on the outstanding principal amount and which are not held for trading nor are there any grounds to classify them under the

category of “Financial assets at amortised cost” (when maintained in a management model which includes both maintaining the asset with a view to receiving the cash flows and their sale).

This category shall also include equity instruments that are not held for trading nor valued at cost with regard to which the company can make the irrevocable choice at the time of initial recognition to submit subsequent changes to fair value directly under equity.

Initial valuation

Financial assets included in this category are initially recognised at fair value which, in the absence of evidence to the contrary, shall be the transaction price, which is equivalent to the fair value of the consideration received, plus directly attributable transaction costs.

The amount of the preferential subscription rights and similar rights which, where applicable, may have been acquired, shall form part of the initial valuation.

Subsequent valuation

Subsequently, the financial assets included under this category are valued at their fair value, without deducting any transaction

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costs they may have occurred during their disposal.

Any changes occurring to the fair value will be posted directly under equity until the financial asset gives rise to a de-registration on the balance sheet or is impaired, at which time the amount recognised in this way will be imputed to the income statement.

Notwithstanding with the above, valuation changes owing to impairment in the value and any losses and gains deriving from exchange rate gains/losses in monetary financial assets in foreign currency, will be posted in the income statement.

The amount of any interest, calculated according to the effective interest rate method, and of any dividends accrued, are also posted in the income statement.

Impairment

At least at year-end, the necessary valuation changes are carried out whenever there is objective evidence that the value of a financial asset, the group of financial assets included under this category with similar risk characteristics valued collectively, have

been impaired as a result of one or more events which have occurred after their initial recognition and which give rise to:

- In the case of debt instruments acquired, a reduction or delay in the estimated future cash flows, which may be brought about by the insolvency of the debtor; or
- In the case of investments in equity instruments, the lack of recoverability of the book value of the asset demonstrated, for instance, by a prolonged or significant decline in its fair value. In any case, the Company shall assume that the instrument has been impaired due to a drop of one and a half years or forty percent in its price, without any recovery of its value, notwithstanding that it could be necessary to recognise an impairment loss before said period has elapsed or the price has fallen by the aforementioned percentage.

Any valuation change owing to an impairment in the value of these financial assets is the difference between their cost or amortised cost minus, where applicable, any valuation change owing to impairment previously recognised in the income statement and the fair value when the valuation is carried out.

Accumulated losses recognised under equity due to a decrease in fair value, whenever there is objective evidence of impairment in the value of the asset, are recognised in the income statement.

If the fair value increases in subsequent years, the valuation change recognised in previous years reverts with a credit to the income statement for the year. Nevertheless, in the event that the fair value pertaining to an equity instrument increases, the valuation change recognised in previous years is not reverted with a credit to the income statement and the increase in fair value is recorded directly against equity.

4.6.3. Interest and dividends received from financial assets

Interest and dividends from financial assets accruing subsequently to the time of acquisition are recognised as income in the income statement. The interest from financial assets valued at amortised cost is recognised using the effective interest rate method and dividends are recognised when the right of the company to receive them is declared.

With this in mind, the amount of any explicit interest accrued and not matured at said

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time are registered separately, in line with their maturity, under the initial valuation of financial assets, as well as the amount of the dividends agreed upon by the competent body at the time of acquisition.

If the distributed dividends unequivocally derive from results generated prior to the acquisition date because amounts that are higher than the profits generated by the investee since the acquisition have been distributed, they will not be recognised as income and will reduce the investment's carrying amount.

4.6.4. De-recognition of financial assets

Financial assets are de-recognised when the rights to receive cash flow associated with them have matured or have been transferred and the company has substantially transferred the risks and benefits resulting from their ownership.

A financial asset's total de-recognition involves the recognition of results for the difference that exists between its book value and the sum of the considerations received, net of transaction costs, including the assets obtained and the liabilities assumed and any deferred profit or loss in income and expenses recognised in equity.

4.6.5. Impairment of financial assets

On 29 November 2013, the Board of Directors approved the Risk Hedging Policy owing to value Impairment of the Operations; in the financial year of 2021 it approved the updating of the assignment percentages applicable to the impaired asset groups, in force since that time.

The application of the Risk Hedging Policy owing to value Impairment of the Operations entails the assumption of the following operating lines:

- The Risk Hedging Policy owing to Value Impairment (VI) is applicable to all of them with the sole exception of capital operations at an open price which are valued at fair value.
- Said Policy is based on the singularised risk analysis of each of the operations, whose conclusions are specified in the assignment of a given rating, except in the case of doubtful operations owing to default in which the variable to be considered is the age of the debt. Once classified, generally speaking, the value impairment level is collectively estimated for each rating category and it is presented by means of a grid which assigns a given assignment percentage to each rating category.

Impairment value (% on balance not guaranteed)

Regular assets portfolio	
Ordinary assets	
≥ bb	0.0%
bb-	0.7%
b+	1.3%
b	1.8%
b-	4.0%
ccc+	7.5%
Assets under special surveillance	
ccc/ccc+	24.0%

Risk hedging owing to value impairment in doubtful assets follows the general processing of the collective estimate based on the statistical analysis of the data base of the entity.

Impairment value (% on balance not covered by effective guarantees)

Doubtful assets portfolio	
	40%
DM3	40%
DM6	50%
DM9	60%
DM12	70%
DM15	80%
DM18	100%

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- The Policy also establishes the possibility of estimating the VI amount individually (individual risk estimate) for portfolio operations classified as Special Surveillance and Doubtful loans classified in this way in accordance with the company's Asset Classification Policy, approved by its Board of Directors in 2013 (last updated in October 2021). Under this assumption, the applicable value impairment will be determined based on a specific report issued by the Investment areas that supports it.
- In the case of having collateral guarantees, provided that their valuation and enforceability are deemed acceptable, the applicable assignment will take into account the risk amount minus the value of the guarantee.

Impairment losses or reversals are recognised in the income statement.

As a result of greater experience and additional information obtained through the retrospective tests carried out annually by the company, in the financial year of 2021, there was an updating of the valuation change percentages owing to impairment. The impact of this change in accounting estimates amounted in said year to a de-assignment of 2,735 thousand euros.

4.6.6. Fair value

Based on the factors used for valuation, fair values are classified based on the following levels:

- Level 1: listed prices (not adjusted) on current markets for assets or liabilities identical to those being considered.
- Level 2: estimates which use prices listed on active markets for similar instruments or other valuation methodologies in which all the significant variables are based on market data which are directly or indirectly observable.
- Level 3: factors not based on data coming directly from the market.

In the event that the factors used to determine the fair value of an asset or liability are included at different hierarchisation levels, the fair value will be wholly determined based on the significant component located at the lowest level of hierarchy.

The company estimates the fair value of its assets classified as "financial assets at fair value with changes in equity" using level 3 valuations. Basically, the company maintains under this

classification equity instruments in Funds and in other Companies in which it has interests. As regards the funds, the net present value of the Fund at the end of the year is used and for the companies in which it has interests, it is based on the valuation of an independent expert who uses market variables and data from the entity itself (sales, budgets etc.) to estimate the return they will have on these investments.

4.7. Financial liabilities

For valuation purposes, financial liabilities are classified as follows:

- Financial liabilities at amortised cost.
- Financial liabilities at their fair value with changes in the income statement
- Financial liabilities at cost.

The company only maintains financial liabilities at amortised cost at year-end.

4.7.1. Financial liabilities at amortised cost

The company classifies all financial liabilities under this category unless they have to be valued at fair value with changes in the income statement.

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This category includes trade payables and non-trade payables:

- Debts from trade operations: these are those financial liabilities which derive from the purchase of goods and services owing to trade transactions of the company with a deferred payment, and
- Debts from non-trade operations: these are those financial liabilities which, not being derivative instruments, do not have a commercial origin, but rather derive from credit or loan transactions received by the company.

The security deposits submitted as a result of lease agreements are measured by the same criteria as for financial assets at amortised cost.

Initial valuation

Financial liabilities included under this category shall initially be valued at their fair value which, unless proven otherwise, shall be the transaction price, which shall be equivalent to the fair value of the consideration received, adjusted by the transaction costs directly attributable to them.

Nonetheless, trade payables due within one year for which there is no contractual interest rate,

and called-up equity holdings expected to be settled in the short term are measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Subsequent valuation

The financial liabilities included under this category are valued at their amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

Notwithstanding with the above, debits maturing in no later than one year which, in accordance with the provisions of the previous section, are initially valued at their nominal value, shall continue to be valued for said amount.

4.7.2. De-recognitions and amendments of financial liabilities

The company de-registers a financial liability or a part thereof when it has complied with the obligation contained in the liability or it is legally dispensed from the main responsibility contained in the liability either pursuant to a judicial process or by the creditor.

The company recognises the difference between the book value of the financial liability

or the part thereof that has been cancelled or assigned to a third party and the consideration paid, including any assets assigned other than the cash or liabilities assumed, to be credited or charged to the income statement.

4.8. Transactions, balances and flows in foreign currency

Transactions in foreign currency have been converted to euros by applying to the amount in foreign currency the spot exchange rate on the dates on which they are carried out.

Monetary and non-monetary assets and liabilities denominated in foreign currency have been converted to euros by applying the rate in force at year-end.

Non-monetary assets measured at fair value have been converted to euros by applying the exchange rate at year-end.

When submitting the cash flow statement, the cash flows arising from transactions in a foreign currency are converted to euros, applying to the foreign currency amount the spot exchange rate on the dates of the transactions.

Any positive or negative differences appearing in the settlement of transactions in foreign

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currency or in the conversion to euros of monetary assets or liabilities denominated in a foreign currency are recognised in profit or loss.

Exchange gains and losses arising from non-monetary financial assets and liabilities valued at fair value are recognised together with the change in fair value. The balance of the variation in fair value is recognised as stated in Note 4.6 Financial instruments.

4.9. Cash and cash equivalents

This line-item includes cash on hand, current bank accounts, deposits and temporary acquisition of assets that meet all the following requirements:

- They are convertible into cash.
- They had a maturity of three months or less upon acquisition.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's usual cash management policy.

For the purposes of the cash flow statement, any occasional overdrafts forming part of the

company's cash management are included as minus cash and other equivalent net assets.

4.10. Short-term compensation to employees

The company recognises the expected cost of short-term compensation as and when the employees provide the services that affords the latter the right to receive them.

The company recognises the expected cost of profit sharing or worker incentive plans when there is a legal or implied present obligation as a result of past events and a reliable estimate of the value of the obligation can be made.

4.11. Severance pay

Severance payments in case of involuntary termination are recognised when there is formal detailed plan and a valid expectation has been generated between the personal affected by the termination of employment, either because the plan has already been implemented or for having announced its main characteristics.

Under the legislation in force, the company is obliged to give severance pay

to those employees with whom, under certain conditions, it has rescinded its working relations. Severance payments that can be reasonably quantified are recorded as an expense for the year in which there is a valid expectation created by the company vis-à-vis affected third parties.

4.12. Provisions

Provisions are recognised when the company has a present obligation, whether it is legal, contractual, implicit or tacit, as the result of a past event; it is likely that there is an outgoing of resources which incorporate future economic profits to cancel said obligation; and a reliable estimate can be made of the amount of the obligation.

The financial effect of provisions is recognised as a financial expenses in the income statement.

Provisions do not include the fiscal effect nor the expected earnings from the disposal or retirement of assets.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

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4.13. Income tax

The corporate income tax expense or income includes both current and deferred taxes.

Current income tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with the regulations and rates in force or approved and pending publication at year-end.

Current and deferred income tax is recognised in the income statement, unless it comes from a transaction or economic event that has been recognised in the same year or in another year under equity or a business combination.

Taxable temporary differences are recognised in all cases except in those exceptional cases determined by current regulations, whilst deductible temporary differences are recognised whenever it is likely that there will be sufficient future positive tax bases for their compensation.

Deductible temporary differences are recognised whenever it is likely that there will be sufficient future positive tax bases for their compensation.

Deferred tax assets and liabilities are valued at the tax rates that will be applied in the years in which the assets are expected to be realised or the liabilities paid.

Deferred tax assets and liabilities are recognised on the balance sheet as non-current assets or liabilities, irrespective of the forecast date of their realisation or settlement.

The tax effect related with the items which are posted directly under equity accounts is registered under equity.

4.14. Current and non-current assets and liabilities

The company classifies assets and liabilities as current when they are expected to be realised or settled during the normal operating cycle of the company.

Financial liabilities are classified as current when they are due to be settled within twelve months after the closing date, even if the original term was for more than twelve months and there is a refinancing or restructuring agreement for long-term payments that was concluded after the closing date and before the annual accounts were prepared.

4.15. Income and expenses

Income and expenses are recorded in the period to which the annual accounts refer based on the accrual criteria, as a result of an increase or decrease in the company's resources, and provided that their amount can be reliably determined.

Current management income is recognised at the fair value of the consideration received or to be received deriving from it, considering the degree of completion at the closing date.

The company recognises the ordinary income and its associated costs of own credit assignment operations, recognising both commissions and interest.

4.16. Related-party transactions

Transactions with related parties are posted in accordance with the valuation standards detailed previously.

The prices of the transactions carried out with related parties are properly supported, which is why the company Directors believe that there are no risks which could bring about significant tax liabilities.

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5. Intangible fixed assets

The breakdown and movements for the various items going to make up intangible fixed assets are as follows:

Thousands of euros	2022		
	Computer software	Computing applications advance	Total
Cost at 31 January 2022	973	-	973
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Cost at 31 December 2022	973	-	973
Accumulated amortisation at 31 January 2022	(956)	-	(925)
Additions	(17)	-	(17)
Disposals	-	-	-
Transfers	-	-	-
Accumulated amortisation at 31 December 2022	(973)	-	(973)
Net book value at 31 December 2022	-	-	-

Thousands of euros	2021		
	Computer software	Computing applications advance	Total
Cost at 01 January 2021	973	-	973
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Cost at 31 December 2021	973	-	973
Accumulated amortisation at 31 January 2021	(925)	-	(925)
Additions	(31)	-	(31)
Disposals	-	-	-
Transfers	-	-	-
Accumulated amortisation at 31 December 2021	(956)	-	(956)
Net book value at 31 December 2021	17	-	17

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5.1. Wholly amortised assets

The cost of intangible fixed assets which are wholly amortised and which were still in use as at 31 December is as follows:

Thousands of euros	2022	2021
Computer software	973	851
TOTAL	973	851

As at 31 December 2022, there are no purchase commitments related with intangible fixed assets, nor did they exist as of 31 December 2021.

6. Property, plant and equipment

The breakdown and movements for the various items going to make up Property, plant and equipment are as follows:

Thousands of euros	2022				
	Other facilities	Furniture	Information processing equipment	Vehicles	Total
Cost at 01 January 2022	833	393	359	-	1,585
Additions	48	8	69	-	125
Disposals	(1)	-	(1)	-	(2)
Transfers	-	-	-	-	-
Cost at 31 December 2022	880	401	427	-	1,708
Accumulated depreciation at 01 January 2022	(516)	(281)	(266)	-	(1,063)
Additions	(81)	(27)	(48)	-	(156)
Disposals	-	-	1	-	1
Transfers	-	-	-	-	-
Accumulated depreciation at 31 December 2022	(597)	(308)	(313)	-	(1,218)
Net book value at 31 December 2022	283	93	114	-	490

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Thousands of euros		2021			
	Other facilities	Furniture	Information processing equipment	Vehicles	Total
Cost at 31 January 2021	833	384	319	2	1,538
Additions	-	10	69	-	79
Disposals	-	(1)	(29)	(2)	(31)
Transfers	-	-	-	-	-
Cost at 31 December 2021	833	393	359	-	1,538
Accumulated depreciation at 31 January 2021	(436)	(247)	(253)	(1)	(937)
Additions	(80)	(35)	(35)	-	(150)
Disposals	-	1	22	1	24
Transfers	-	-	-	-	-
Accumulated depreciation at 31 December 2021	(516)	(281)	(266)	-	(1,063)
Net book value at 31 December 2021	317	112	93	-	522

The cost of the Property, plant and equipment, which are wholly depreciated and which were still in use as at 31 December, is as follows:

Thousands of euros	2022	2021
Other facilities	34	34
Furniture	135	124
Information processing equipment	246	231
TOTAL	415	389

6.2. Insurance

The Company has taken out insurance policies to cover any risks to which the Property, plant and equipment elements are subject. The coverage of these policies is deemed to be sufficient.

6.3. Other Information

As at 31 December 2022 there were no commitments to purchase Property, plant and equipment. At the end of the 2021 financial year, there was a purchase commitment for an amount of 4 thousand Euros.

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7. Non-current assets held for sale

On 28 February 2012, Commercial Court no. 2 of Bilbao laid down an order to award the company a property situated in the municipality of Munguía (Biscay) to conclude a mortgage enforcement procedure as payment of a credit. The award value of said property was 1,327 thousand euros. The property was not leased to third parties.

On 19 April 2012, ownership of the aforementioned property was granted to the company by means of a public deed, having formalised said deed with the land registry of Gernika-Lumo. On said date, the property was recorded for accounting purposes at its fair value (1,356 thousand euros).

Given that the company's management is actively promoting the sale of this fixed asset, it was recorded under the heading Non-current assets held for sale, remaining posted under said heading as at 31 December 2022.

The estimated costs of sale related with this asset are posted under the heading Liabilities related with non-current assets held for sale and the amount recorded under said heading as at

31 December 2022 was 588 thousand euros (613 thousand euros in 2021).

During the financial year of 2021, the company requested a new valuation from a specialised company, as a result of which the valuation of the property was reduced to 446 thousand euros, the amount for which it was included in the accounts as at 31 December 2021.

8. Risk Management Policy

8.1. Financial risk factors

The company's activity is exposed to various financial risks: credit risk, exchange rate risk, liquidity risk, social, environmental and governance risks and interest rate risk. The company's global risk management focuses on the uncertainty of the economic environment and attempts to minimise the potential adverse effects on its financial profitability.

Active risk management falls under both the Company's Investment Division and the Risk Division's purview, in accordance with the policies approved by the Board of Directors and more specifically the Operational Performance Criteria of the society. The Investment Division identifies, evaluates and details the financial risks of the new operations proposed to the

company, and it also manages the credit risk of the current operations in order to be able to anticipate any future contingencies. In turn, the Risk Division manages the risk of the portfolio as a whole and controls compliance with the company's internal risk criteria, both individually and globally. All of which, and for accounting purposes, in line with the provisions of section 4.6.7.

8.1.1. Credit Risk

The company, in line with the provisions of its own operating criteria, does not have any significant concentrations of credit risk. The company has policies and tools to correctly assess that its financing operations are carried out with customers with a credit history appropriate for the level of risk that can be assumed.

The valuation change owing to insolvencies of clients implies a fair amount of discretion by the Management and the review of individual balances based on the credit rating of the clients, current market trends and a historic analysis of the insolvencies at an aggregate level. As regards the valuation change deriving from an aggregate analysis of the historic experience of unpaid amounts, a reduction in the volume of balances entails

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a reduction in the valuation changes and vice versa.

8.1.2. Exchange rate risk

The exchange rate risk derives from future commercial transactions, assets and liabilities recognised and net investments in businesses abroad. The company operates internationally. Therefore, some of its operations are exposed to exchange rate risk, specifically the US dollar and Colombian peso.

8.1.3. Interest rate risk

Generally speaking, the company does not assume interest rate risk as it grants financing at variable interest rates. In those financing operations that, due to their structure, require financing at a fixed rate, the company carries out prudent management of interest rate risk while ensuring a significant differential of the agreed rate with respect to the rates regarded as market rates at the time of approval of the operation.

8.1.4. Liquidity Risk

The company carries out prudent liquidity risk management, based both on maintaining

sufficient cash and marketable securities and on periodic estimates of its maximum financing activity based on the analysis of its expected cash flows.

8.1.5. Social, Environmental and Governance Risk

Risk of incurring losses for not incorporating into the analysis social, environmental and governance aspects that may negatively affect the feasibility and sustainability of the projects.

The company has an environmental and social policy for the management of credit and reputational risks associated with these matters in the operations financed, aligned with international parameters in this regard (World Bank group standards and of European counterparts).

The company evaluates the governance of the developers financed and rates them through the corporate governance rating.

8.2. Operational risk factors

Operational risk is one which can cause losses due to human errors, inadequate

or defective internal processes, system failures and as a consequence of external events. This definition includes legal risk and excludes the strategic and/or business risk and reputational risk of the company.

Operational risk is inherent in all activities, products, systems and processes and its origins are very varied (proceedings, internal and external fraud, technological, human resources, commercial practices, suppliers). 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 that cover staff management and training, investment in information technology and policies for monitoring credit operations, and other management methodologies carried out by the different areas of the company under the impetus of Senior Management. The Internal Control Division supervises the internal control model and performs periodic internal audits of said established policies and processes. This division depends organically on the Presidency and functionally on the Audit and Risk Committee.

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9. Operating leases - Lessee

The company has leased to third parties, under operating lease agreements, the properties where it carries out its normal activity.

The amount of contingent rents recognised as expenses is as follows:

Thousands of euros	2022	2021
Buildings	959	897
Other	24	15
TOTAL	983	912

The amount of contingent rents recognised as expenses is as follows:

Thousands of euros	2022	2021
Up to one year	987	895
Between one and five years	2,960	-
More than five years	-	-
TOTAL	3,947	761

10. Financial assets

The breakdown of the financial assets, net of impairment, at 31 December is as follows:

Thousands of euros	Equity instruments		Credits to companies and bonds		Debtors-funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial Year 2022								
Financial assets at amortised cost	-	-	81,780	12,474	9,492	44,324	91,272	56,798
Financial assets at fair value with changes in equity	7,523	5,047	-	-	-	-	7,523	5,047
Total	7,523	5,047	81,780	12,474	9,492	44,324	98,795	61,845
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 with changes in 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 assets valued at fair value through equity are valued using level 3 methods as mentioned in note 10 above. During the financial year of 2022, no financial assets were reclassified, remaining in the categories established in the previous year.

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Financial assets are broken down on the balance sheet as follows:

Thousands of euros	Equity instruments		Loans to companies		Debtors-funds and other financial assets		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial Year 2022								
Long-term financial investments								
Equity instruments	7,523	-	-	-	-	-	7,523	-
Loans to companies	-	-	78,280	-	-	-	78,280	-
Bonds	-	-	3,500	-	-	-	3,500	-
Other financial assets	-	-	-	-	136	-	136	-
Debtors - funds	-	-	-	-	9,356	-	9,356	-
Trade and other receivables								
Debtors	-	-	-	-	-	507	-	507
Debtors - funds	-	-	-	-	-	11,571	-	11,571
Other debtors	-	-	-	-	-	872	-	872
Current financial investments								
Equity instruments	-	5,047	-	-	-	-	-	5,047
Loans to companies	-	-	-	12,474	-	-	-	12,474
Accrual of interest - credits to companies	-	-	-	-	-	749	-	645
Other financial assets (Bills)	-	-	-	-	-	30,545	-	30,545
Accrual of interests from other financial assets (bills and bonds)	-	-	-	-	-	80	-	184
Total	7,523	5,047	81,780	12,474	9,492	44,324	98,795	61,845

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Thousands of euros	Equity instruments		Loans to companies		Debtors - 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	-
Debtors - funds	-	-	-	-	10,945	-	10,945	-
Trade and other receivables								
Debtors	-	-	-	-	-	438	-	438
Debtors - funds	-	-	-	-	-	14,249	-	14,249
Public administration	-	-	-	-	-	46	-	46
Current financial investments								
Equity instruments	-	5,024	-	-	-	-	-	5,024
Loans to companies	-	-	-	14,421	-	-	-	14,421
Accrual of interest - credits to companies	-	-	-	-	-	476	-	476
Other financial assets	-	-	-	-	-	10,000	-	10,000
Interest accrued - other financial assets	-	-	-	-	-	-	-	-
Total	9,450	5,024	84,841	14,421	11,060	25,209	105,351	44,654

During 2022 and 2021, no financial assets were reclassified under the various existing categories.

The company does not plan to dispose of financial assets valued at amortised cost as at 31 December 2022.

At the end of the financial year of 2022, there were financial assets with amounts formalised and pending disbursement for 27,085 thousand euros (21,078 thousand euros at the end of the financial year of 2021).

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10.1. Equity instruments

The information broken down on investments in equity instruments and classified as financial assets at fair value through changes in equity, valued using level 3 methods, is as follows:

Company	Country	% Stake 2022	2022		2021	
			Expenses	Fair value	Cost	Fair value
EDFI MANAGEMENT COMPANY S.V.	Luxembourg	12.5	40	40	40	40
INTERACT CLIMATE CHANGE FACILITY, S.A.	Luxembourg	7.69	6	6	6	6
EUROPEAN FINANCING PARTNERS	Luxembourg	7.63	6	6	6	6
AURICA GROWTH FUND III, FCR	Spain	3.14	1,867	2,223	2,685	5,988
AURICA GROWTH FUND IV, FCR	Spain	1.98	932	916	-	-
OMAN FUND-INTERNACIONAL-K1	Spain	0.49	736	1,052	507	578
FONDO HURUMA INTERNACIONAL	Luxembourg	1.43	852	884	444	404
PROMOTORA HOSPITAL DE BOSA, S.A.S.	Colombia	22.5	1,157	1,170	1,182	1,115
CONCESIÓN TRASVERSAL DEL SISGA, S.A.S	Colombia	3.75	298	446	506	506
ENERGÍA DE COLOMBIA STR SAS ESP	Colombia	1.38	627	628	627	602
AUTOPISTA DEL NORDESTE, S.A.S	Colombia	0.07	148	152	205	205
Thousands of euros		TOTAL	6,669	7,523	6,208	9,450

Although there are some shareholdings in companies greater than 20%, they are not regarded as associated companies, since they are back-up investments for which there are agreed buyback terms and so they are not regarded as permanent investments nor is any global management carried out for them integrated with the company's strategy; hence, it is considered that no significant influence is exerted on them or on their operating decisions.

The functional currency of the holdings abroad is the currency of the countries in which their registered offices are located.

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The following investments are related to the stake of COFIDES in EDFI:

EDFI MANAGEMENT COMPANY S.V.

Investment of an institutional nature, whereby an indefinite minority interest in the Belgian company EDFI Management Company, S.A. ("EDFIMC") is acquired to indirectly implement through this entity the corporate purpose of COFIDES as a bilateral development financial institution. It is thus not viewed as a financial investment in compliance with its mandate and for this reason it is not subject to the intrinsic temporary nature of COFIDES' usual operations.

EDFIMC was created in 2016 by European Development Financial Institutions ("EDFI ASBL"), an association that brings together the majority of bilateral European development financial institutions and of which COFIDES forms part, with a view to becoming a new European institution for development financing. At present, and as its main activity, EDFIMC has been entrusted under a sub-delegation scheme with the management and administration of Electrifi and AgriFi, two facilities endowed mainly with funds from the European Union, with a presence on markets where COFIDES has little direct financing

experience to date. EDFIMC's intention is to continue increasing its financing activity in developing countries, in particular through the management of European funds on its own behalf. Additionally, EDFIMC acts as an operational manager of the ICCF and EFP facilities that have funding from the main European DFIs.

The COFIDES investment, carried out concurrently with the rest of the partners, was formalised in October 2020 through the subscription of 261 EDFIMC shares, equivalent to 12.5% of its share capital, and a payment of €40,130.06 (25% of the nominal value of the subscribed capital increase). Likewise, COFIDES was appointed as a member of the new board of directors of EDFIMC.

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

The investments facility Interact Climate Change Facility (ICCF) was created by the French Development Agency (FDA), the European Investment Bank (EIB) and the Association of European Bilateral Development Finance Institutions (EDFI) in order to finance private, feasible investment projects that help to mitigate climate change

and promote energy efficiency in countries receiving Official Development Assistance.

In 2022 COFIDES adhered to a new MIA that will have two windows, one for the EFP VI facility and another for the ICCF II facility. The new contract Amended and Restated Master Investment Agreement EFP VI It is a joint agreement which involves the expansion of both facilities and which will extend its validity for another three years until 31 October 2025. After this date, no new investment proposals may be made. The amount committed to by COFIDES/FIEX as regards the modification and novation of EFP VI is MM€30, whereof MM€10 will be allocated to the EFP window and MM€20 to the ICCF window. FDA has not participated in these expansions.

As at 31 December 2022, COFIDES had 23 portfolio operations financed under this facility for the sum of M€3.2.

EUROPEAN FINANCING PARTNERS, S.A. (EFP)

The initial purpose of this facility was to finance private sector projects in ACP countries (Africa, Caribbean, Pacific) which was later extended to countries included on the list of recipients of Official Development Assistance from the OECD DAC.

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In 2022 COFIDES adhered to a new MIA that will have two windows, one for the EFP VI facility and another for the ICCF II facility. The new contract Amended and Restated Master Investment Agreement EFP VI It is a joint agreement which involves the expansion of both facilities and which will extend its validity for another three years until 31 October 2025. After this date, no new investment proposals may be made. The amount committed to by COFIDES/FIEX as regards the modification and novation of EFP VI is MM€30, whereof MM€10 will be allocated to the EFP window and MM€20 to the ICCF window.

As at 31 December 2022, COFIDES had 13 operations financed under this facility for the sum of M€2.73.

COFIDES has shares in the following investment funds:

AURICA GROWTH FUND III, FCR

Managed by Aurica Capital Desarrollo, SGEIC, S.A., it is a fund designed to provide financing through growth capital operations to Spanish companies with a profile geared towards their international expansion.

The fund, established in 2016, has a duration of 10 years. Its investment period, extended by 1 additional year, ended in July 2022. The target return is 20%.

AURICA GROWTH FUND IV, FCR

A fund formed in 2022, managed by Aurica Capital Desarrollo, SGEIC, S.A., it follows the same investment theory as the previous fund: the acquisition of significant minority stakes - at least 20% - assuming leadership as the main institutional investor which enables them to have an active presence in government bodies. The entry of Aurica IV will have the purpose of financing growth plans focused on international expansion. Investment will be prioritised in companies which may become leaders in the sector through acquisitions.

The expected duration of the fund is 10 years, with an investment period of 5 years. The target return is 20%.

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

Fund created as a result of the COFIDES agreement with the Omani sovereign wealth fund, Oman Investment Authority, OIA (formerly the State General Reserve Fund, SGRF). OIA has

arisen from the reorganisation of SGRF, founded in 1980 with the aim of obtaining sustainable results from the investments made with the surplus generated in the sale of oil after meeting the budgetary needs of the government to ensure funds for future generations. 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.

The management of the SPAIN OMAN PRIVATE EQUITY FUND was entrusted to a private manager, selected through an award procedure put into place during the first half of 2018, within the framework of the public sector contract regulations applicable to COFIDES for service agreements, respecting the principles of publicity, competition, transparency, confidentiality, equality and non-discrimination provided for in article 192 of the Redrafted Text of the Public Sector Contracts Law, in force at the start of the contracting process.

MCH Private Equity Investments, Sgeic, S.A., a renowned venture capital manager, was awarded the Fund management service.

The CNMV registered the Fund on its Registry of Venture Capital Funds on 13 July 2018.

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The fund is intended to invest in minority interests in the capital of subsidiaries of Spanish groups or in the Spanish parent company in order to support their international development.

The size of the fund is M€204.4, FIEX participates in it with an investment of M€99 and COFIDES with an investment of M€1. The rest is provided by the OIA.

FONDO HURUMA INTERNACIONAL

A fund aimed at financing agricultural producers, with a social impact measurement system.

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

1. Microfinance entities.
2. Other financial institutions, a min. of 70% of the investments will be between both items.
3. Small and medium-sized business organisations, with a maximum of 30% of the portfolio.

They must all invest in growth operations within the rural sector, with low-income clients, on emerging markets—with the main areas of investment being Latin America, Asia and Africa—and their operations must have a positive social impact on low-income communities.

This is the first operation that COFIDES has led in the context of the blending of the EU.

The direct holdings of COFIDES in the capital of companies abroad are as follows:

AUTOPISTA DEL NORDESTE, S.A.S.

Concession contract awarded in 2014 in the context of the bidding process for the first wave of the fourth generation of 4G road concessions in Colombia (4G Programme). The concession term is 25 years, extendable to 4 further years if the expected volume of income stipulated in the Concession Contract is not reached. The construction period is 5-6 years.

Said 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 concessionaire Autopistas del Noreste in the form of capital, subordinated debt and counter-guarantees of capital and subordinated debt.

COFIDES/FIEX acquired status as shareholders of the Concessionaire in July 2017, at which time the purchase, sale and payment of shares took place.

CONCESION TRASVERSAL DEL SISGA, S.A.S.

It consists of financing the construction, rehabilitation, operation and maintenance of the existing Transversal del Sisga corridor (137 km), practically all of the improvement works and through three instruments: share capital, subordinated debt and counter-guarantees (capital and subordinated debt).

COFIDES' financial support consisted of acquiring from the Ortiz Group a shareholding of up to 15% (with FIEX and COFIDES funds) and a similar percentage of subordinated debt of the concessionaire, for a maximum amount of M€14 (85% FIEX), subsequently extended up to a maximum amount of M€25. The financial closing of the concession took place in May 2018 and the conditions precedent to the disbursement of FIEX were met in October 2018.

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PROMOTORA HOSPITAL DE BOSA S.A.S.

Concession Contract awarded in 2019 to the consortium led by the Ortiz Group, consisting of the design, financing, construction, endowment, operation, replacement, maintenance and reversion of a hospital infrastructure. The contract has a duration of 18 years and the payments are committed through “Vigencias Futuras” (forecast budgets - fixed payments according to availability).

The Project is defined as essential for the Capital District of Bogotá and it has been included in the District Development Plan (PDD) 2016-2020 whose objectives include the improvement of the provision of health services as a result of the shortcomings in health matters today.

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

COFIDES/FIEX acquired status as shareholders of the Concessionaire in September 2021, at which time the purchase, sale and payment of shares took place.

ENERGÍA DE COLOMBIA STR S.A.S. ESP

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

The contract has a duration of 25 years of operation and the payments are committed through Expected Annual Income (fixed payments according to availability).

This is a strategic Project in the city of Barranquilla, defined as an Urgent Project to eliminate voltage issues and meet the growing demand of users.

The operation consists of providing financial support to the Ortiz Group through the

contribution of funds to the concessionaire company Energía de Colombia, in the form of capital, subordinated debt and counter-guarantees of capital and subordinated debt.

COFIDES/FIEX acquired status as shareholders of the project company in December 2021, at which time the purchase, sale and payment of shares took place.

10.2. Credits to companies and debt securities

The loans granted pertain to the financing contracts signed with third parties in order to promote private projects with Spanish interests carried out in developing countries. These loans can be granted, in addition to own resources, through financing agreements with other financial institutions. The company also finances the internationalisation of different Spanish developers through the acquisition of bonds—debt securities. The conditions regarding the term of the financing, as well as the interest rate accrued and any guarantee in this regard is stipulated individually in the contracts signed for each of the operations.

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The variations experienced in the financial year for the loans and bonds granted are as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Cost at 31 January	86,606	15,032	82,389	11,493
Increases	11,800	-	21,175	-
Decreases	(1,844)	(15,032)	(1,926)	(11,493)
Short-term transfers	(13,021)	13,021	(15,032)	15,032
Cost at 31 December	83,541	13,021	86,606	15,032
Accumulated value impairment as at 31 December	(1,761)	(547)	(1,765)	(611)
Net book value as at 31 December	81,780	12,474	84,841	14,421

The breakdown of annual maturities in credits and bonds is as follows:

Thousands of euros	2022	2021
Year 2022	-	15,032
Year 2023	13,021	14,307
Year 2024	14,441	15,664
Year 2025	11,136	12,435
2026 and later years (for 2021)	9,432	47,200
2027 and subsequent years	48,532	-
Total	96,562	101,638

The financial income and accrued interest pending receipt generated by these assets during the years 2022 and 2021 are as follows:

Thousands of euros	2022	2021
Accrued financial income (Note 19.1)	3,300	2,646
Whereof pending receipt (Note 11.2)	749	476

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The movements for the amount of value corrections due to loan impairment as at 31 December are as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Value impairment as at 31 January	(1,765)	(611)	(4,385)	(753)
Net increases	-	-	-	-
Net decreases	4	64	2,620	142
Cancellations	-	-	-	-
Transfers	-	-	-	-
Disinvestment of provisions	-	-	-	-
Short-term/Long-term transfers	-	-	-	-
Accumulated value impairment as at 31 December	(1,761)	(547)	(1,765)	(611)

The valuation changes indicated in the above table are calculated based on the Value Impairment Policy for operations mentioned in Note 4.6.7.

Some of these debt instruments are formalised through the acquisition of shares in the companies that COFIDES finances; notwithstanding the foregoing, given the buyback conditions established, these operations are considered debt instruments and not equity instruments. The breakdown of credits that have been formalised under this type is the following:

Thousands of euros		2022		2021		2021		
Company	Country	% Stake	Balance	Impairment	Net amount of the stake	Balance	Impairment	Net amount of the stake
Electrón Investment S.A. (*)	Panama	2.30%	3,024	(39)	2,972	3,921	(50)	3,871
Globalvia Chile SPA	Chile	8.17%	6,054	(42)	6,012	5,814	(105)	5,709
Globalvía Licitaciones e Infraestructura Chile SpA	Chile	12.5%	5,182	(36)	5,146	5,005	(35)	4,970
TOTAL			14,260	(117)	14,143	14,740	(190)	14,550

(*) This stake includes the sum of 1,008 thousand euros and a value adjustment of 13 thousand euros in the short term, an amount that is expected to be received in 2023. As at year-end 2021, the sum of 980 thousand euros and a value adjustment of 12 thousand euros are included in the short term, an amount that is expected to be received in 2022.

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10.3. Trade debtors and other financial investments

The breakdown of this heading as at 31 December is as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Trade debtors	9,356	12,950	10,945	14,733
Other financial investments:				
Accrual of interest on loans to companies (Note 11.1.1)	-	749	-	476
Other financial assets and debt securities	136	35,592	115	15,024
Interest accrued - other financial assets	-	80	-	-
Total	9,492	49,371	11,060	30,233

10.3.1. Trade debtors

Trade debtors can be broken down as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Debtors	-	8,695	-	8,180
Debtors - funds	9,356	11,571	11,379	14,249
Other debtors	-	872	-	46
Total	9,356	21,138	11,379	22,475
Impairment of trade receivables	-	(8,188)	(434)	(7,742)
Total trade receivables	9,356	12,950	10,945	14,733

The breakdown of the movements in the financial years of 2022 and 2021 regarding the Impairment of trade receivables is as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Balance at 31 January	(434)	(7,742)	(691)	(10,396)
Net assignments	-	(446)	-	-
Transfers	-	-	-	-
Disinvestment of provisions	434		257	2,654
Applications	-	-	-	-
Balance at 31 December	-	(8,188)	(434)	(7,742)

"Debtors" includes the amounts due and pending receipt, for loan operations to third parties, related with those indicated in Note 10.2 above.

"Debtors - funds" includes the amount of fees accrued and pending receipt for the management and other services related with the FONREC, FONPYME and FIEX funds and the European Union programmes, as well as for support services in the management of the FONPRODE fund.

"Other debtors" includes, as at 31 December 2022, 850 thousand euros pertaining to the amount that the entity will receive in 2023 included in the General State Budget for 2022 for the Program to Promote Impact Investment Projects - COFIDES Impact- within the framework of the Recovery, Transformation and Resilience Plan (see note 1).

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10.3.2. Other financial investments

Non-current:

Other financial assets, includes as non-current assets 136 thousand euros at year-end 2022 (115 thousand euros at the close of the financial year of 2021) mainly pertaining to the sureties deposited in relation to the rents that the company maintains as indicated in Note 9.

Current:

It basically includes investments related with the management of the company's liquidity:

- Investments in Spanish Treasury Bills for a term of less than one year: at the end of 2022, the company had 30,625 thousand euros (of which 80 thousand euros pertains to interest accrued and pending receipt), in different issues with an average rate of 1.94% and an average term of nine months.
- Term deposits: The company has settled the deposit that it had contracted at the end of the financial year of 2021 for 10,000 thousand euros and with negative remuneration.
- Finally, the company has shares in an investment fund whose acquisition cost and fair value -determined by the net asset value of the fund- as at 31 December were as follows:

Thousands of euros	2022		2021	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Stake	5,000	5,047	5,000	5,024

10.4. Amounts denominated in foreign currency

The detail of monetary financial assets denominated in foreign currency is as follows:

Thousands of euros	2022	2021
Long-term financial investments:		
Loans to companies	13,265	11,214
Total non-current assets	13,265	11,214
Short-term trade and other receivables:		
Debtors	732	607
Short-term financial investments:		
Loans to companies	580	528
Accrual of interest - credits to companies	165	87
Cash and cash equivalents		
Treasury in banks	384	669
Other cash and cash equivalents	-	-
Total current assets	1,861	1,891
Total financial assets in foreign currency	15,126	13,105

The exchange rates used at the end of the financial years of 2022 and 2021 were:

	2022	2021
EUR/USD	1.0666	1.1326
EUR/COP	5,133.686	4,527.3752

11. Cash and cash equivalents

The itemisation of the heading regarding cash and other equivalent liquid assets as at 31 December is as follows:

Thousands of euros	2022	2021
Cash and Banks	32,181	27,991
Short-term investments with great liquidity	-	-
Total	32,181	27,991

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12. Capital and reserves

The composition and movement in shareholder's equity are shown in the statement of changes in equity.

12.1. Capital

The company's share capital as at 31 December 2022 and 2021, is represented by 6,555 registered shares of 6,010.12 euros each, subscribed and paid up, with all shares enjoying the same voting and economic rights.

There are no restrictions on their free transferability.

The companies that have direct stakes in the company's share capital are the following:

Shareholder	% Stake	Amount
ICEX España Exportación e Inversiones	25.74%	10,139
Instituto de Crédito Oficial	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

12.2. Legal reserve

Pursuant to article 274 reworded text of the Corporations' Act, corporations are obliged to assign an amount equal to 10% of the profit for the year to form a reserve fund, until the latter attains at least 20% of share capital.

It cannot be distributed and if it is used to offset losses, in the event that there are no other available reserves sufficient to this end, it must be restored by future profits.

As at 31 December 2021, the company had assigned to this reserve the maximum amount established by law and so, in the proposal for the distribution of profits for 2022 drawn up by the directors (Note 3), it will not be considered for assignment to the Legal Reserve.

12.3. Voluntary reserves

Voluntary reserves are freely available.

12.4. Capitalisation reserve

As at 31 December 2022, the company has a capitalisation reserve amounting to 5,516 thousand euros (4,599 thousand euros in 2021); its increase has been broken down in note 3 of this report for 917 thousand euros.

12.5. Information with regard to the right of removal of a shareholder owing to the failure to distribute dividends (article 348 of the Redrafted Text of the Corporations' Act)

During the last five years, dividends have been distributed for an amount between 9% and 16% of the earnings of each of them. Additionally, for 2022, the company has proposed to distribute a dividend for the amount of 1,796 thousand euros (Note 3).

At the ordinary general shareholders' meeting held on 25 May 2022, which approved the proposal for the distribution of earnings for

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the financial year of 2021, in which the distribution of dividends was approved, no shareholder voted against said proposal.

13. Contingent assets and liabilities

The company, together with its legal advisors, has classified the probability of success of the claim in a series of ongoing legal disputes mainly pertaining to claims of amounts pending receipt as probable or possible, for which reason it has recorded a provision for said amounts pending receipt as at 31 December 2022 and 2021, within the impairment of the balances receivable.

14. Financial liabilities

The breakdown of the financial liabilities as at 31 December is as follows:

Thousands of euros	Debt with financial institutions		Other financial liabilities		Total	
	Non-current	Current	Non-current	Current	Non-current	Current
Financial Year 2022						
Liabilities at amortised cost	-	-	850	992	850	992
Total	-	-	850	644	850	644
Financial Year 2021						
Liabilities at amortised cost	-	-	-	2,960	-	2,960
Total	-	-	-	2,960	-	2,960

14.1. Other financial liabilities

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Sundry payables	-	506	-	2,633
Staff (remunerations pending payment)	-	486	-	327
Other financial liabilities	850	-	-	-
Total	850	992	-	2,960

The balance recorded as "non-current" includes the sum of 850 thousand euros of long-term debt, pertaining to the COFIDES Impact programme (Note 1). This programme allows companies financed both by the entity and by the internationalisation funds it manages, to obtain both an interest rate discount applied if they meet a series of requirements and technical assistance for the establishment of management procedures that improve their contribution to the SDGs. Accordingly, insofar as they are fulfilled and the financed companies benefit from the bonus, this amount will be applied.

The balance registered as "current" basically includes the balance to be paid to various creditors and the remunerations pending payment to the entity's staff.

Amounts denominated in foreign currency

As at 31 December 2022 and 2021, there are no financial liabilities denominated in foreign currency.

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14.2. Average period for payments to suppliers

The mean supplier payment period during the year was 22.41 days (20.87 days in 2021) and the various indicators on the period of payment to suppliers are detailed below:

	2022	2021
Days		
Average period for payments	22.41	20.87
Paid transaction ratio	95.30%	96.63%
Pending payments ratio	4.70%	3.37%
Thousands of euros		
Total formalised payments	4,555	4,777
Total pending payments	224	167
Importe pagado en un periodo inferior al máximo establecido en la normativa de morosidad	4,322	4,777
(No. of invoices)		
Invoices paid in a period shorter than the maximum established in the default payment regulations	1,233	1,199
Percentage		
Amount paid in a period shorter than the maximum established in the default payment regulations of total amount of payments to suppliers	95%	94%
Invoices paid in a period shorter than the maximum established in the default payment regulations of total amount of payments to suppliers	90%	90%
Pursuant Law 3/2004, the maximum legal period for payment is 30 days, extendable up to 60 calendar days by agreement between the parties.		

14.3. Classification by maturities

The classification of financial liabilities by maturities is as follows:

Thousands of euros	2022					Total
	2023	2024	2025	2026	Indeterminate maturity	
Debt with financial institutions	-	-	-	-	-	-
Trade creditors	506	-	-	-	-	506
Staff	486	-	-	-	-	486
Other financial liabilities	-	-	-	-	850	850
Total	992	-	-	-	-	1,842

Thousands of euros	2021					Total
	2022	2023	2024	2025	Indeterminate maturity	
Debt with financial institutions	-	-	-	-	-	-
Trade creditors	2,633	-	-	-	-	2,633
Staff	327	-	-	-	-	327
Other financial liabilities	-	-	-	-	-	-
Total	2,960	-	-	-	-	2,960

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15. Short-term accruals

This item of current liabilities included as at 31 December 2021 the amount of the adjustment of study fees charged to the Fund for Investments Abroad (FIEX) billed in the year and not deemed to have accrued therein, in accordance with that established in the second Provision of the Order communicated by the Hon. Minister of Economy and Finance on 28 July 19991, also called the FIEX Rule.

"...If it were verified, at the end of each financial year, that the expenses accrued by the manager of the Fund for Foreign Investments, at the study and bidding stage, indicated above, were less than seventy-five (75) percent of the amounts accrued thereby, by way of the corresponding study fee, provided for in section 1.a. above, fifty (50) percent of this difference will be kept in the manager's accounts and will be used to pay said fee throughout the following years, without the manager being able to receive any new amounts in this regard, insofar as this balance has not been exhausted".

The FIEX Rule disappears with the coming into force on 16 June 2022 of the "Order regulating the remuneration to be received by the Compañía Española de Financiación del Desarrollo, COFIDES, S.A. as the manager of the Fund for Investments Abroad (FIEX) and the Fund for Investment Operations Abroad for Small and Medium Enterprises (FONPYME)" (Note 19).

As at 31 December 2022, this item includes only the fees to be received by COFIDES by way of remuneration for the management of the TIF and PIP programmes.

16. Tax position

The breakdown of credit balances with the Public Administration is as at 31 December as follows:

Thousands of euros	2022		2021	
	Non-current	Current	Non-current	Current
Assets				
Current tax assets	-	-	-	-
Withholdings and payments on account	-	-	-	-
Value Added Tax	-	-	-	-
Total	-	-	-	-
Liabilities				
Deferred tax liabilities	225	-	816	-
Current tax liabilities	-	923	-	386
Social Security	-	123	-	117
Value Added Tax	-	451	-	386
Withholdings	-	114	-	117
Total	225	1,611	816	1,006

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According to the legal provisions in force, taxes cannot be regarded as having been permanently settled until the returns submitted have been inspected by the tax authorities or the statute of limitation has elapsed, currently standing at four years. The company has the last four financial years subject to inspection since their filing for all those taxes incumbent upon it. In the opinion of the company, as well as of their tax advisors, there are no tax contingencies of significant amounts which may derive, in the event of inspection, from possible different interpretations of the tax regulations applicable to the operations carried out by the company.

As a result of the different possible interpretations of the tax legislation in force and other factors, additional liabilities may arise due to an inspection. In any case, based on the information available, its analysis methodology and specific advice received by the company, it considers that said liabilities, should they occur, would not significantly affect the annual accounts in any way.

16.1. Income tax

The reconciliation between the net amount of income and expenses for the financial year and the taxable base (fiscal result) for Corporation Tax is as follows:

Thousands of euros	2022	2021
Profit for the year	20,334	21,113
Corporation tax	5,477	4,822
Pre-tax profit	25,811	25,935
Permanent differences	12	19
Temporary differences treated as permanent owing to the reversal of amortisation expenses	(16)	(16)
Capitalisation reserve	(1,924)	(917)
Temporary differences treated as permanent from losses, impairment and changes in provisions for trade operations	379	(5,642)
Other corrections to the income statement.	(2,332)	(59)
Tax base (taxable income)	21,930	19,320
25% Tax	5,482	4,830
Adjustments from previous financial years	-	-
Foreign income tax expense	18	16
Deductions for the current year	(23)	(24)
Income tax expense	5,477	4,822

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(*) In compliance with the requirements set out in article 25 of Law 27/2014 dated 27 November regarding Corporation Tax, with regard to the capitalisation reserve, an assignment is proposed as part of the distribution of earnings for 2022 from the profits for the year for the sum of 1,924,463 euros (917,321 euros in 2021) to the Capitalisation Reserve.

The estimation of the Corporation Tax to be paid is as follows:

Thousands of euros	2022	2021
Tax Base (Taxable income)	21,930	19,320
Corporation tax at 25%	5,482	4,830
Deductions	(23)	(24)
Payments on account	(4,381)	(4,252)
Withholdings	(155)	(168)
Corporation tax payable	923	386

Deferred tax liabilities

Result of the valuation of financial assets at fair value with changes in equity, carried out at the end of the year, the figure of 225 thousand euros (816 thousand euros in 2021) was recorded as a deferred tax liability.

17. Environmental information

As at 31 December 2022, there were no significant assets dedicated to the protection and improvement of the environment, nor were any relevant expenses incurred of this nature during the financial year.

During the financial years of 2022 and 2021 no environmental subsidies were received.

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18. Income and expenses

18.1. Net turnover

The main activity of the company, included in its corporate purpose, is (i) to grant financing from its own resources with profitability criteria, and with a view to contributing to the economic and social development of developing or emerging countries and (ii) the management of any public funds that are attributed to it by a regulation with the force of law, as well as supporting the management of public funds or the provision of advisory services in relation to the management of public funds, which are also attributed to it by a regulation with the force of law.

The remuneration to the company for the management and advice of public funds is determined by different Ministerial Orders. As a result of the changes that have occurred over the last 20 years, both in the surrounding environment and in the financial instruments in which the FIEX and FONPYME funds have interests, on 16 June 2022, the Minister of Trade, Industry and Tourism signed the "Order regulating the remuneration to be received by Compañía Española de Financiación del Desarrollo, COFIDES, S.A. as the manager of the Fund for Foreign Investments (FIEX) and the Fund for Investment Operations abroad of Small and Medium Enterprises (FONPYME)", replacing the Ministerial Order issued on 28 July 1999 which had been regulating the remuneration of the Manager.

The new Order maintains the principles of the previous one —remuneration must encourage efficiency in management, must be differentiated by investment stages and must be sufficient to remunerate the Manager's capital— but it adjusts the fees to be received by COFIDES.

The item Net turnover includes the financial income and fees that the company receives with regard to its activity on its own account, as well as the fees accrued

as a result of the company's activity as a manager of the FIEX, FONPYME, FONREC and programmes of the European Union budget (Note 1). Income from support to FONPRODE management is also included. Detail is as follows:

Thousands of euros								
2022					2021			
COFIDES interests				3,300				2,646
Profits from capital stakes				2,454				62
Own fees				157				392
COFIDES Total Income				5,911				3,100
	FIEX	FONPYME	FONREC	Total	FIEX	FONPYME	FONREC	Total
Start-up fee			3,719	3,719			4,089	4,089
Study fees	887			887	2,199			2,199
Fee formalisation	248	95		343	1,722	183		1,905
Disbursement fees		35		35		161		161
Management fees	10,243	374	2,828	13,445	11,333			11,333
Performance fees	3,282	179	643	4,104	4,885	384		5,269
Settlement fees	741		27	768	1,614			1,614
Fee from share in earnings	3,777	211		3,988				-
Other management and advisory fees				4,103				3,518
Total fund management	19,178	894	7,217	31,392	21,753	728	4,089	30,088
TOTAL				37,303				33,188

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18.2. Staff expenses

The breakdown of the staff expenses in thousands of euros was as follows:

Thousands of euros	2022	2021
Wages and salaries	5,314	4,770
Council Allowances	85	84
Social Security paid by the company	1,154	1,095
Other benefits	373	405
Total	6,926	6,354

18.3. Outsourcing and taxes

The breakdown of the items "Outsourcing" and "Taxes" have been set out below:

Thousands of euros	2022	2021
Advertising, propaganda and public relations	255	135
Leases	983	912
Repairs and maintenance	299	253
Services of independent professionals	932	1,358
Insurance premiums	183	66
Training expenses	149	119
Travel and entertainment expenses	210	51
Other expenses	755	723
Total outsourcing services	3,766	3,617
Taxes	109	141
Total taxes	109	141
Total	3,875	3,758

Independent professional services mainly includes the cost of external consultancy associated with different projects carried out by the company during the years 2022 and 2021.

18.4. Financial income

This item includes the amount of financial income deriving from the company's treasury investments accrued in 2022 in relation to the returns on the purchase of Treasury Bills held as well as other financial assets. In the financial year of 2021, treasury investments were held in euros and they had negative remuneration as a result of the monetary policy carried out by the European Central Bank.

18.5. Financial expenses

This item includes expenses of a financial nature related with the management of EFP and IICF facilities in which the company does not act as a promoting partner. In addition, the negative interest rates applied to the balances maintained by the company in current accounts and deposits are recorded.

18.6. Other operating income

These items include small items that are not part of the company's current activity and which mainly pertain to the re-billing of expenses that are included in the day-to-day management expenses item.

19. Memorandum accounts

They group the accounts that reflect facts or circumstances which may generate rights or obligations, affecting the financial structure of the company. Likewise, those memorandum accounts used for the purposes of the internal control of assets or liabilities and equity, management information or the control of future financial situations are included.

The company's Memorandum accounts item record the current account balances pending application in expenses and technical

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assistance of the community budget programmes, Triple Inclusive Finance (TIF) and the Renewable Energy Programme for Sub-Saharan Africa (PIP), whose management agreements were formalised in the financial year of 2020.

20. Transactions with related parties

The related parties with whom the company has carried out transactions, as well as the nature of said relationship, is as follows:

Financial years 2022 - 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
ICEX	Company shareholder
	Directors
Senior management:	Chairman
	Director-General

20.1 Related entities

The breakdown of the balances held with related entities is as follows:

2022					
Thousands of euros	FIEX	FONPYME	FONREC	EC/ HURUMA	Total
ASSETS					
Long-term financial investments					
Debtors - funds (Note 11.2.1)	9,097	259	-	-	9,356
Trade and other receivables					
Debtors - funds	6,238	467	2,258	16	8,979
LIABILITIES					
Long-term payables					
	-	-	-	-	-
Short-term payables					
	-	-	-	-	-

2021					
Thousands of euros	FIEX	FONPYME	FONREC	EC/ HURUMA	Total
ASSETS					
Long-term financial investments					
Debtors - funds (Note 11.2.1)	11,093	286	-	-	11,379
Trade and other receivables					
Debtors - funds	8,615	241	1,890	31	10,777
LIABILITIES					
Long-term payables					
	-	-	-	-	-
Short-term payables					
	-	2,139	-	-	2,139

The itemisation of the transactions made with related entities is as follows:

2022					
Thousands of euros	FIEX	FONPYME	FONREC	EC/ HURUMA	Total
Net turnover					
	19,178	894	7,217	64	27,353
	19,178	894	7,217	64	27,353

2022					
Thousands of euros	FIEX	FONPYME	FONREC	EC/ HURUMA	Total
Net turnover					
	21,753	728	4,089	64	26,634
	21,753	728	4,089	64	26,634

20.2. Directors and Senior management

During the year ending on 31 December 2022, the Directors of the company received remuneration for per diems amounting to 85 thousand euros (84 thousand euros in 2021).

Annual accounts

In the same way, and for information purposes only in this Annual Report and Accounts, the following table reflects the remuneration received for all items by the company's Senior Management staff, with the exception of the Directors mentioned in the previous paragraph:

Thousands of euros	Salary remunerations		Other remunerations	
Financial year	Fixed	Variable	Benefits	Other
2022	241	64	-	-
2021	237	63	-	-

As at 31 December 2022, advances on employee remuneration amounting to 22 thousand euros had been granted, whilst at year-end 2021 no advances or credits had been granted and no obligations had been assumed on their behalf by way of guarantees. Likewise, the company has not assumed any obligations with regard to pensions and life insurance in terms of the former or current directors of the company.

The members of the Board of Directors of COFIDES have declared their compliance with the provisions of article 229 of the Corporations Act. The breakdown of the share in capital, positions or duties, carried out on their behalf or by others in companies whose type of activity is the same as that of the company, is included in Annex I which has been attached.

21. Information about employees

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

	2022	2021
Directors	12	12
Senior Management and technical direction	25	23
Technical team	57	54
Support staff	10	10
Total	104	99

In 2022, the new hiring of employees was carried out under the protection of the provisions of the seventeenth Additional provision "Hiring of staff from public commercial companies and public business entities" of Law 22/2021 of 28 December, of the General State Budget for 2022 and in the fourth and fifth additional provisions of Royal Decree-Law 32/2021 of 28 December on urgent measures for employment reform, the guarantee of stability in employment and the transformation of the employment market. Temporary contracts have only been formalised on an exceptional basis to cover urgent, unpostponable needs or to temporarily cover sick leave through interim contracts. In all cases, prior authorisations were obtained from the Ministry of Finance and Civil Service, through the State Secretariats for Budgets and Expenditures and Civil Service, as well as from the majority shareholder, as set out in the aforementioned additional Provision.

Annual accounts

Distribution by genders at year-end of the staff and the Directors is as follows:

	2022			
	Women	Men	Total	Average number of people with disabilities >33%
Directors	5	7	12	-
Senior Management and technical direction	13	12	25	
Technical team	34	23	57	1
Support staff	9	1	10	
Total	61	43	104	1

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

22. Audit fees

The fees accrued for the services provided by the accounts auditor amount to:

Thousands of euros	2022	2021
Auditing	28.00	28.00
Other services	-	-
Total	28.00	28.00

Additionally, in both years the auditor's services were contracted for the sum of 2,397 euros related with the audit of the financial statements of EC/FI HURUMA FUND.

23. Subsequent events

As from 31 December 2022 until the drawing up by the Board of Directors of the company of these annual accounts, no event has occurred that significantly affects these annual accounts and that should be mentioned.

Annual accounts

Details of stakes and posts in other companies of the company Directors as at 31 December 2022

Directors	Positions and duties Company	Stake in the capital of companies with similar/complementary activity to COFIDES	
		% Stake Director / related parties	Company
Mr. José Luis Curbelo Ranero	Chairman and CEO COFIDES	-	
Ms. María Aparici González	Deputy General Director of International Trade in Services and Digital Trade Ministry of Industry, Trade and Tourism	-	
Ms. Eva Bueno Velayos	Global Head Cash Management Banco Santander	-	
Ms. Silvia Díez Barroso	International Financing Director ICO Secretary FIEM Committee	-	
Mr. Javier Estévez Zurita	Director of Solutions and Business Transformation BBVA	-	
Ms. Rocío Fernández Funcia	Board Member Avanza Previsión, Compañía de Seguros, S.A.	Less than 0.01%	BBVA Banco Santander CaixaBank
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	Global Trade Finance Director BBVA	-	
Mr. David Noguera Ballús	Assistant General Manager Banco de Sabadell, S.A.	Less than 0.005%	Banco Sabadell
Ms. Mercedes Storch de Gracia Calvo	Head of Fond-ICO Next Tech and International Relations Axis Participaciones Empresariales, SGEIC, SA, S.M.E.	-	
Mr. Pablo de la Torre Rodríguez	Commercial Head of International Business Banco Santander	Less than 0.01%	Banco Santander

Annual accounts

Details of stakes and posts in other companies of the company Directors as at 31 December 2021

Directors	Positions and duties	Number of Titles / Percentage Stake held by the Director or a family member		Company
Mr. José Luis Curbelo Ranero	Chairman and CEO COFIDES			
Ms. María Aparici González	Deputy Director-General of International Trade in Services and Digital Trade Ministry of Industry, Trade and Tourism			
Mr. Antonio Bandrés Cajal	Director / Investment Committee FondICO Infraestructuras	-		Axis Participaciones Empresariales
	Head of IR and EU Affairs Department	-		ICO
	Management Board Member	-		Fondo Marguerite I
	Management Board Member	-		Fondo Marguerite II
	Board Member	-		FIEX and FONPYME Executive Committee
Ms. Eva Bueno Velayos	Global Head Cash Management Banco Santander	-		-
Mr. Javier Estévez Zurita	Solutions and Business Transformation Director	-		-
Mr. Pablo López Tallada	Director of Global Trade Finance BBVA	-		BBVA
Mr. David Noguera Ballús	Assistant General Manager Banco de Sabadell, S.A.	<0.005%		Banco Sabadell
		On behalf of my related parties, <0.005%		Banco Sabadell Sabadell Corporate Finance, S.L.
	Chairman			-
Mr. Alfonso Noriega Gómez	President's Office Director ICO	-		-
Mr. Pablo de la Torre Rodríguez	Commercial Head of International Business Banco Santander	Less than 0.01%		Banco Santander
Mr. Fernando Jiménez-Ontiveros Diego	Director-General for Multilateral, Horizontal and Financial Cooperation AECID	-		-
Ms. Rocio Fernández Funcia	Board Member Avanza Previsión, Compañía de Seguros, S.A.	On behalf of my related parties, less than 0.01%		BBVA Banco Santander CaixaBank
Mr. Gabriel Galán González	Deputy Director-General for Program Management and Execution Ministry of Industry, Trade and Tourism	-		-

06

**Supplementary
information**

Report parameters

This Activity and Sustainability Report is limited in time to 2022. Prior annual reports are available on the COFIDES website.

This report and the Corporate Governance Report have been prepared in accordance with the GRI Standards. Links to the COFIDES website are also included for further information. The report has been externally verified by an independent entity (AENOR). All indicators included in the scope have been verified, and a certificate is included at the end of the report.

Materiality analysis. Process and definition of the content of the report

The materiality analysis has been prepared following the guidelines of GRI 3: Material Topics 2021 and the reporting principles of GRI 1: Foundation. COFIDES's prior sustainability reports included the identification and management of material topics and, accordingly, previous analyses have been used as a starting point, in addition to the process of drawing up the Strategic Plan 2022-2024,

which was approved by the Board of Directors in 2022.

This process was carried out in 2022 and involved the participation of various COFIDES divisions, as well as the vision of stakeholders. In its design, the current context has played a key role, given the socio-economic and environmental conditions in which the organisation's activity is framed. Meetings were also held with representatives of various stakeholder groups to seek their comments and input: Secretary of State for Trade, directors, Spanish Agency for Development Cooperation (AECID), Spanish Office of Climate Change, public-sector entities, business organisations, sector-based associations, business representatives and impact funds and think tanks.

External sources dealing with socio-environmental impacts (including human rights) most commonly associated with the financial sector have also been considered: various working groups with peer organisations (social, environmental, effects

on development, corporate governance, responsible financing and harmonisation of standards), OECD sectoral guides, associations in the field of sustainability (Global Compact and Spainsif) of which COFIDES is a member, reports from peer organisations, ESG standard setters (GRI and TCFD), training courses and bulletins from third sector organisations.



The results of the foregoing process have led to the following list of material topics representing the most significant current or potential positive or negative impacts, which has been validated by Company management. One of the functions of the Sustainability Commission to be created in 2023 will be to review this list.

1. Combating climate change

2. Contribution to the SDGs

3. Consolidation of Spanish companies abroad

4. Impact on investment destination countries

5. Comprehensive due diligence process (with special emphasis on socio-environmental issues)

6. Corporate governance

7. Additionality of COFIDES funding in the Spanish financial sector

8. Strategic partnerships

9. Capacity building of staff

10. Economic performance

The Strategic Plan has served as the basis to prioritise issues. However, COFIDES attaches importance to and works on all of them at the same time. There are already consolidated themes in COFIDES's management and interrelated issues: sustainable management, impact and contribution to the SDGs are cross-cutting issues, while corporate governance, strategic partnerships and capacity building serve to reinforce the other issues. Definitions of the material topics are included at the end of this section.

The most significant changes in terms of material topics compared to the previous list in the 2020 Activity and Sustainability Report relate to the inclusion of strategic partnerships, which are to be given greater impetus. The additionality of COFIDES's funding is now focused on supporting the solvency of Spanish companies affected by COVID-19.

The Company's most important impact is the external dimension, i.e. relating to the projects supported, such that the volume of information and data on this dimension is higher. Since COFIDES is a small entity, the data considered relevant for understanding internal management are provided.

Coverage, scope and limitations of the report

The report includes information on projects approved and formalised in 2022, as well as the project portfolio at 31 December 2022. The data relating to the carbon footprint of the internationalisation portfolio relates to the project portfolio at 31 December 2021. The internationalisation portfolio includes projects financed using COFIDES, FLEX and FONPYME resources. The indicators currently obtained relating to the non-financial aspects of projects (aggregate impact of investments) are mainly based on information provided by project sponsors during the various due diligence phases. Although project analysts in various specialties are responsible for cross-checking the information received, this information cannot currently be accepted with the same guarantees as audited project financial information. Data from previous years are not included, as the portfolio profile changes annually with new investments and divestments. The collection of impact data is necessarily limited to direct investment with underlying projects and excludes international financing and funds.

By maintaining a permanent focus not only on the financial aspects of the projects but also on the other aspects that guarantee their sustainability, the aim of COFIDES is to systematise the information that allows these issues to be highlighted, both in the internationalised companies and in COFIDES itself.

As indicated above, the data on projects and companies financed are based on information provided by the companies. No sampling techniques are used, and no assumptions

are made. The effort is concentrated on obtaining as many responses as possible and then carrying out a data collection exercise and a linear aggregation of the data. Indicators relating to human resources are collected by the relevant division and aggregated linearly.

Additional information

This table contains the description of the four rating categories included under "Social and Environmental Considerations".

Risk/Impact	Description
A: High	Risks and/or potential negative impacts of a diverse nature, severe, extensive, generally irreversible or unprecedented.
B+: Medium – high	Moderate risks and/or potential negative impacts, mostly localised and reversible, but with specific aspects that may generate risks or impacts of greater magnitude and scope.
B: Medium	Moderate, localised and reversible risks and/or potential negative impacts which can be effectively mitigated through well-known and proven measures.
C: Low	Low or non-existent risks and/or potential negative impacts.

Definitions material topics

1. Combating climate change

COFIDES's activity is carried out under the conviction that the financial sector has a leading role to play in meeting the goals of reducing emissions and decarbonising economies by 2030 and 2050, respectively. The 2022-2024 Strategic Plan includes climate targets to ensure that financing activity is aligned with the principles and objectives of the Paris Agreement by the end of the plan. COFIDES is also an accredited entity of the Green Climate Fund.

2. Contribution to the SDGs

Financial institutions are strategically positioned to promote the financing needed to meet global challenges. The impact of the international development agenda involves all the Company's activities. The investments and programmes in which COFIDES participates contribute to the achievement of the SDG goals and targets, both directly and indirectly.

3. Consolidation of Spanish companies abroad

COFIDES provides support to Spanish companies by implementing a financial offer tailored to their needs. The internationalisation of the Spanish private sector has a positive impact on the strength of the national business community. If this process is carried out with appropriate and responsible management, it contributes to the socio-economic growth of the investment countries, as well as Spain.

4. Impact on investment destination countries

COFIDES promotes the establishment of partnerships with the private sector to finance projects that help generate positive and lasting effects in the countries where the investment is made. It has a long track record in measuring the impact of financed projects and is involved in a number of international initiatives.

5. Due diligence process with special emphasis on socio-environmental issues

The risk management culture is internalised throughout the organisation and is a key issue throughout the due diligence process, including the analysis of social

and environmental aspects. It has a socio-environmental policy and a gender policy with the main aim of avoiding negative impacts of the financed projects on the environment and people, including human rights.

6. Corporate governance

COFIDES is committed to continue adopting good governance practices in relation to the creation of committees, independent directors, improvement of external audit procedures, reinforcement of internal audit, adoption of control systems, anti-corruption and crime risk prevention, and ethical commitment.

7. Additionality of COFIDES financing in the Spanish financial sector

COFIDES manages the Fund for the Recapitalisation of Companies Affected by COVID-19, which aims to support the solvency of medium-sized companies in financial difficulty, with the ultimate aim of avoiding the destruction of jobs and production at national and regional level.

8. Strategic partnerships

COFIDES considers it essential to weave a network of partnerships with

all its stakeholders, both nationally and internationally. It cooperates with EDFI member institutions in various fields, takes part in international initiatives, has agreements with multilateral organisations and belongs to several national associations. Interaction with other institutions also strengthens business generation.

9. Capacity building of staff

COFIDES's human capital is made up of multidisciplinary teams, is highly qualified and has a notable capacity within the Spanish public sector to analyse and structure financing and investment operations. Ongoing training is considered an essential pillar to adequately address the Company's various mandates and challenges.

10. Economic performance

COFIDES's various mandates must be implemented under criteria of profitability, risk, impact and legal compliance, and it is committed to properly handling all these, which will enable it to generate and distribute value to its stakeholders.

GRI content index

Statement of use	COFIDES has prepared this chapter in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022
GRI 1 used	Foundation 2021
Applicable GRI Sector Standard(s)	

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
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GRI 2: GENERAL DISCLOSURES

2-1 Organizational details	<p>CGR chapters:</p> <ol style="list-style-type: none"> 1. Data identifying the organisation 2. Nature of the organisation, mandate and structure of ownership <p>ASR headings:</p> <p>Business history map</p> <p>Portfolio by region and sector</p> <p>https://www.cofides.es/en/financing/internacionalization/countries</p> <p>https://www.cofides.es/en/financing/blending/countries</p> <p>https://www.cofides.es/en/financing/green-climate-fund/countries</p>			
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GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-2 Entities included in the organization's sustainability reporting		Not applicable		
2-3 Reporting period, frequency and contact point		Annual frequency 01/01/2022-31/12/2022. Financial report same period Date of publication: September 2023 Contact point: sostenibilidad.impacto@cofides.es		
2-4 Restatements of information			No significant changes	
2-5 External assurance		ASR headings: Report parameters External assurance report	Procurement is carried out in accordance with the internal procurement procedure pursuant to the Public Sector Contracts Law. AENOR certifies the quality management system. Senior management has approved the request for external assurance of the report.	

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-6 Activities, value chain and other business relationships	CGR chapters: 2. Nature of the organisation, mandate and structure of ownership ASR headings: Operational and management capacity Approvals, formalisations and disbursements Portfolio by region and sector https://www.cofides.es/en/financing https://www.cofides.es/en/financing/internacionalization/sectors https://www.cofides.es/en/financing/blending/eligibility		COFIDES procures consultancy services in connection with its financial activity. In addition, it purchases products and services for the Company's headquarters	
2-7 Employees	ASR heading: Team		Personnel data are at 31/12/22. There are no employees hired for non-guaranteed hours. The indicators relating to human resources are presented as personnel	
2-8 Workers who are not employees	ASR heading: Team		The data are presented for personnel at 31/12/22	

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
	2-9 Governance structure and composition	CGR chapters: 3. Decision-making bodies 4. Advisory and internal management committees		
	2-10 Nomination and selection of the highest governance body	CGR chapters: 3.2 Board of Directors. Procedure for determining composition, training, compatibility and diversity indicators 4.1 Audit and Risk Committee		
	2-11 Chair of the highest governance body	CGR chapters: 3.3 Chairman and Chief Executive Officer		
	2-12 Role of the highest governance body in overseeing the management of impacts	CGR chapters: 3.2 Board of Directors 3.3 Chairman and Chief Executive Officer 4.1. Audit and Risk Committee		



GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
	2-12 Role of the highest governance body in overseeing the management of impacts	5.2.1 Code of Ethics 5.2.6 Social and environmental risk control system 6. Internal audits ASR heading: Sustainability management. Social and environmental considerations		
	2-13 Delegation of responsibility for managing impacts	CGR chapters: 4.1. Audit and Risk Committee ASR heading: Sustainability management. Social and environmental considerations		
	2-14 Role of the highest governance body in sustainability reporting	CGR chapters: 4.1. Audit and Risk Committee ASR heading: Materiality analysis		
	2-15 Conflicts of interest	CGR chapters: 3.2.5. Procedure for determining composition, training, compatibility and diversity indicators		



GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-15 Conflicts of interest		3.2.7. Other positions held by directors on other administrative bodies or management bodies of other companies		
2-16 Communication of critical concerns		CGR chapters: 5.2.3. Crime risk control system		
2-17 Collective knowledge of the highest governance body		CGR chapters: 4.1.9 Audit and Risk Committee. Regime for the adoption of resolutions		
2-18 Evaluation of the performance of the highest governance body		CGR chapters:: 3.2.14 Board of Directors. Self-assessment 4.1.10 Audit and Risk Committee. Self-assessment		
2-19 Remuneration policies		CGR chapters: 3.2.8. Board of Directors. Remuneration of directors 3.3.4. Chairman and Chief Executive Officer. Remuneration		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-19 Remuneration policies		ASR headings: Team Boosting sustainable financing and investment impact. Aggregate impact of investments		
2-20 Process to determine remuneration		ASR heading: Team CGR chapters: 3.2.8. Board of Directors. Remuneration of directors 3.3.4. Chairman and Chief Executive Officer. Remuneration		
2-21 Annual total compensation ratio		ASR heading: Team		
2-22 Statement on sustainable development strategy		ASR heading: Letter from the Chairman		
2-23 Policy commitments		CGR chapters: Code of Ethics https://www.cofides.es/en/about-us/governance		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-23 Policy commitments		ASR heading: Sustainability management. Social and environmental considerations https://www.cofides.es/en/our-work/sustainable-investments		
2-24 Embedding policy commitments		ASR heading: Sustainability management. Social and environmental considerations https://www.cofides.es/en/our-work/sustainable-investments GCR chapters: 4.1.3. Audit and Risk Committee. Functions 6. Internal audits		
2-25 Processes to remediate negative impacts		GCR chapters: 3.3.8. Stakeholder relations 5.2.3. Crime risk control system https://www.cofides.es/en/integrity		
2-26 Mechanisms for seeking advice and raising concerns		GCR chapters: 5.2.3. Crime risk control system https://www.cofides.es/en/integrity		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
GRI 2: GENERAL DISCLOSURES				
2-27 Compliance with laws and regulations			In 2022, no breaches of this type were recorded	
2-28 Membership associations	ASR headings: Letter from the Chairman Milestones Operational and management capacity Commercial and institutional action Aggregate impact of investments		ALIDE, APD, ASCRI, Club de Exportadores e Inversores, EDFI, IFC, Instituto de Auditores Internos, IFSWF, OPSWF, Global Compact Spain Network, REDI, Spainsif	
2-29 Approach to stakeholder engagement	ASR headings: Stakeholder relations CGR chapters: 8.1. External corporate communications unit https://www.cofides.es/en/noticias/notas-de-prensa/financial-support-cofides-internationalisation-2022-recognised-excellent			
2-30 Collective bargaining agreements			All COFIDES staff (100%) are covered by the Madrid Offices Collective Agreement	

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ASR heading: Materiality analysis. Process and definition of the content of the report		
	3-2 List of material topics			
Combating climate change				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Letter from the Chairman Task Force on Climate Finance Disclosures (TCFD) Boosting sustainable finance and investment impact Operational and management capacity Carbon neutral office		
GRI 201: Economic Performance 2016	201-2: Financial implications and other risks and opportunities due to climate change	ASR heading: TCFD		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Combating climate change				
GRI 305: Emissions 2016	305-3: Other indirect (Scope 3) GHG emissions	ASR headings: TCFD Boosting sustainable financing and investment impact		
Contribution to the SDGs				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Letter from the Chairman High impact undertakings. COFIDES Impact Sustainability management. Social and environmental considerations TCFD Aggregate impact of investments CGR chapters: 3.3.8 Stakeholder relations https://www.cofides.es/biblioteca-de-documentos/plan-estrategico-cofides		
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	ASR headings: High impact undertakings Aggregate impact of investments Formalisations by product		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Consolidation of Spanish companies abroad				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Letter from the Chairman High impact undertakings Our management Sustainability management Stakeholder relations GCR chapters: 5.2.7. Financial risk control system https://www.cofides.es/biblioteca-de-documentos/plan-estrategico-cofides https://www.cofides.es/en/noticias/notas-de-prensa/financial-support-cofides-internationalisation-2022-recognised-excellent		
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	ASR headings: Activity milestones High impact undertakings. Fostering internationalisation Operational and management capacity Approvals, formalisations and disbursements Portfolio by region		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Impact on investment destination countries				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Letter from the Chairman Article by the Director-General High impact undertakings Aggregate impact of investments Portfolio by region Sustainability management. Social and environmental considerations GCR chapters: 3.3.8. Stakeholder relations https://www.cofides.es/biblioteca-de-documentos/ejes-plan-estrategico-cofides-2022-2024		
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	ASR headings: High impact undertakings Aggregate impact of investments		
Comprehensive due diligence process (with special emphasis on socio-environmental issues)				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Sustainability management TCFD https://www.cofides.es/biblioteca-de-documentos/ejes-plan-estrategico-cofides-2022-2024		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Comprehensive due diligence process (with special emphasis on socio-environmental issues)				
GRI 3: Material Topics 2021	3-3 Management of material topics	CGR chapters: 5.2.6. Socio-environmental risk control system 5.2.7. Financial risk control system 3.3.8. Stakeholder relations		
Organisation-specific content	Socio-environmental policies and procedures	ASR headings: Social and environmental considerations Socio-environmental risk profile https://www.cofides.es/en/noticias/notas-de-prensa/financial-support-cofides-internationalisation-2022-recognised-excellent		
Corporate governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	CGR chapters:: 3. Decision-making bodies 5.2. Control systems ASR headings: Stakeholder relation https://www.cofides.es/biblioteca-de-documentos/plan-estrategico-cofides https://www.cofides.es/en/about-us/governance		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Corporate Governance				
Organisation-specific content	Decision-making bodies	CGR chapters: 3.2 Board of Directors. Structure and composition. Procedure for determining composition, training, compatibility and diversity indicators. Self-assessment 4.1. Audit and Risk Committee. Self-assessment		
	Control systems	CGR chapters: 5.2. Control systems. Code of ethics, corruption prevention system, crime risk control system, AML/CFT system		
Additionality of financing in the Spanish financial sector				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Article by the Director-General Sustainability management GCR chapters: 3.3.8. Stakeholder relations 5.2.7. Financial risk control system https://www.cofides.es/biblioteca-de-documentos/ejes-plan-estrategico-cofides-2022-2024		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Additionality of financing in the Spanish financial sector				
GRI 203: Indirect Economic Impacts 2016	203-2: Significant indirect economic impacts	ASR headings: Management and activity milestones Approvals, formalisations and disbursements Aggregate impact of investments Socio-environmental risk profile of the portfolio		
Strategic partnerships				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Letter from the Chairman https://www.cofides.es/biblioteca-de-documentos/ejes-plan-estrategico-cofides-2022-2024		
Organisation-specific content	Institutional relations, working groups and participation in events	ASR headings: Corporate milestones Commercial and institutional action Stakeholder relations		
Capacity building of staff				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Team https://www.cofides.es/biblioteca-de-documentos/ejes-plan-estrategico-cofides-2022-2024		

GRI Standard/ Other source	CONTENT	LOCATION	COMMENTS	OMISSION
Capacity building of staff				
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	ASR headings: Team. Training		
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	ASR headings: Our actions and impact Team		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	ASR headings: Boosting sustainable financing and investment impact Approvals, formalisations and disbursements Team AA: Consolidated financial statements		

Key:

- AA: Annual accounts
- CGR: Corporate governance report
- ASR: Activity and sustainability report

Verification report



VERIFICATION OF SUSTAINABILITY REPORT

VMS-2023/0018

AENOR has verified the Sustainability Report by the organization

COMPañIA ESPAñOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.

concluded that the Sustainability Report comply with GRI reporting standards and provide a comprehensive picture of its most significant impacts on the economy, environment, and people, including impacts on their human rights and how the organization manages these impacts. The verification has been developed in accordance with the procedure detailed in the annex, fulfilling ISO/IEC 17029:2019.

Title: ACTIVITY AND SUSTAINABILITY REPORT 2022

For the period: January 1 to December 31, 2022

Address: PASEO DE LA CASTELLANA, 278. 28046 - MADRID

Issue date: 2023-07-04



A handwritten signature in blue ink, appearing to read "Rafael GARCÍA MEIRO". The signature is stylized and fluid.

Rafael GARCÍA MEIRO
CEO

AENOR INTERNACIONAL S.A.U.
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00.- www.aenor.com



The organization for which this certificate is being issued has commissioned AENOR to carry out a verification under a limited level of assurance of its Sustainability Report in accordance with Sustainability Reporting Standards (SRS) GRI in relation to the information referenced in the publish GRI content index and for the reporting period.

In order to issue this certificate AENOR has evaluated report comply with all nine requirements GRI 1 to report in accordance with the SRS GRI, except for requirement 9 - Notification to GRI, which should be made by the organization after the issuance of this certificate.

As a result of the verification carried out, AENOR issues this Certificate, of which the verified Sustainability Report forms part. The Certificate is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

Responsibility of the organization. The organization had the will for reporting its Sustainability Report in accordance with GRI SRS. The approval of the Sustainability Report, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the Sustainability Report is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the Sustainability Report is obtained. The organisation has informed AENOR that no events have occurred, from the date of the close of the reporting period in Sustainability Report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this statement.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the report and reviewed evidence relating to:

- Activities, products and services provided by the organization.
- Consistency, accuracy and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the Sustainability Report in order to ensure the completeness, accuracy and veracity of its content.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

AENOR INTERNACIONAL S.A.U. C/ GÉNOVA 6, 28004 MADRID

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COFIDES



Investment and development

