2013 Annual Report

Compañía Española de Financiación del Desarrollo, COFIDES, S.A.

COFIDES

Funding for your investment abroad

Contents

2013

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Annual Report

COFIDES

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FOREWORD

COFIDES was founded in 1988 with state and private capital for the purpose of co-financing productive investments involving Spanish interests in emerging or developing countries. In addition to its own resources, COFIDES manages two state funds: the Fund for Foreign Investment (FIEX) and the Fund for SME Foreign Investment Operations (FONPYME). These resources can be used to finance projects in any country in the world to further the internationalisation of the Spanish economy and its enterprises. Both funds are Ministry of Economy and Competitive Policy facilities channeled through the Secretary of State for Commerce. COFIDES's state shareholders include ICEX Spain Trade and Investment, the Official Credit Institute (ICO) and Empresa Nacional de Innovación (ENISA), which together account for 53.68% of the company's share capital. The remaining 46.32% is held privately, specifically by four financial institutions, Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander, Banco Popular and Banco de Sabadell.

COFIDES MISSION:

COFIDES's mission is to use financial instruments to further the internationalisation of Spanish enterprise, preferably in developing countries but also in developed countries regarded as priority targets by Spain's economic and trade authorities. Additionally, and in light of its specific business, the Company is also called upon to contribute to Spanish consolidation and economic growth, as well as to foster development in those countries targeted by COFIDES-backed investment.

COFIDES VISION:

The company's vision includes being the de facto public-private funding vehicle of Spain's Economic and Commercial Administration for direct foreign investment and hence a model for Spanish public-private venture capitalism abroad.

COFIDES VALUES:

• COFIDES's additionally constitutes a distinctive value which can be attributed primarily to:

- The flexibility and versatility of the financial support afforded by the company, which is not readily found in the market.
- Its adaptation to each project and sponsor's financial needs, with generous maturities and grace periods.
- Its potential to provide institutional support for the investment projects financed.
- Its 'personality' as a temporary financial partner to stand by the investor without intervening in everyday project management.

• The sustainability of the resources and funds managed by COFIDES enables the company to maintain its investment capacity over time and to continue to provide its services to a growing number of businesses.

• Responsible financing is based on compliance with a code of ethics and a series of guiding principles that in turn rest on values such as respect for human rights, social, environmental and economic sustainability of the projects being financed, a commitment to the long-term economic development for local communities, awareness of the positive impact of investment on target country development, and the public circulation of information on anti-bribery and anti-corruption agreements in international trade.

• The courteous, high quality service provided by the COFIDES team is one of the mainstays of the company's relationship with its stakeholders. COFIDES, which aspires to business excellence, has adopted a number of working guidelines in the area of corporate responsibility that ensure ongoing improvement in its working methods and the quality of its services.

• Transparency as an instrument to provide accurate and reliable information about its own market activities, its shareholders as well as the company in general, ensuring the demands of confidentiality are securely met in the management of its business.

Experience

Since its creation, COFIDES has approved a total of 670 investment projects in over 74 countries, where it has committed resources amounting to over €2.062bn.

COFIDES can finance viable private investment projects such as the creation of new companies as well as the acquisition or expansion of existing companies. To qualify, projects must involve assets that require medium to long-term financing, are undertaken abroad and involve some element of Spanish interest.

Since 2013 COFIDES has also financed the commercial deployments of Spanish companies overseas.

On 31 December 2013, the portfolio of COFIDES managed projects rose to €872.53m.

Products

COFIDES offers, for viable, private and overseas investments projects, the following range of financial products:

• Share capital holdings of host country companies.

• Medium and long-term, subordinated, mezzanine and joint venture loans for host country companies.

• Medium and long-term loans for host country companies

• Medium and long-term loans for Spanish investors

• Multi-project loans

LETTER FROM THE Chairman

I have great pleasure in presenting this Annual Report, which includes the management highlights of the Compañía Española de Financiación del Desarrollo, COFIDES SA throughout 2013.

This year has been a period of great challenges for COFIDES, and we have tackled them with renewed vigour and responsibility. This is one of the reasons why we have again achieved excellent results, on all fronts.

The Company has consolidated its growth and seen record highs in both the managed portfolio total and annual approvals, as well as in the total portfolio of SMEs. Specifically, with regard to SMEs, in just two years the goal of doubling the SME investment portfolio, as laid out in the 2012-2015 Strategic Plan, has been realised ahead of our targets.

In line with the innovation strategy of the Company, we have developed new financing lines such as FINCHEF and the SME Invest program, which for the first time has allowed us to support the commercial implementation of Spanish SME projects.

In this same vein of innovative creativity, in 2013 and with the adoption of the Law on Entrepreneurs and internationalisation, we have initiated the so-called corporate finance, a pure, new economic regime that allows COFIDES to get involved in the home markets of Spanish companies that undertake international activity.

During this period we have continued to strengthen and grow our core mandate of supporting development financing. As shown, we have formalised our interest in the Interact Climate Change Facility (ICCF) and European Financing Partners (EFP), as well as remaining true to the Master Cooperation Agreement of the International Finance Corporation (IFC) to provide financing to private sector companies and to promote growth and employment in emerging markets. We were also the hosts of the 2013 Annual General Meeting of the Association European Development Finance Institutions (EDFI) and have strengthened our co-operation with other institutions in the field of development finance.

In the closing months of 2013, COFIDES also made preparations for its 25th Anniversary which was held in January 2014 and culminated in the inaugural COFIDES Internationalisation Advancement Awards, as well as featuring in a Special Edition issue of Spanish Commercial Information (ICE) magazine, specially dedicated to the current state of "Financing Internationalisation”.

I would also like to share with you another key Company milestone of 2013. Towards the end of last year COFIDES expanded its private equity base, incorporating Banco Popular as one of its shareholders, thereby reinforcing the presence of the private sector in the field of internationalisation. Undoubtedly all the positive aspects of public-private partnership will be strengthened by this new addition, and one that will contribute to our growth and consolidate our position as performance leader in our sector.

From an economic viewpoint, it is important to highlight that in 2013 the Company continued to act as an engine of economic development through the activity of financing business. This has only been possible thanks to the support of the Ministry of Economy and Competitiveness, the State Secretariat of Commerce and all the shareholders of COFIDES.

Therefore, I would like to show our appreciation to the State Secretariat of Commerce, to COFIDES board members, members of the Executive Committees of FIEX and FONPYME funds and for all the companies who have placed their confidence in the Company.

All the excellent COFIDES professionals deserve a special mention at this point. Once again all their efforts, commitment and responsibility to drive through the challenges set by the Company to contribute to the internationalisation of Spanish companies and development finance, should be commended.

The future will be full of new challenges, however with the professionalism and dedication of the COFIDES team and with the cooperation of our shareholders, I am confident that we will meet these challenges, and further expand our activities for the benefit of Spanish companies. The generation of both local and overseas employment and economic growth has been and remains the dual role and focus of COFIDES.

Salvador Marin
COFIDES Chairman and Chief Executive Officer

HIGHLIGHTS IN 2013

• The **committed investment portfolio** is equivalent to the total portfolio plus the amounts committed but not yet disbursed, which amounted to **€935.48m.**

• The **total managed portfolio** rose to **€872.53m**, reaching its highest level since the creation of COFIDES.

• The **total portfolio** at 31/12/2013 equates to an increase of **18%** over the total portfolio as at 31/12/2012 and a 58% increase compared to 31/12/2011.

• A maximum of **€243.31m** was reached at annual approval levels, 23% higher than 2012.

• The **total portfolio** of SME promoted projects reached its highest levels in 2013 with a volume of **€66.21m**, an increase of **20%** over 2012 and 95% compared to 2011.

• COFIDES **successfully** concluded a **private shareholder expansion and the Popular Bank** joined BBVA, Banco Santander and Banco Sabadell as private shareholders of COFIDES. The private shareholders represent 46.32% of the COFIDES share capital whereas 53.68% is publically owned.

• COFIDES articulated and undertook the funding of the **first corporate financing projects** taking place in the home market with international activity after the new Law 14/2013 regarding support for entrepreneurs and internationalisation.

• After the recognition of COFIDES as a legal authority for analysing projects for FIEM in that law, COFIDES **undertook its first analysis of a bio-energy project for FIEM.**

• COFIDES articulated and undertook the funding of the first **commercial implementation projects** of Spanish companies overseas.

• Creation of the Financing Line FINCHEF to encourage the opening of Spanish establishments of renowned Spanish restaurateurs overseas.

• COFIDES renewed its commitment in the fifth round of the **European Financing Partners** (EFP) and the second round of the **Interact Climate Change Facility** (ICCF) respectively, for the financing of viable private investment projects in ACP countries and for initiatives in recipient countries of the Official Development Assistance, to help mitigate climate change and promote energy efficiency in the case of ICCF.

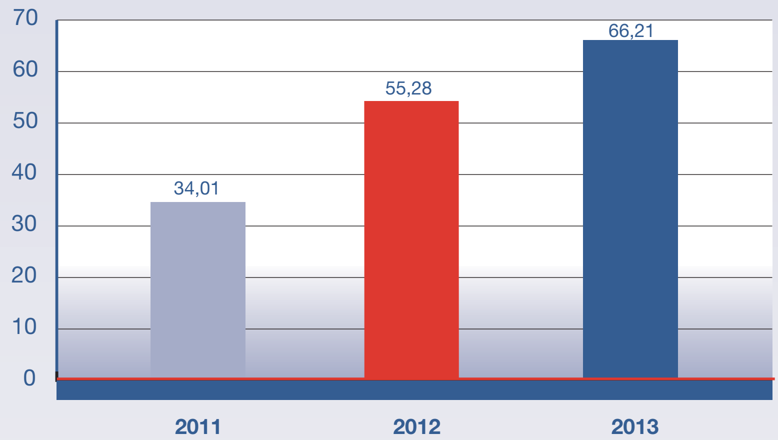
• COFIDES signed a membership contract with the **Master Cooperation Agreement of the International Finance Corporation** (IFC) to provide necessary funding to the private sector and to contribute to driving up growth and jobs in emerging markets.

• COFIDES signed a memorandum along with 24 International Financial Institutions for harmonising a first set of indicators used by the IFIs to estimate the effects on the development of private sector operations funding.

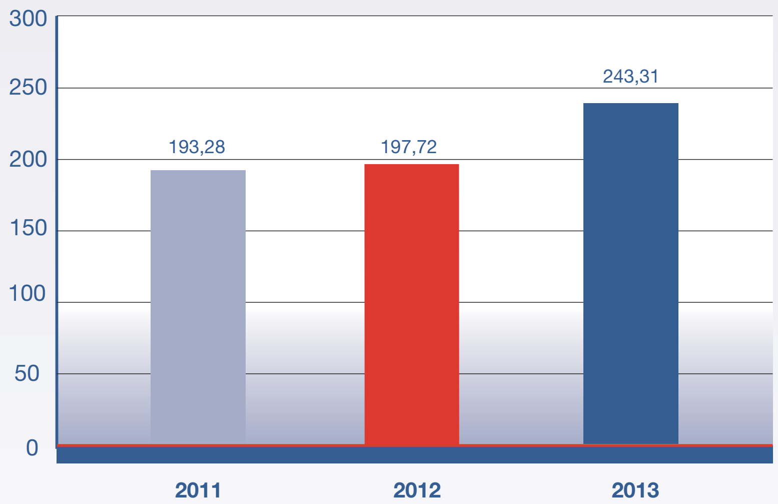
• COFIDES organised the **Annual General Meeting of EDFI** and the **Interact Meeting** in Madrid.

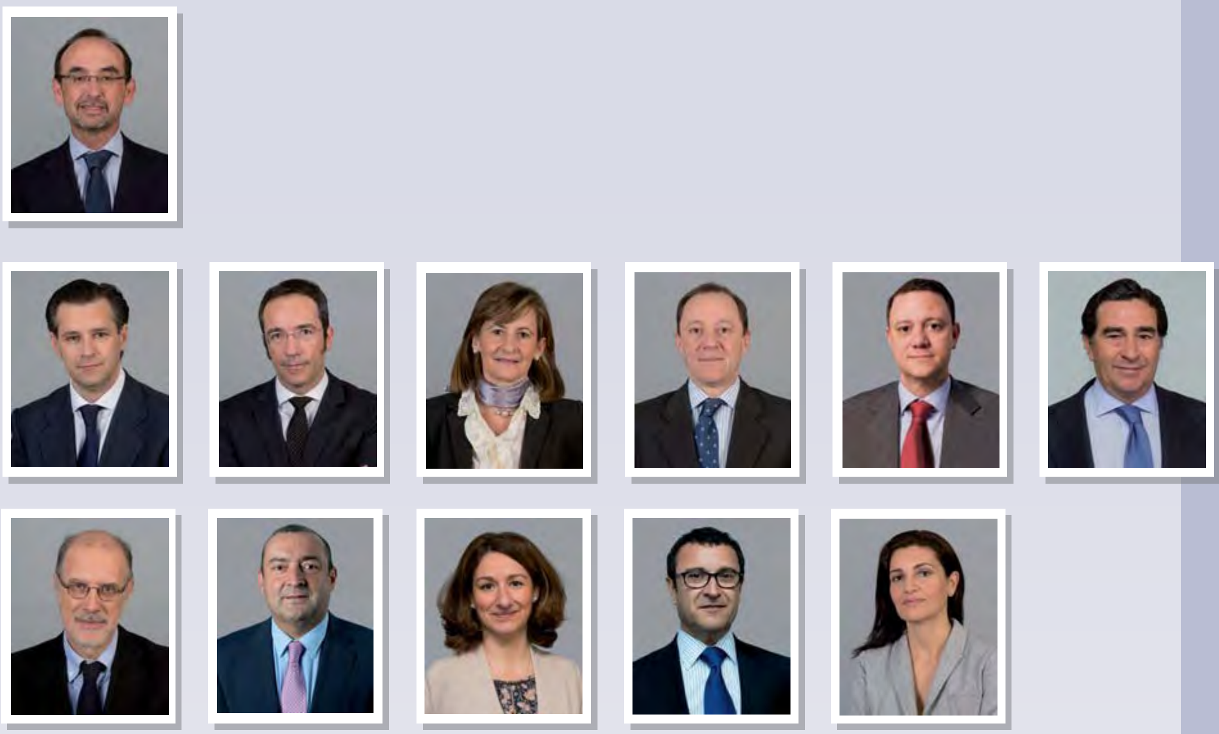
Evolution Portfolio: 2013

SME Portfolio Growth
2011 - 2013 (€ millions)



Approved Commitments Volume
2011 - 2013 (€ millions)





BOARD OF Directors

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Salvador Marín Hernández

BOARD MEMBERS (*)
José Ángel Amor Atienza
Antonio Bandrés Cajal
Rosario Casero Echeverri
Alberto Conde del Campo
José Corral Vallespín
Javier Estévez Zurita
Rafael Garranzo García
Alberto Gómez Nicolau
Eulalia Ortiz Aguilar
Francisco Javier Puig Asensio
María Simó Sevilla

SECRETARY, NON-MEMBER AND LEGAL COUNSEL
Ana Victoria Fernández Sáinz de la Maza

(*) As at April 2014
Also served as board members during 2013: Gerardo Gimeno Griñó; Begoña Cristeto Blasco; Valentín Laiseca Fernández de la Puente; Bruno Fernández Scrimieri; Luis Óscar Moreno García-Cano.

STEERING COMMITTEE

As at April 2014

Chairman and Chief Executive Officer
Salvador Marín Hernández

General Manager
Luis de Fuentes Losada

General Counsel
Ana Victoria Fernández Sáinz de la Maza

Deputy Manager, Control, Internal Audit and Quality
María Victoria de Luis Durán

Deputy Manager, Commercial and Business Development
Ana Cebrián Parrondo

Deputy Manager, Operations
Miguel Ángel Ladero Santos

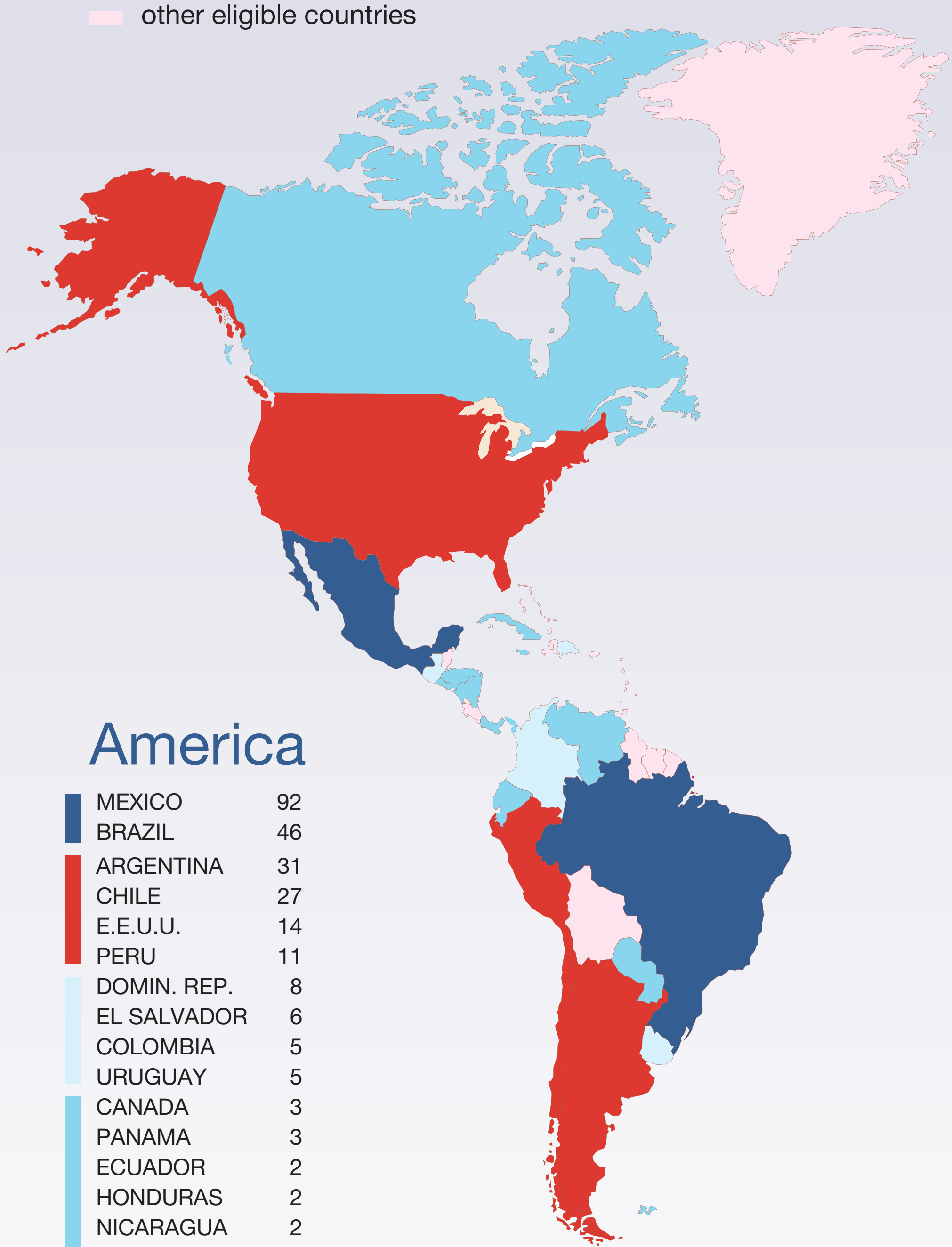
Deputy Manager, Risk
Consuelo Díaz Martínez

Deputy Manager, Corporate Social Development
Fernando Aceña Moreno

Deputy Manager, Economy and Finance
Héctor Turiel Valdés

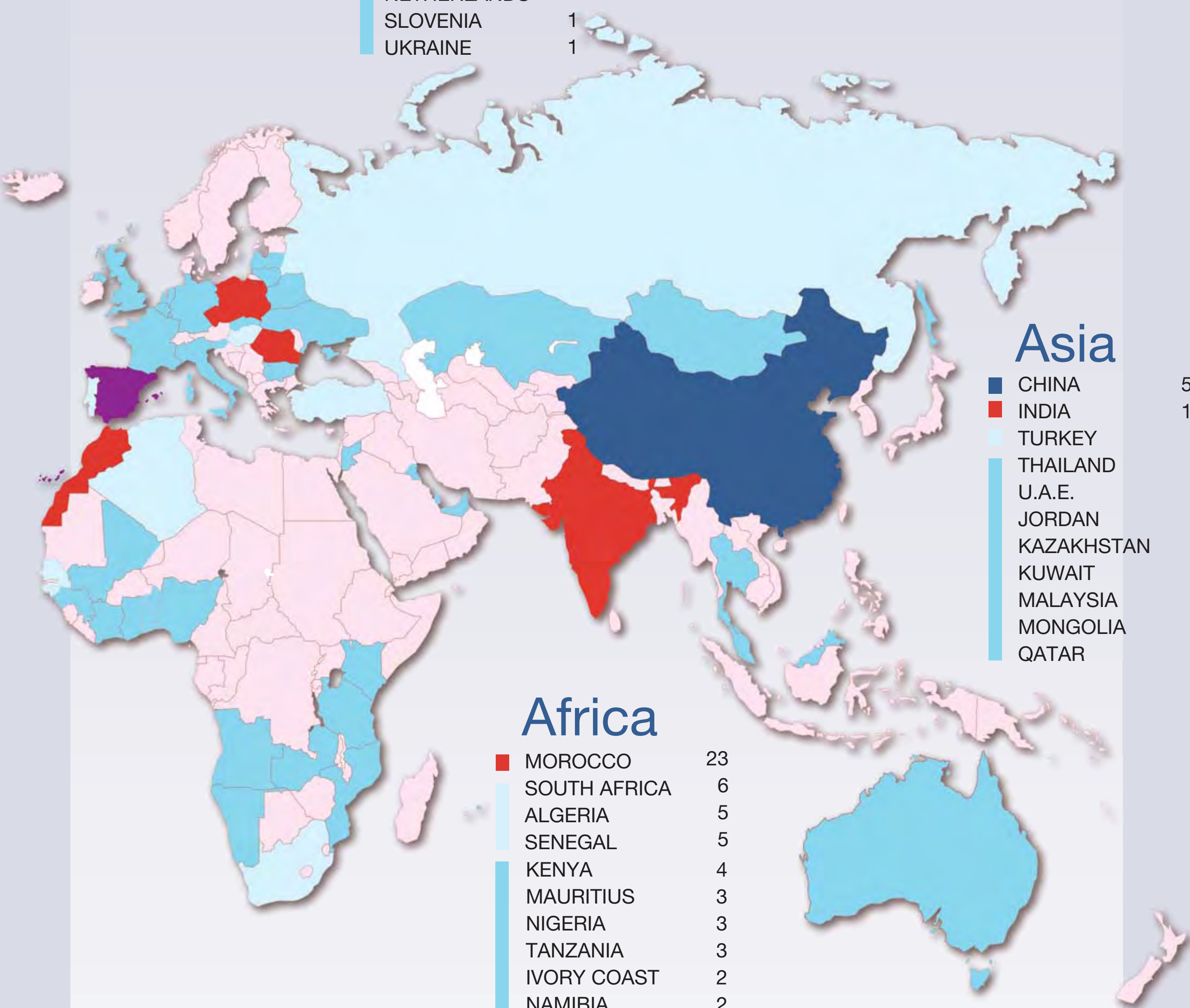
MAP
of activities

- countries +35 projects
- countries10-35 projects
- countries 5-9 projects
- countries 1-4 projects
- other eligible countries



America

MEXICO	92
BRAZIL	46
ARGENTINA	31
CHILE	27
E.E.U.U.	14
PERU	11
DOMIN. REP.	8
EL SALVADOR	6
COLOMBIA	5
URUGUAY	5
CANADA	3
PANAMA	3
ECUADOR	2
HONDURAS	2
NICARAGUA	2
VENEZUELA	2
CUBA	1
JAMAICA	1
PARAGUAY	1



Europe

POLAND	16
ROMANIA	15
REP. CZECH	13
HUNGARY	9
PORTUGAL	8
RUSSIA	7
FRANCE	4
GERMANY	4
UNITED KINGDOM	4
SLOVAKIA	3
ITALY	3
BELARUS	1
BULGARIA	1
LATVIA	1
LITHUANIA	1
NETHERLANDS	1
SLOVENIA	1
UKRAINE	1

Asia

CHINA	56
INDIA	17
TURKEY	6
THAILAND	3
U.A.E.	2
JORDAN	1
KAZAKHSTAN	1
KUWAIT	1
MALAYSIA	1
MONGOLIA	1
QATAR	1

Africa

MOROCCO	23
SOUTH AFRICA	6
ALGERIA	5
SENEGAL	5
KENYA	4
MAURITIUS	3
NIGERIA	3
TANZANIA	3
IVORY COAST	2
NAMIBIA	2
TUNISIA	2
ANGOLA	1
BENIN	1
GHANA	1
GUINEA BISSAU	1
MALI	1
MOZAMBIQUE	1
TOGO	1
ZAMBIA	1

Oceania

AUSTRALIA	1

INVESTMENT
portfolio

AFRICA

COUNTRY	SECTOR	BUSINESS ACTIVITY
Algeria	Engineering	Quality control centre
Algeria	Energy	BO&M solar thermal plant
Angola	Engineering	Engineering services
Ghana	Energy	Thermal energy plant expansion
Ivory Coast	Energy	Gas-powered energy generation
Kenya	Finance	Micro-finance
Kenya	Energy	Geothermal power generation
Kenya	Finance	Regional development bank
Kenya	Energy	Electric power generation
Mauritius	Services	Preventive health at the workplace
Mauritius	Agri-food	Food processing and distribution
Morocco	Environment	Chemical analysis
Morocco	Services	Health care
Morocco	Capital goods	Manufacturing of wires and cables for the automobiles
Mozambique	Services	Private hospital
Nigeria	Iron & Steel	Forging
Nigeria	Finance	SME funding
Nigeria	Chemicals	Construction and operation of a fertiliser plant
Regional	Finance	Investment project financing
Regional	Finance	Investment project financing
Senegal	Chemicals	Cement production
Senegal	Chemicals	Research and extraction of raw materials for insecticides and fertilizers
South Africa	Iron & Steel	Quartz mine acquisition
South Africa	Energy	Solar power plant
Tanzania	Services	Airline
Tanzania	Finance	SME and corporate client funding
Togo	Construction	Cement production
Zambia	Agri-food	Production and distribution of food staples

LATIN AMERICA AND CARIBBEAN

COUNTRY	SECTOR	BUSINESS ACTIVITY
Argentina	Agri-food	Fishery and subsequent commercialization of fish and seafood
Argentina	Tourism	Hotel construction and operation
Argentina	Finance	Venture capital for local SMEs
Brazil	Telecommunications	Development and licensing of digital media applications
Brazil	Capital goods	Equipment for chemical and pharmaceutical industries
Brazil	Energy	Electric power transmission line
Brazil	Consumer electronics	Manufacture and distribution of household appliances
Brazil	Agri-food	Chicken meal production for livestock
Brazil	Metal manufacturing	Plumbing and drainage material
Brazil	Energy	Production of wind turbine towers
Brazil	Services	Customer service contact centre
Brazil	Environment	Waste management
Brazil	Capital goods	Equipment for the aeronautics industry
Brazil	Automobile	Automobile components

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Inzamac Algerie	Grupo Inzamac		X	
Solar Power Plant One	Abener Energía	X		
Impulso Angola	Impulso Industrial Alternativo			X
Takoradi International Company	ICCF (FMO)			X
Azito Energie	ICCF (PROPARCO)		X	
Equity Bank	EFP (FMO)		X	
OrPower4	EFP (DEG)			X
PTA Bank	EFP (FMO)			X
Rabai Power	EFP (PROPARCO)			X
Careworks Africa	EFP (IFU)			X
EFP - ETC Group (ETG)	EFP (PROPARCO)		X	
AGQ Maroc	Labs&Technological Holding SOLEA		X	
IOG	International Oncology Group			X
Relats Maroc	Relats		X	
Maputo Private Hospital	EFP (DEG)			X
African Foundries Limited (AFL)	EFP (FMO)			X
Africa Finance Corporation (AFC)	EFP (PROPARCO)			X
Indorama Eleme Fertilizar & Chemicals Ltd (IEFCL)	EFP (DEG)			X
European Financing Partners	EDFI-BEI	X		
Interact Climate Change Facility	EDFI-AFD-BEI	X		
Les Cements du Sahel	EFP (DEG)			X
Sephos Senegal	Térvalis Desarrollo			X
Silicon Smelters Proprietary Limited	Grupo Ferroatlantica	X		
Mulilo Renewable Energy Solar PV Prieska	Gestamp Asetym Solar			X
Precision Air Services	EFP (FINNFUND)		X	
NMB Tanzania	EFP (FMO)			X
Scancem International	EFP (PROPARCO)			X
Zambeef Products	EFP (DEG)			X

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Pesquera Deseado	Grupo Profand		X	
Pulitzer Maipú	Reginahotel		X	
PYMAR	Fund. Empresa y Crecimiento	X		
Agile Contents Brasil	Agile Contents		X	
ASSA Brasil	Aguilar y Salas		X	
ATE IV - Sao Mateus Transmisora de Energia	Abengoa	X		
CESDE Indústria y Comercial de Electrodomésticos	Polne		X	
Farima Industria e Comercio de Subprodutos Animais	Proteínas y Grasas Gimeno		X	X
Genebre do Brasil	Genebre			
Gestamp Wind Steel Pernambuco	Gestamp Wind Steel		X	
Red Line Contact Center and Tecnology	Avanza Externalización de Servicios		X	
Ros Roca Brasil	Ros Roca Group		X	
SK10 Do Brasil Indústria Aerospacial	Alestis Aerospace		X	
Teknia Tecnotubo Automotive	Teknia Manufacturing Group		X	

LATIN AMERICA AND CARIBBEAN

COUNTRY	SECTOR	BUSINESS ACTIVITY
Brazil	Construction materials	Manufacturing of machinery for construction
Brazil	Environment	Electric power generation
Brazil	Transport infrastructure	Road construction and operation
Brazil	Automobile	Automobile components
Brazil	Commerce	Manufacture and sales of garden furniture
Brazil	Engineering	Façade regeneration engineering
Chile	Agri-food	Conservation
Chile	Agri-food	Metal container production
Chile	Agri-food	Salmon fish farm
Colombia	Services	Customer service contact centre
Colombia	Capital goods	Horizontal drilling construction
Columbia	Services	Installation of air conditioning, electric, control and security systems
Columbia	Services	Telecommunications engineering services
Chile	Agri-food	Salmon fish farm
Ecuador	Agri-food	Prawn aquiculture
Dominican Rep.	Energy	Eco Park construction and management
Dominican Rep.	Services	Management of municipal services
Dominican Rep.	Agri-food	Distribution and production of food and spirits
Dominican Rep.	Services	Debit and credit card processing
El Salvador, Brazil	Chemicals	Oral hygiene products
Honduras	Energy	Eco park
Jamaica	Energy	Electric power generation and distribution
Mexico	Metal manufacturing	Steel component manufacturing
Mexico	Metal manufacturing	Steel component manufacturing
Mexico	Consumer electronics	Automation and industrial control
Mexico	Automobile	Plastic components
Mexico	Consumer electronics	Measuring and electrical instrument manufacture
Mexico	Transport infrastructure	Road construction and operation
Mexico	Services	Library software
Mexico	Automobile	Manufacturing of components for the automotive sector
Mexico	Transport infrastructure	Road construction and operation
Mexico	Metal manufacturing	Bridge cranes
Mexico	Capital goods	Machinery for livestok
Mexico	Automobile	Automobile components
Mexico	Services	Textile logistics warehouse
Mexico	Textiles and footwear	Sports clothing
Mexico	Capital goods	Manufacturing of wires and cables for the automotive sector
Mexico	Agri-food	Expansion of existing shrimp processing plant
Mexico	Capital goods	Manufacturing of wires and cables for the automotive sector
Mexico	Chemicals	Production of calcium carbonate
Mexico	Capital goods	Irrigation systems
Mexico	Environment	Industrial waste management
Mexico	Automobile	Automobile components
Mexico	Automobile	Automobile components
Mexico	Tourism	Hotel construction and operation
Mexico	Construction	Sales of Valves and Plumbing
Mexico	Automobile	Paint manufacturing plant and logistical solutions
Mexico	Tourism	Management of amusement arcades
Mexico	Services	Sales and support of geographical location software
Multi: Mexico, Turkey	Plastics and Derivatives	Manufacture and sales of thermal geomembranes
Panama	Energy	Hydroelectric power generation and distribution

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Ulma Andamies, Forma e Escoramentos	Ulma C y E		X	
Ventos do Sul Energía	Elecnor		X	
Viabahia Concessionaria de Rodovias	Isolux Corsán Concesiones		X	
Zanini do Brasil	Zanini Auto Grup		X	
Gandía Blasco Brasil	Gandía Blasco		X	
Inbobe Emprendimentos	Global Bobe		X	
Inmuebles Cataluña	Conservas Dani		X	X
Auxiliar Conservera America S.A.	Auxiliar Conservera S.A.		X	
Acuinova Chile	Pescanova		X	
Econtact Col	Emergia Contact Center		X	
Restitubo S.A.S Colombia	Restitubo			X
Abantia Colombia S.A.S.	Abantia Empresarial S.L.		X	
Powernet Colombia SAC	Powernet I, S.L.		X	
Nova Austral	Pescanova		X	
Promarisco	Pescanova		X	
Grupo Eólico Dominicano	Genera Avante	X		
Tecvasa Internacional	Técnicas Valencianas del Agua		X	
Caribbean Dominican Distillers	Comercial Masoliver		X	
ProceCard	Tecnocom Telecomunicaciones y Energía		X	X
Laboratorios Kin Centroamérica y Caribe	Laboratorios Kin			X
Vientos de electrotecnia (Vesa)	ICCF (FMO)			X
Jamaica Public Services	EFP (PROPARCO)			X
Aernnova Componentes Aeronaúticos de México	Aernnova Aerospace		X	
Aernnova Estructuras Aeronaúticas de México	Aernnova Aerospace		X	
Aetech México	Aplicacions Electriques		X	
Altcamp Mexico	Plàstics Alt Camp		X	
Arteche México	Arteche Lantegi Elkartea			X
Autopista Urbana Norte	OHL Concesiones	X		
Baratz México	Baratz		X	
BATZ Mexicana Sociedad Anónima de C.V.	BATZ, Sociedad Cooperativa		X	
Concesionaria México	Aldesa Construcciones	X		
Equipos de elevación y mantenimiento	Industrias Electromecánicas GH		X	
Gashor Equipos de Panificación	Equipos de Panificación		X	
IOMEX e IOSAMM	Industrias Ochoa		X	
Logisfashion México	Logisfashion		X	X
Lorpen México	Industrias Savidai		X	
Relats Leon	Relats		X	
Camanica, Camanica ZonaFranca, ZonaFranca Río Real	Pescanova		X	
Relats Leon	Relats			X
Regio Mármol	Reverté de Productos Minerales	X		
Siberline México	Siberline		X	
Sistemas Desarrollo Sustentables	Befesa Medio Ambiente	X		
Systems & Manufacturing México	Systems & Manufacturing Spain		X	
Técnicos en Alta Producción	Bravo Enterprises			X
Hotel Hoyo Uno	OHL	X		
Genebre Mexico	Genebre Group			X
Itech Grupo	Marsan Transformaciones Superficiales/Izmar		X	
Espectáculos Latinoamericanos Deportivos	Grupo Orenes		X	
Genasys América	Genasys Holding		X	
Atarfil México / Atarfil Turkey	Atarfil			X
Hidroeléctrica San Lorenzo	Grupo Empresarial Cuerva	X		

LATIN AMERICA AND CARIBBEAN

COUNTRY	SECTOR	BUSINESS ACTIVITY
Panama	Construction materials	Precast concrete manufacturing
Panama	Capital goods	Aggregate processing plant
Peru	Energy	Electric power transmission line
Peru	Transport infrastructure	Road construction and operation
Peru	Energy	Hydrolectric power generation and distribution
Peru	Consumer electronics	Lamp and lighting manufacture
Peru	Services	Building and maintenance of installations
Peru	Services	Telecommunications engineering services
Peru	Services	Construction and operation of telephony distribution centres
Peru	Agri-food	Vegetable processing plant
Regional	Finance	Private equity fund for L.A. SMEs
Uruguay	Agri-food	Manufacture and sales of artificial food casings
Uruguay	Plastics and Derivatives	Manufacture of cork products

ASIA

COUNTRY	SECTOR	BUSINESS ACTIVITY
China	Consumer electronics	Electrical transformers
China	Water supply	Desalinisation plant construction and operation
China	Automobile	Automobile components
China	Automobile	Automobile components
China	Chemicals	Active ingredient manufacture
China	Automobile	Automobile components
China	Automobile	Automobile components
China	Services	Water conservation, piping, treatment and use
China	Automobile	Large - scale press forming
China	Automobile	Metal casting
China	Automobile	Automobile components
China	Mining	Silicon-based manufacture
China	Textiles and footwear	Industrial textile manufacture
China	Automobile	Industrial textile coating
China	Agri-food	Wine and spirits marketing
China	Automobile	Rubber part assembly for automotive sector and electrical appliances
China	Automobile	Cutting and stamping of automobile components
China	Automobile	Cutting and stamping of automobile components
China	Automobile	Manufacture of car braking systems
China	Automobile	Wheel manufacture
India	Plastics	Hanger manufacture
India	Metal manufacturing	Irrigation systems
India	Automobile	Automotive control arms and accesories for automobiles
India	Agri-food	Capital goods for the food-processing industry
India	Chemicals	Essential oil and extract processing
India	Agri-food	Functional food ingredients and additives
India	Energy	Solar power plant
India	Automobile	Vehicle lights equipment
India	Automobile	Wire production for the automobiles
India	Metal manufacturing	Production of towers for wind turbines
India	Transport infrastructure	Road construction and operation
India	Energy	Manufacture of solar energy collectors
Malaysia	Other	Manufacture and sales of sleep-related products
Mongolia	Energy	Wind power farm

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Pacadar Panamá	Pacadar S.A.			X
Talleres ZB	Talleres ZB		X	
Abengoa Transmisión Sur	Abengoa	X		
Autopista del Norte	OHL Concesiones	X		
Empresa Eléctrica Río Doble	Auxiliar Transporte/Constr./Alar Sociedad Energía		X	
Josfel Iluminación	Grupo Luxiona		X	
Abantia Perú	Abantia Empresarial		X	
Powernet Perú	Powernet		X	
Salesland Internacional	Salesland		X	
Green Perú	Conservas El Cidacos		X	
Aureos Latin American Fund	Aureos Latin American Managers	X		
Viscofan Uruguay	Viscofan			X
Citrans	Kauman			X

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Arteche DYH	Arteche Lantegi Elkartea			X
Befesa CTA Qingdao	Befesa Agua	X		
Doga (Nantong) Auto Parts	Doga			X
Dongguan Facomsa Motorcycle Components Manufacture	Facomsa		X	
Esteve Huayi Pharma	Esteve Química			X
Fagor Ederlan Auto Parts	Fagor Ederlan		X	X
Ficosa International Taicang	Ficosa International		X	
Fluidra Youli Fluid Systems	Fluidra		X	
Gestamp Autocomponents Kungshan	Gestamp Automoción	X		
Infun Cast (WUHU)	Infun		X	
Jiaxing Fersa Bearing	Fersa Bearings		X	
Mangshi Sinice Silicon Industry	Grupo Ferroatlántica		X	
Relats Insulation Material	Relats			X
Shanghai Coatex Technical Coating	Rosich y Puigdengolas		X	
Shanghai Torres Wine Trading	Miguel Torres			X
Wingroup Leisure and Sports Equipment	Cikautxo			X
Gestamp Autocomponents (Dongguan)	Gestamp Automoción	X		
Gestamp Autocomponents (Shenyang)	Gestamp Automoción	X		
Ciju Control Systems	Ciju Corp			X
Zanini (Changzhou) Autoparts	Zanini Auto Grup		X	X
Erum Hangers	Plásticos Erum		X	
Harvel Agua	Sistema Azud			X
Industrias del Recambio India	Industrias del Recambio Distribución		X	
Inoxpa India	Inoxpa			X
Minerva Flavours & Fragances	Solutex		X	
Premium Ingredients Food Services	Premium Ingredients		X	
Rajasthan Sun Technique Energy	ICCF (FMO)			X
Rinder India	Rinder Industrial		X	X
RPK India	RPK		X	
Shrenik Industries	Holding Gonvarri		X	
Soma Isolux NH1 Tollway	Grupo Isolux Corsán		X	
Ingemetal Solar India Pvt. Ltd.	Ingemetal Energías S.A.		X	
Dunlopillo Holding	GrupoPikolin		X	
Mongolia Wind	ICCF (FMO)			X

CENTRAL EUROPE, MIDDLES EAST & CIS

COUNTRY	SECTOR	BUSINESS ACTIVITY
Czech Rep.	Tourism	Hotel acquisition and launch
Kuwait	Environment	Land decontamination
Poland	Metal manufacturing	Lighting product manufacture
Poland	Metal manufacturing	Forging
Poland	Automobile	Automobile components
Poland	Construction materials	Bridge cranes
Poland	Chemicals	Plastic and rubber parts for automobiles
Poland	Capital goods	Domestic appliances
Poland	Automobile	Plastic products manufacture
Poland	Automobile	Automobile components
Qatar	Services	Installations and maintenance
Romania	Metal manufacturing	Steel service centre
Romania	Consumer electronics	Body work and press-forming
Romania	Automobile	Automobile components
Romania	Carpentry	Wood panels
Romania	Automobile	Automobile components
Romania	Consumer electronics	Outdoor and underground cabinets
Romania	Automobile	Manufacture of commercial vehicles
Romania	Agri-food	Distillery construction
Romania	Automobile	Metal Surface electrolytic treatment
Romania, Czech Rep, Lithuania	Automobile	Automobile components
Russia	Automobile	Component press-forming
Russia	Agri-food	Turkey meat production
Russia	Agri-food	Warehouse construction for food storage
Slovakia	Automobile	Plastic injection molding
Slovakia	Automobile	Automobile plastic components
Slovakia	Automobile	Component press-forming
Turkey	Energy	Wind power farm
Turkey	Metal manufacturing	Metal structures manufacture
Turkey	Sanitation	Food standards analysis
UAE	Chemicals	Plastic materials manufacture

NORTH AMERICA

COUNTRY	SECTOR	BUSINESS ACTIVITY
Canada	Energy	Management of renewable energy projects
Canada	Agri-food	Preprepared food production
USA	Energy	Ethanol production
USA	Services	Engineering consultants
USA	Automobile	Automobile components
USA	Services	Marketing through live events
USA	Construction materials	Products and processes for surface finishes
USA	Environment	Industrial waste management
USA	Energy	Operation and maintenance of electrical networks and gas pipelines
USA	Construction	Counterweight production plant
USA	Commerce	Manufacture and sales of outdoor furniture
USA	Services	Chemical laboratory for alimentary, agricultural and environmental analysis
USA	Aerospace	Carbon fibre structures manufacturing

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Mêstsk_ dvur	Barceló Corporación Empresarial		X	
Hera AG Ambiental	Hera Tratesa			X
Aga Light	Grupo Luxiona	X		
CELSA Polska	Barna Steel		X	
Ficomirrors Polska	Ficosa International		X	
Intertech Polska	Industrias Electromecánicas GH		X	
Plásticos Durex Polonia	Plásticos Durex		X	
Fagor Mastercook	Fagor Electrodomésticos		X	
Reiner Polska	Reiner e Hijos		X	
Teknia Polska	Teknia Manufacturing Group		X	
Tempo LLC	Abantia Empresarial			X
Bamesa Otel	Bamesa Aceros		X	
CSC Transmetal	Consuegra	X	X	
GJM Components	GJM Components		X	
Losan Romania	Aserpal		X	
SC Cikautxo Ro Rubber & Plastic	Cikautxo		X	
Casbar Rumanía	Casbar Tecnología Industrial		X	
SC Indcar Bus Industries	Inmobiliaria Arbuciense		X	
Bioaldevin	Productos Agrovin		X	
Electrolytic Coating	Manufactura Moderna de Metales		X	
Cie Plasty,Cie Matricon,Cie Praga Louny, UAB Cie Lt Forge	CIE Automotive		X	
Gestamp Severstal Kaluga y S.Petersburgo	Gestamp	X		
Tambovskaya Indeika	Grupo Corporativo Fuertes			X
Starinox, OOO.	Inoxpa S.A.			X
Altcam Slovaquia	Plàstics Alt Camp		X	
Precision Process Technology Slovakia	Precision Process Technology		X	
Esnasa Slovensko	Estampaciones Navarra		X	
Eolos Rüzgar Enerjisi Oretim	ICCF (PRO)			X
Schwartz Hautmont Metal Sanayi Dis Ticaret	Schwartz Hautmont Construcciones Metálicas	X		
Ekosmyrna S.R.L	Laboratorios Ecosur S.A		X	
Atarfil Middle East Fze	Atarfil		X	

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Glen Dhu Wind Energy	Genera Avante	X		
Industrie Gastronomique Cascajares	Industria Gastronómica Blanca Mencía		X	
AB of Illinois & AB of Indiana	Abengoa Bioenergía	X		
AEC Engineering	IDOM		X	
Ficosa North America Corporation	Ficosa International		X	
Global Events SF	Global Events ID Corporation		X	
Intrabond	Alucoil		X	
Tradebe Environmental Services	Grupo Tradebe Medioambiente	X		
Elecnor Hawkeye	Elecnor		X	
Sic Lazaro US	Sic Lázaro		X	
Gandía Blasco Usa	Gandía Blasco		X	
AGQ USA	Labs & Technological Holding Solea		X	
Carbures Usa	Carbures Europe		X	

WESTERN EUROPE

COUNTRY	SECTOR	BUSINESS ACTIVITY
France	Engineering	Engineering services
France	Retail	Toy production and distribution
France	Capital goods	Lift repair and maintenance
Germany	Environment	Waste management
Germay	Agri-food	Jam production and marketing
Germay	Chemicals	Design and manufacture of dental implants
Italy	Retail	Toy production and distribution
Italy	Energy	Electric energy cogeneration plant
Netherlands	Finance	Exchange rate hedging derivates
Portugal	Energy	Construction and operation of renewable energy facilities
Portugal	Tourism	Vending machines
Portugal	Agri-food	Wine estate and wine tourism
United Kingdom	Agri-food	Shellfish processing
United Kingdom	Tourism	Youth hostel management
United Kingdom	Automobile	Wire insulation
United Kingdom	Environment	Waste processing

INTERNATIONAL

COUNTRY	SECTOR	BUSINESS ACTIVITY
International	Energy	Electrical infrstructure

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
CT Ingenierie	CT Ingenieros Aeronáuticos de Automoción e Industriales		X	
Eureka Kids Francia	Damerik		X	
JBT Ascenseur, ASJ, Cie Européenne d'Ascenseurs	Fain Ascensores		X	
NH Schorling	Ros Roca Internacional	X		
MÜHLHÄUSER	Dulces y Conservas Helios		X	
Phibo Germany	Phibo Worldwide		X	
Eureka Kids Italia	Damerik		X	
Sampol Italy	Sampol Grupo Corporativo		X	
TCX	FMO Holanda	X		
Enerfer Producto de Energia Solar e Eólica	Enerpal		X	
Maselga 93	Maselga		X	
Seis Quintas Martúe	Bodegas Martúe La Guardia		X	
Cardium Shellfish. Cardium & Trevor Boats	Conservas Dani		X	
Equity Point UK	Equity Point Holding Empresarial		X	
Relats UK	Relats		X	
Tradebe Enviromental Servicies	Grupo Tradebe Medioambiente	X		

PROJECT OWNER	SPONSOR	EQUITY	CUASI-EQUITY	LOAN
Elecnor S.A.	Elecnor S.A.			X

SELECTION OF investment projects

FerroAtlántica South Africa

Sponsor:	Grupo FerroAtlántica S.A.U.
SME:	No
Project Company:	Silicon Smelters Proprietary Limited
Business Activity:	Production and sale of metals and ferro-alloys
Sector:	Electro-metallurgy and energy
Total Investment:	€18.5m
Financing:	€13m (max.)
Product:	Share capital
Drawn from:	FIEX
No. of direct jobs associated with the project:	844

COFIDES joined forces with Silicon Smelters, the South African subsidiary of FerroAtlántica Group, to support the development of several projects. The main project is the SamQuarz mine, the largest South African high-quality quartz mine, used in metallurgy and glass making. Its production in recent years has reached 1.1 million tons, with reserves of mineral quartz in excess of 40 million tons.

FerroAtlántica, a company of Villar Mir Group, the worldwide leader of silicon metal, is one of the world´s top producers of ferro-alloys and one of Spain´s most internationalised companies. It has fifteen factories in five countries on four continents: six in France, five in Spain, two in South Africa, one in Venezuela, and one in China.

Selection of investment projects

RELATS Mexico

Sponsor:	Relats S.A.
SME:	No
Project company:	Relats Leon S.A of CV
Business:	Development, production and marketing of electrical and thermal insulating tubes
Sector:	Automotive
Total Investment:	€1.7m
Financing:	€1.1m
Product:	Ordinary loan
Drawn from:	COFIDES
No. Of direct jobs associated with the project:	54

COFIDES has continued its support of the Relats Group in its internationalisation process. With this project Relats purchased the shares of a local partner in the Mexican subsidiary.

Relats is a Catalonian company founded in 1957, mainly concerned with the development, production and marketing of electric and heat-resistant tubing, self-sealing protective and anti-abrasive covers, as well as electromagnetic and heat-resistant tubing. The company exports 98% of its products to more than 50 countries and has five production facilities in Spain, the United Kingdom, China, Mexico and Morocco.

CIDACOS Peru

Sponsor:	Conservas El Cidacos, S.A
SME:	No
Project company:	Green Peru S.A
Business Activity:	Manufacture and marketing of vegetable preserves
Sector:	Agrifood
Total investment:	€27m
Financing:	€12m (max)
Product:	Joint venture loan
Drawn from:	FIEX
No. of direct jobs associated with the project:	1,500

COFIDES funded Cidacos SA for the acquisition of a local company and the expansion its processing facilities in Peru. Through this project, the company intends to increase and improve production capacity in the farming and production of both fresh and tinned white and green asparagus.

CIDACOS is a family company that started its activity in 1940 in Autol (La Rioja). Since its launch, it has been dedicated to the manufacture and commercial activities related to vegetable preserves in general. In order to open up its markets CIDACOS implemented an expansion process in Spain in 1969, and later in 1999 initiated its international expansion in China, which led to the market exposure of its products in 44 different countries.

GESTAMP China

Sponsor:	Gestamp Automoción, S.A.
SME:	No
Project company:	Gestamp Autocomponentes (Shenyang) Co. Ltd
Total Investment:	€70m
Financing:	€25.5m
Project Company:	Gestamp Autocomponentes (Shenyang) Co. Ltd
Business Activity:	Design, development and manufacture of metal components and assemblies
Total Investment:	€66m
Financing:	€14.5m
Product:	Share capital
Drawn from:	FIEX
No. of direct jobs associated with the project: 200	

Gestamp had COFIDES financing for its expansion in China, for the development of two green-field plants in the cities of Shenyang and Dongguan for the cutting and stamping of components for the automotive industry.

Gestamp is a world leader in the design, development and manufacturing of components and metal assemblies for the key automobile manufacturers in the world. It specialises in product development, incorporating innovative design to make vehicles safer, lighter, and more environmentally friendly. It has a global presence, operating in 19 countries, with 96 industrial plants, 12 research and development facilities, and a global workforce of more than 30,000 employees.

INBOBE Brazil

Sponsor:	Global Bobe, S.L.
SME:	Yes
Host company:	Inbobe Emprendimentos, Ltd.
Business Activity:	Development of engineering projects, manufacture and installation of ventilated facades and curtain wall systems
Sector:	Manufacturing
Total Investment:	€616,340
Financing:	€308,215
Product:	Joint venture loan
Drawn from:	COFIDES and FONPYME
No. of direct jobs associated with the project:	289

COFIDES provided funding to Global Bobe for the establishment of a subsidiary in Salvador de Bahia (Brazil) to enable its expansion to the Rio-Sao Paulo axis. This is a commercial implementation of the promoter for the development of engineering projects related to curtain wall cladding.

Golbal Bobe, S.L. was founded in Vigo and is a holding company of Grupo Inbobe. Its business is based on the manufacture and installation of ventilated facades and curtain wall systems, ranging from its own development of engineering projects to the supply, manufacturing and installation.

Selection of investment projects

OHL Desarrollos Mexico

Sponsor:	OHL, S.A.
SME:	No
Project company:	Hoyo Uno Hotel, S. of R.L. of C.V.
Business Activity:	Development of hotel projects
Industry:	Hospitality
Total Investment:	€77.8m
Financing:	€7.5m (max)
Product:	Share capital
Drawn from:	FIEX
No. of direct jobs associated with the project:	385

COFIDES financed OHL S.A, for the construction and operation of the Andaz Mayakoba hotel complex, operated by one of the luxury brands of the Hyatt hotel chain located in the Mayakoba Resort on the Maya Riviera in Mexico. The funding project took place through a rights issue via the Fund for Foreign Investment (FIEX).

OHL S.A. is the parent company of one of the key Spanish companies with an international presence, involved primarily in the construction and operation of infrastructure concessions. In recent years it has diversified, expanding its activities and operations across five continents.

AGQ Labs (Grupo Solea) USA

Sponsor:	Labs & Technological Holding Solea S.L.
SME:	Yes
Project company:	AGQ USA
Business Activity:	Technology solutions for laboratory analysis and specialised engineering.
Sector:	Chemical laboratories for environmental, agro-economy and Food analysis
Total investment:	€915,956
Financing:	€600,000
Product:	Joint venture loan
Drawn from:	FONPYME
No. of direct jobs associated with project:	29

COFIDES has financed the installation of a new laboratory in Oxnard (California), where its US subsidiary is based, through a joint venture loan.

AGQ Labs (Solea Group) is a private technology centre with a presence in 20 European countries, Africa and America. Its work is based around offering technology solutions for laboratories and specialised engineering. It operates in the agro-economy, food, environmental, industrial, pharmaceutical and mining sectors. It currently has about 300 employees. The key to the company's success lies in the use of innovation as the primary focus for their approach in all activities, as well as operating at the cutting-edge of technology.

Elecnor International

Sponsor:	Elecnor, S.A.
SME:	No
Business Activity:	Engineering
Sector:	Engineering
Financing:	€30m
Product:	Corporate loan for the development of international projects
Drawn from:	FIEX and COFIDES

Elecnor is developing an international market growth strategy and through this operation COFIDES has driven forward their financial capability to invest overseas.

COFIDES developed this financial instrument for their home market in Spain, in main due to the new law relating to entrepreneurs and their internationalisation, which, with regards to FIEX (in addition to providing traditional project support), can directly fund Spanish companies in Spain to foster their internationalisation.

Founded in 1958, Elecnor is today one of the leading global corporations in infrastructure projects and is involved in engineering, development and construction. It is also a renowned promoter and investor in the fields of renewable energy, energy and environmental infrastructure and space. With about 12,500 employees worldwide, Elecnor started its overseas activities in 1967. Today it operates in 33 countries on five continents.

Selection of investment projects

CARBURES USA

Sponsor:	Carbures Europe
SME:	No
Project company:	Carbures USA Inc
Business Activity:	Manufacture of composite components
Sector:	Carbon fibre components for transportation and civil engineering sectors
Total Investment:	€1.7m
Financing:	€1m
Product:	Joint venture loan
Drawn from:	FIEX
No. of direct jobs associated with the project:	41

Carbures expanded its plant in the United States with COFIDES funding. This investment followed on from a request from the company, following on from an increase in orders from the aeronautical sector, transport and civil engineering sectors, with the objective of maintaining steady growth in order to meet the demand of its clients.

Over a period of more than twelve years, Carbures has developed its own industrial and technological know-how, which has positioned it as a market leader in Europe for the manufacture of composite components, for use in vehicles across all transportation sectors, which typically weigh less, consume less resources, contain less contaminants, and are generally more efficient.

Dulces y Conservas Helios Germany

Sponsor:	Dulces y Conservas Helios, S.A
SME:	No
Project company:	Mülhäuser GMBH
Business Activity:	Manufacture Pflaumenmus, jams and honey
Sector:	Agrifood
Total Investment:	€3.4m
Financing:	€2.4m
Product:	Joint venture loan
Drawn from:	FIEX
No. of direct jobs associated with the project:	60

Valladolid-based Dulces y Conservas Helios S.A specialises in the production of confectionery items, such as jams, marmalades, jellies and honey. With a staff of near 600 employees and a wealth of international experience, it has production centers in Morocco and Germany, and subsidiaries in the UK, France and Germany.

COFIDES has provided Dulces and Conservas Helios financing through a joint-venture loan for the expansion and improvement of production and commercial facilities of its German subsidiary.

MANAGEMENT
report

International Finance Corporation meeting where COFIDES signed the Agreement on key indicators harmonization

1. ECONOMIC ENVIRONMENT

World GDP growth in 2013 was 3%, according to estimates by the International Monetary Fund, with developing countries contributing the most with a growth rate of 4.7%, while advanced economies continued growing at a slower rate (1.3%). In this context, global flows of Foreign Direct Investment (FDI) increased by 11% compared to 2012 and reached levels similar to the average levels recorded before the crisis, according to UNCTAD estimates.

FDI flows to developed countries showed signs of recovery after having increased by 12%, compared to 2012. Meanwhile, FDI flows to developing countries increased by 6%, surpassing its historical record. For the second time in succession, FDI flows to developing countries exceeded the volume flows to developed countries, which represented only 39% of total global flows.

The flows from North America increased by 6%, although in the U.S. continued to decline notwithstanding signs of economic recovery in the country. The European Union experienced a 38% increase in FDI flows received. Belgium, Ireland, the Netherlands and Luxembourg have become in recent years the major investment destinations in the region for its favourable tax environment. In 2013, countries such as Germany (+392%), Spain (+37%) and Italy saw substantially increased received FDI flows, while other countries such as France (-77%) and Hungary suffered the largest declines.

On the other hand, Latin America - Caribbean (+17.5%) has been the developing region with the highest rate of growth with regard to FDI inflows. Showing increases for the fourth consecutive year, the growth of FDI in the region has traditionally been led by South America. However, in 2013, Central America (+93%) and the Caribbean (+38%) recorded the highest growth rates, compared to a 7% increase in South America. According to UNCTAD, this is explained by, among other factors, a decrease in the price of raw materials that has slowed investment in extraction industries in countries such as Chile (-33%) and Peru (-2%). Brazil remains the largest recipient country of the region, accounting for 47% of total flows into South America, although the flows received fell slightly from the previous year (-3.9%) after recording historically high levels in the preceding years. Moreover, although reduced by 0.8%, the FDI flows from Asia accounted for 53% of the total FDI flow to developing countries. China, meanwhile, grew by attracting investment (6%), remaining as the second largest recipient of FDI flows worldwide behind the U.S. India saw an increased volume of FDI inflows (+17%), while other major host countries like Saudi Arabia (-19%) and Turkey (-15%) experienced reduced levels. On the other hand, Africa recorded significant growth rates (+7%), mainly due to the good performances of countries like South Africa and Mozambique, as well as lower levels of disinvestment in countries like Angola.

In the Spanish economy, GDP decreased by 1.2% in 2013. According to the Bank of Spain, behind this change was a downswing in domestic demand levels (-2.8%). Net exports eased for the sixth consecutive year, an impact of the contraction in domestic spending in this period, with an estimated contribution of 1.6%, based on the expansion of exports. Imports stabilised after sharp declines last year and incipient improvement in the outlook for domestic demand.

In 2013, net flows of Spanish investment overseas recorded positive values amounting to €15,780m, compared to -€12,524m reported in the previous year. During 2013, the following countries (in ranked order) Germany, United Kingdom, Luxembourg, Netherlands, Brazil, Italy, Colombia, Ireland, Mexico and Turkey were Spanish FDI recipients. Among them, the UK and Germany had the highest growth rates in percentage terms as target countries. The main recipient sector of Spanish FDI overseas during 2013 was Financial Services followed by Manufacturing.

In the current context, much of the recovery of the Spanish economy is based on the momentum of the external sector. Proof of this lies in the strong performance of Spanish exports, their penetration in key emerging markets and the capacity acquired by local companies to compete in international markets. This has allowed the overseas sector in 2013 to remain one of the key drivers of the Spanish economy. In 2013 Spanish exports recorded the best performance figures on record since their initial publication in 1971 reaching €234,240m, representing growth of 5.2% over the previous year. In 2013, a 4.7% increase in exports to the European Union, confirmed the incipient recovery in this region over 2012. Moreover, Spanish companies continued to redirect exports to areas that have the greatest potential for growth. Thus, in 2013, exports to Asia grew by 10.3% over the previous year and to Africa by 8.4%. As for the target sectors of Spanish exports, in 2013 included the Capital goods sector (+11%), the Automobile sector (+10%) and Chemicals (+6%).

With regard to FDI flows, UNCTAD forecasts suggest that these will gradually increase in 2014 and 2015, despite the disparate levels of growth, fragility and unpredictability in certain economies. Along the same lines, the International Monetary Fund expects global activity to continue to improve over the next two years, thanks to the recovery in advanced economies, with a global economy that is expected to reach higher rates of growth in 2014 (+3.7%) and 2015 (+3.9%).

2. PROJECT FINANCING

During 2013 COFIDES activity, both as a single entity and as manager of the FIEX and FONPYME funds has continued its positive growth trend. Disbursements have been maintained at a level above €200m. Approvals for the year have reached €243.31m, 23% higher than the approved volume in 2012. Formalisations have remained at very high levels, reaching €221.59m.

If we compare the biennial period of 2012-13 to 2010-11, one can notice an increase in the number of projects funded of around 50%, as well as in the number of transactions and amounts disbursed. This data shows, in the case of SMEs, an increase of around 100%.

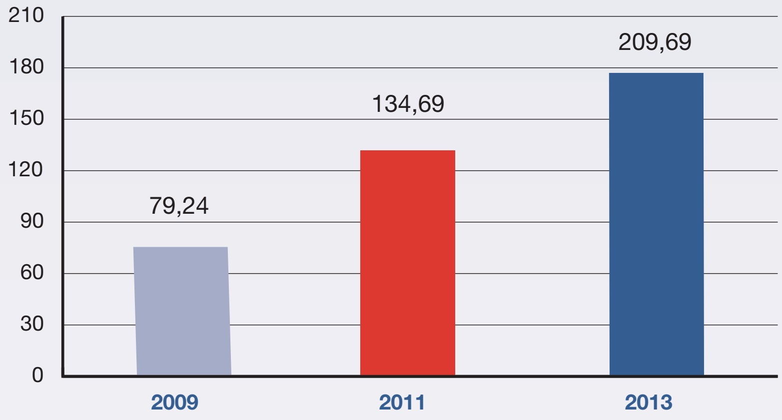
The outlays, approved and formalised operations, and total portfolio in 2013 compared to the figures for the three preceding years are in the table below:

	2009	2010	2011	2012	2013
Outlays	79,24	155,35	134,69	220,72	209,69
Formalisations	139,87	141,09	170,92	227,41	221,59
Approvals	202,81	164,83	193,28	197,72	243,31
Total portfolio	452,51	561,42	551,14	737,20	872,53

2.1. Outlays

Total outlay volume for operations managed by COFIDES in 2013 remained similar to the levels recorded in 2012, reaching €209.69m. Of those, €167.88m was disbursed under FIEX, €11.10m came from FONPYME and €30.71m were drawn from COFIDES own resources. This last figure of €30.71m indicates an increase of 62% compared to 2012.

Outlay volume
2009, 2011 & 2013 (€ millions)



2.2. Approvals

In 2013, 66 projects were approved for a committed value of €243.31m which marked an all-time high against the 55 projects approved in the previous year, which amounted to €197.72m, representing an increase of 23% compared to 2012.

Drawn from COFIDES own resources were a total of 33 approved projects in 15 countries, with an overall commitment of €33.55m.

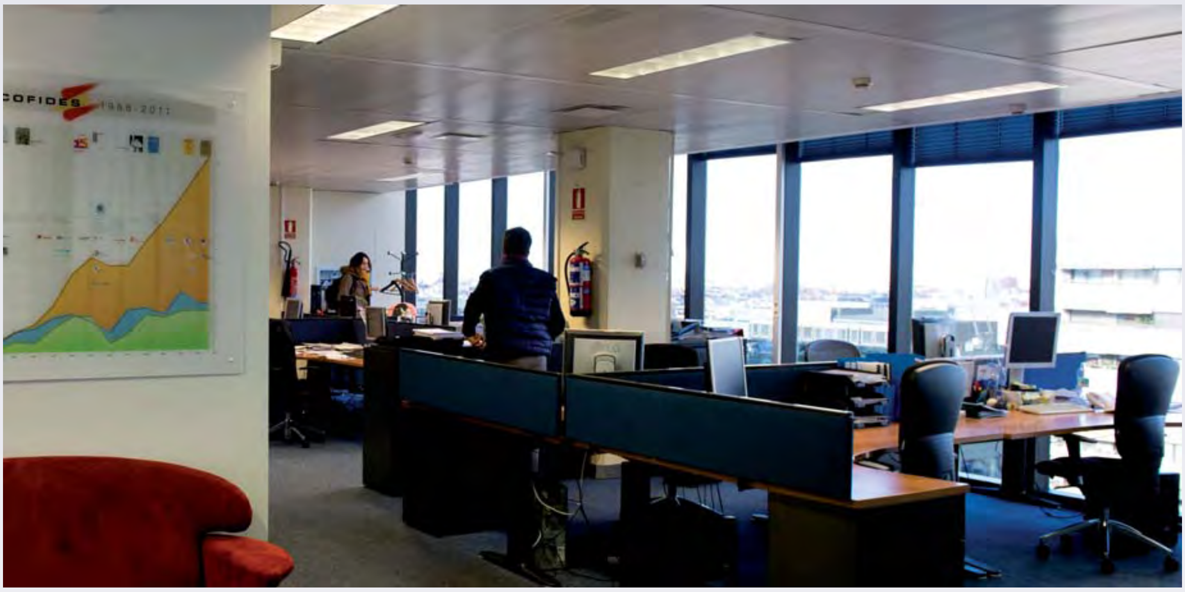
Of these 33 projects, 8 were co-financed by the Fund for Foreign Investment (FIEX), for an additional €31.18m in five countries. The Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME), in turn, co-financed together with COFIDES a total of 9 projects in six countries, increasing the total by a further €2.63m.

Drawn from FONPYME resources without co-financing, 7 projects were approved in 5 countries for a total of €8.22m. This reaches a total annual commitment, drawn from FONPYME resources of €10.85m.

On the other hand, the FIEX Executive Committee approved 26 projects in 19 countries without COFIDES co-financing, reaching an overall total of €167.72m. In all, the commitment against FIEX resources in 2013 amounted to €198.90m. In addition, in 2013 the FIEX Executive Committee approved 28 project profiles valued at €206.24m, representing a 4% growth from 2012.

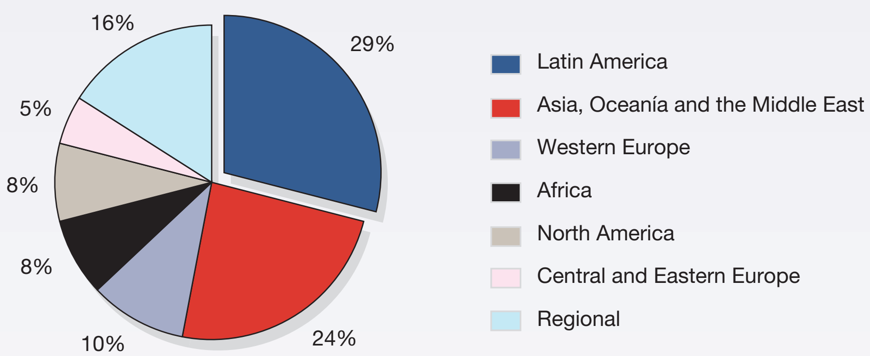
Furthermore, during this reporting year, it approved the fifth round of funding of the European Financing Partners (EFP) to the value of €5m drawn from COFIDES own resources, as well as the second round funding of the Interact Climate Change Facility (ICCF) to the value of €5m, split equally between COFIDES resources and FIEX.

As for the destination areas, Latin America remained the largest recipient region of approved investments, equating to 29% of total resources committed. Behind Latin America were; Asia, Oceania and Middle East (24%), Western Europe (10%), Africa (8%), North America-considered U.S. and Canada (8%), Central and



Eastern Europe (5%) and Regional (16%). The latter includes regional commitments in ODA and ACP countries under the EFP and ICCF facilities and commitments in corporate finance projects.

Approved Resources in 2013 - By Area

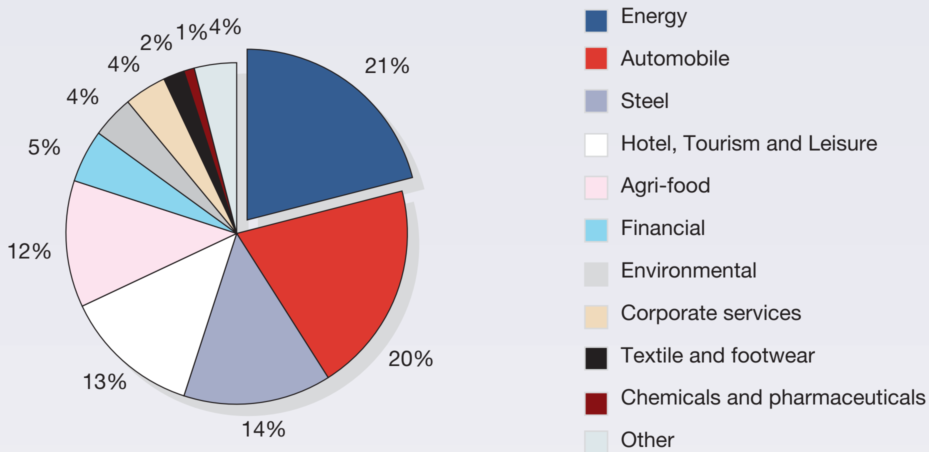


By volume commitment, China (19%), Mexico (10%), Brazil (10%), USA (8%), South Africa (7%) and Peru (6%) were the main destinations for approvals, whereas the number of approved projects were: 8 in Mexico, 7.5 in the USA, 5 in Brazil, and 4 in both China and Peru.

The sectorial distribution of investments is very diverse. The business services sector is the main sector, with 13 approved projects. The energy and agribusiness follows with 10 projects each, the automotive and financial sectors with 8 and 5 respectively. The hospitality, tourism and leisure as well as steel have 3 projects each. Finally, also in 2013 there were approved projects in the plastics and derivatives sector, engineering, textiles and footwear, chemical and pharmaceutical industry, environment, trade, construction materials, telecommunications and aviation.

The main recipient sectors by investment volume are energy (21%), automotive (20%), steel (14%), hospitality, tourism and leisure (13%), food (12%), finance (5%), environment (4%), business services (4%), other (4%), textiles and footwear (2%) and chemical and pharmaceutical industry (1%).

Approved Resources in 2013 - By Industry



Finally, these projects had an exponential effect on host country economies. The 2013 approvals seeded a total investment worth €2.4bn that generated approximately 7,400 direct jobs, with the beneficial knock-on effects in these developing countries, of strengthening local economies and stimulating knowledge transfer. Similarly, and from the perspective of the home economy, COFIDES made significant contributions to the internationalisation of the national business fabric, enabling Spanish companies to deal with the downturn in domestic demand, maintaining their business activity and to continue generating employment in Spain, so that at the end of 2013, 71% of SMEs financed by COFIDES created or maintained their employment level in our country, this percentage being 66% for the full complement of funded companies.

2.3. Formalisations

A total of 57 projects were formalised in 2013, for a volume of €221.59m, compared to 47 projects formalised in 2012 with a commitment of €227.41m. This maintained its highest historical levels in formalised resources volume.

Drawn from COFIDES own resources, 31 projects were formalised in 18 countries, with an overall commitment of €36.63m.

FIEX co-financed six of these projects contributing an additional €31.77m, while FONPYME co-financed 9 projects amounted to a further €4.72m.

Using exclusively FONPYME resources, 5 projects have been formalised for €3.12m and with FIEX resources exclusively, 21 projects have been formalised for €145.36m.

The total annual volume of formalisation under FIEX resources amounted to €177,13m, the largest in its history, and FONPYME equated to €7.84m.

In 2013, the Master Investment Agreements were formalised corresponding to the second round of the funding scheme Interact Climate Change Facility (ICCF) for €5m against FIEX resources (50%) and COFIDES (50%) and in the fifth round of the financing facility European Financing Partners (EFP) for the amount of €5m from COFIDES own resources.

Within these schemes in 2013, three ICCF operations were formalised, totaling €1.91m with FIEX resources

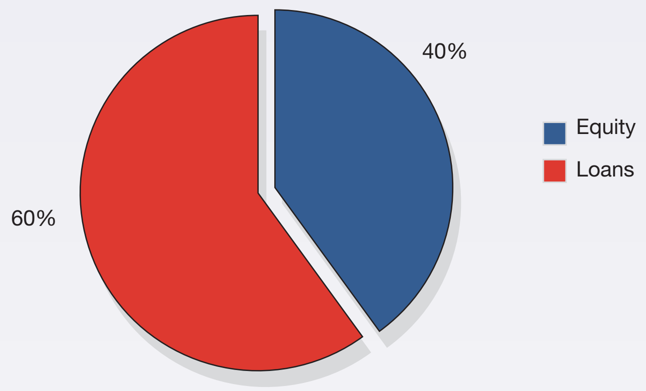
(50%) and COFIDES (50%), as well as, four GFS operations totaling €1.85m and under FIEX resources.

As for the target areas of formalised projects in 2013, Asia, Oceania and the Middle East, with 26% of the total committed resources, became the main recipient of investment ahead of Latin America, which represented 24%. The followed Africa (9%), Western Europe (9%), Central and Eastern Europe (7%), North America - considered U.S. and Canada- (6%) and other regions (18%), which included commitments at a regional level in ACP countries and AOD derived from GFS and ICCF facilities and commitments in corporate finance projects.

By sector, the main destinations of resources originating in 2013 were energy (28%), automotive (22%), hospitality, tourism and leisure (14%), food (10%), and steel (6%). Projects were also formalised in the areas of environment (5%), finance (5%), chemical and pharmaceutical industry (2%), business services (2%) and building materials (1%), among others.

40% of the resources invested in the assembly operations were formalised in 2013 in the form of capital, confirming the trend of COFIDES to provide additional funding through the financial products market. In line with the objectives of the 2012-2015 COFIDES Strategic Plan, the volume of share capital formalised in 2013 remains one of the highest levels on record for the Company.

Approved Resources in 2013 - by Financial Product

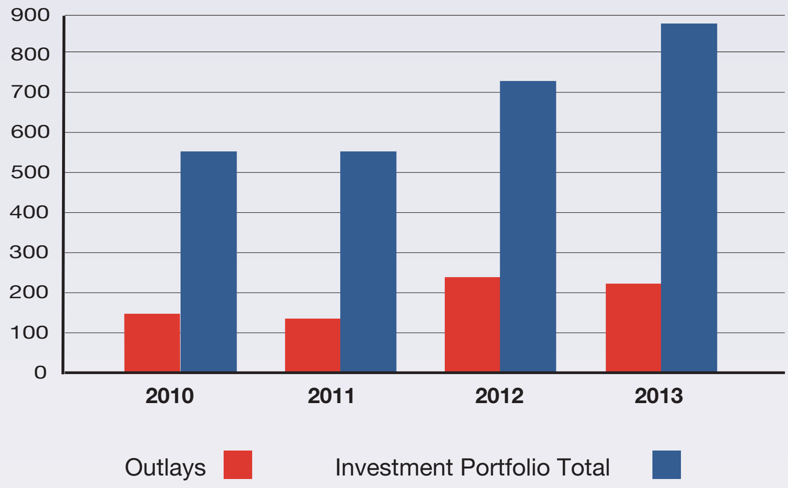


2.4. Portfolio

The investment portfolio contains all the financial commitments formalised by COFIDES, FIEX and FONPYME, including sums committed but not yet laid out, net of repayments. Further to this criteria, on 31st December 2013 the investments committed by the company were worth €935.48m, 16% more than in 2012.

Meanwhile, the total portfolio on 31st December 2013 reflected, for formalised operations, balances between the amounts actually disbursed and repaid, 298 operations (60 of them the product of co-financing) and amounting to €872.53m. This figure represents the highest ever portfolio level on record and an increase of 18% over the previous year and 50% over 2011.

Outlays and Total Portfolio I
2010-2013 (€ million)



3. COFIDES OPERATING CAPACITY

In late 2013 COFIDES achieved an overall operating capacity of over €1,400m.

3.1. FIEX and FONPYME

The net assets of the FONPYME FIEX funds rose to €884.09m as at 31st December 2013. Of this, €831.34m corresponded to FIEX and the remaining €52.75m to FONPYME.

The FIEX fund remained a highly valued vehicle by Spanish firms that were involved in internationalisation activities in 2013 and it has maintained its high level of commitment in these activities. In 2013 the Fund committed resources to projects in countries such as China, Brazil, Mexico, USA, South Africa, Peru, United Kingdom, Czech Republic, Malaysia, Italy, Germany and Chile, among others. In late 2013 and with revolving character, a total of 165 projects equating to €1,318.4m had been charged to the Fund, leaving at that time 113 projects valued at €801.8m in the portfolio of committed investments.

With regard to FONPYME, the volume of resources committed during 2013 amounted to €10.85m. Also during this period, 14 projects with a volume of €7.84m were formalised under this fund. In late 2013, a total of 82 projects totaling €68.11m were charged to the Fund, leaving a committed investment portfolio of 59 projects worth €49.38m.

3.2. ICO Lines

During 2013, there was no formalisation of new financing with the ICO, although in the COFIDES portfolio there are formalised sub-contracts from previous years from both the funding line "ICO-Internationalisation" as well as operations from Multidivisa Financing.

3.3. Multilateral and bilateral resources

3.3.1. Multilateral Investment Fund (FOMIN)

In late 2013, COFIDES had an assigned financing line with the Multilateral Investment Fund (MIF) for investments in small businesses in Latin America and the Caribbean in its portfolio.

3.3.2. European Development Finance Institutions (EDFI)

In order to finance private sector projects in ACP countries, the financing scheme European Financing Partners (EFP) has so far had five rounds of funding, the last one having been signed in 2013, amounting to an additional €220m. In these rounds, COFIDES has contributed a total of €40m from its own resources and FIEX.

This financing scheme, promoted jointly by the European Investment Bank (EIB) and European Development Finance Institution, both COFIDES counterparts, had committed as at 31st December 2013 a total of €442m in 32 projects located in 13 different countries. The combined FIEX/COFIDES resources invested in these projects by the end of 2013, resulted in a commitment of €17.68m, in 24 projects in 12 different countries, 11 of them belonging to the Africa Sahara region.

In 2013 COFIDES formalised its participation in the second round of Interact Climate Change Facility (ICCF). In this second round, COFIDES participated with a total of €5m, with 50% coming from FIEX and 50% drawn from their own resources.

The investment facility ICCF had an additional €100m in the second round of funding. ICCF was created by the French Development Agency (AFD), the European Investment Bank (EIB) and the Association of European Development Finance Institutions (EDFI) in order to finance private and viable investment projects that contribute to mitigating climate change and promote energy efficiency in countries receiving ODA. ICCF had committed, as of 31st December 2013, a total of €228m in 12 projects located in 9 different countries. In late 2013, COFIDES had engaged in both rounds €6.87m in 12 projects in 9 different countries, all countries receiving Official Development Assistance.

3.4. Law supporting entrepreneurs and their internationalisation

The 14/2013 Law to support entrepreneurs and their internationalisation, incorporated the possibility of COFIDES assisting in the identification and analysis of investment projects likely to be financed by the Fund for the Internationalisation of Companies (MSIF) managed by the Trade Secretary of State from the Ministry of Economy and Competitiveness. Another responsibility given to COFIDES by the law was the possibility of participating in the home market of companies in Spain that have international operations, as well as other vehicles and / or mutual funds.

Therefore, in 2013 COFIDES began to progress the financing of the first corporate finance projects and has made its first analysis of a bio-energy project for FIEM.

4. INSTITUTIONAL ACTION

4.1. Other activities within the EDFI framework

In the EDFI framework, COFIDES has participated throughout 2013 in the following working groups in order to standardise the practices of member institutions and to facilitate joint funding of operations: EFP, ICCF, Development Effects & ESG, Environmental and Social Standards, Interact Lawyer meeting and Communication Strategy. COFIDES has also attended workshops and courses organised by other European bilateral financial institutions such as DEG Pricing workshop, the In-house workshop about Doing projects in Africa: What counsels should know and courses in corporate governance in emerging markets. From their perspective, COFIDES organized in 2013 the Annual General Meeting of the EDFI and the Interact Meeting held on 23rd and 24th May in Madrid, bringing together more than 50 representatives from 20 European Development Finance Institutions.

As a member of EDFI, COFIDES has also participated in other meetings and working groups organised in conjunction with institutions such as the Organisation for Economic Cooperation and Development (OECD) and the International Finance Corporation IFC (World Bank Group).

COFIDES has actively participated in meetings on the harmonisation of indicators of private sector development led by the IFC, which culminated in the signing of a memorandum by 25 international financial institutions (IFIs), including COFIDES. This memorandum seeks to harmonise the first set of indicators used by the IFIs to estimate the effects on the development of private sector operation funding. In January 2013 COFIDES also signed the Communiqué “Contributing to creating more and better jobs” at a conference organised by the IFC in Washington. Further to this, and through the EDFI, COFIDES is present in the Global Partnership to create more and better jobs in the private sector, known as “Let's Work”. This initiative aims to bring together a variety of entities - IFIs, the private sector, governments and NGOs. Its objectives include the development of methodologies and analysis to better estimate and understand and strengthen the effects of job creation. Finally, it should be mentioned that COFIDES attended the preparatory meetings for the development of the 2014 African Economic Outlook Report prepared by the OECD this year, and specialised in global value chains and the industrialisation of Africa. COFIDES also participated in the TCX V Anniversary in Amsterdam, specialising in products for mitigating financial risks in emerging countries where FIEX is involved.

EDFI’s Annual General Meeting held in Madrid

4.2. Other activities with Financial Institutions

In order to diversify its business, COFIDES has resumed contact with various international financial institutions like the European Investment Bank, the Inter-American Development Bank, the Andean Development Corporation and the International Finance Corporation (World Bank Group), which signed an adhesion contract in its Master Cooperation Agreement in October 2013 to provide the necessary funding to the private sector and help boost growth and jobs in emerging markets.

COFIDES has also signed a Memorandum of Understanding with the Banco Nacional do Investimento (BNI) to boost investment by Spanish companies in Mozambique, which provides a financing commitment through COFIDES investment projects in the country, with the significant participation of Spanish companies.

Meanwhile, throughout 2013, COFIDES attended meetings related to the framework of the European Union Platform for Blending in Overseas Cooperation where future blending facilities are discussed for inclusion in the new 2014-2020 European financial framework.

In 2013 COFIDES initiated contact on various national and international fronts, mainly European, with the aim of diversifying its business and management access to a greater variety of resources and funding sources, to extend the business activities currently under development.

5. COMMERCIAL ACTIVITY

The 2013 Business Action Plan followed the guidelines of the 2012-2015 COFIDES Strategic Plan as well as the 2013-2015 Proposed Portfolio Objective that was first defined in 2013.

The development of commercial activity has been based on two core areas: promoting institutional and commercial work and direct commercial action with companies. Regarding the first, COFIDES has maintained an outstanding institutional presence in conferences and seminars on financing and internationalisation to enhance the scope of advertisement and communication of the financial details of the Company. Furthermore COFIDES has continued to participate in the conferences on Instruments for Internationalisation Support which have been held in several Autonomous Communities, as initiatives of the Ministry of Commerce and with the support of the Regional Directorates of Commerce and Delegations of ICEX Spain Trade and Investment, as well as foreign institutions promoting the Autonomous Communities.

Signing of agreement between COFIDES and Banco Nacional do Investimento

COFIDES has strengthened its collaboration strategy through signing agreements with the Autonomous Communities, via promotional agencies of the Communities and other representative bodies. During 2013, agreements have been signed with: IPEX (Castilla La Mancha), SODERCAN (Cantabria) and IGAPE (Galicia). These agreements are in addition to those signed in 2012, ADE (Castilla y León), IVEX (Valencia), INFO (Murcia) and FOMENT (Catalonia). Among the activities carried out in collaboration throughout the year with these institutions include the holding of training sessions for technical staff from each of the institutions so that they can act as COFIDES prescribers, organising sessions and presentations to companies in order to promote the financial work of COFIDES.

The Company has also strengthened its institutional partner base, for the undertaking of its activities, with a significant number of highly relevant entities: Banco Sabadell, through participation in the Export for Growth initiative, Banco Santander, with whom a cooperation agreement in the Export Plan 2.0 has been signed, ENISA, Club of Exporters and CEOE, as well as the business associations (TECNIBERIA, AMETIC, FEIQUE

FARMAINDUSTRIA or FIAB) and employer and industry organisations such as PIMEC and FEPEX, through the signing of two separate partnerships agreements.

In relation to direct sales initiatives with companies, throughout 2013 COFIDES has maintained contact with 645 potential customers, the largest amount ever, which highlights a clear focus on SMEs (over 62% of maintained contacts were SMEs).

Regarding the creation of new instruments, in 2013 two new facilities were launched, SME INVEST, a vehicle for the financing of commercial implementations, and FINCHEF a specific funding line for the internationalisation projects of the greatest Spanish chefs.

COFIDES has continued its longstanding collaboration with ICEX Spain Trade and Investment. This has been the second consecutive year under the sponsorship of COFIDES in the Forums and Business Meetings organised by ICEX Spain Export and Investment. In addition to this sponsorship COFIDES, in 2013 has actively participated in the Forums and Business Meetings held in Turkey, Croatia, Azerbaijan, Mexico, Mozambique, Australia and Brazil. Moreover, throughout 2013 it has collaborated with the Department of Support Programs Projects ICEX Spain Trade and Investment in the operation and setting up of procedures for the processing of requests for funding requests received by SME INVEST via ICEX. In this way, a very flexible and dynamic system for processing applications for funding of operations attributable to SME Invest have been established, and this also applies to direct commercial applications to SME INVEST.

As a result of this institutional, promotional and business development work related to new customers developed throughout 2013, a total of 60 new customer operations, relating to more than €197m passed through the Operations Area for analysis and valuation. This in turn means that almost 40% of this activity relates to projects promoted by SMEs.

6. PROJECT MONITORING

2013 saw the consolidation of the integration work carried out by COFIDES in 2012 in the Operations area of the Company, particularly in investment analysis and project tracking. The synergies derived from a better understanding of operations from the time of initial analysis and structuring through to the later stages of disbursement, highlighted markedly improved processing times through the various process lifecycles.

With regard to the activity of the monitoring itself, and the aggregated portfolio split by FIEX, FONPYME and COFIDES, the rating of the total risk managed of 98% was revised and updated. In 2013, more intensive monitoring was performed in operations requiring special follow-up, a total of 43 approval-easing measures, proposals for renegotiation and / or recovery totaling €136.79m. Financial conditions of those viable operations were adapted to this new risk, at all times taking into account the interests of COFIDES, FIEX and FONPYME.

7. COFIDES FINANCIAL POSITION ON 31ST DECEMBER 2013

The turnover of recurring activities of the Company amounted to €20.08m in 2013, representing an increase of 11.2% compared to 2012 (and 41.4% compared to 2011) came as a result of steady growth in activity. Given this change in income, policy optimisation and cost containment applied by the Company in the past year, staff costs experienced slow growth of 3.7% and reached €4.16m while other operating expenses remained steady at around €2.85m (up 1.5%). As a result of these figures, the profit of recurring activities grew by 18.1% in 2013 to reach €12.81m compared to €10.84m recorded in 2012 and €6.46m in 2011.

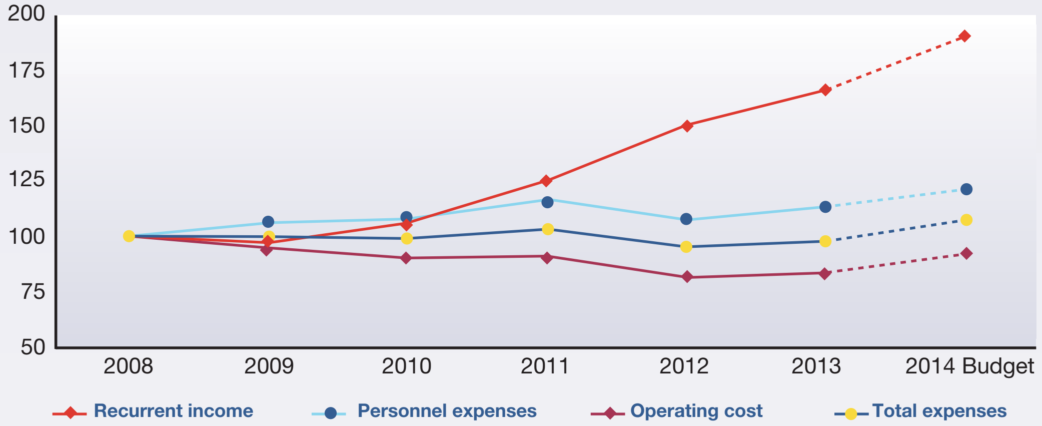
In turn, this substantial increase in the recurring activity of the Company was accompanied by significant improvements in efficiency, productivity indicators and profitability ratios, which continued to grow in 2013, as shown in the following table and graph:

Efficiency and Productivity indicators	2013	2012	2011
Recurrent revenues generated per operating expense	7,04	6,42	4,45
Recurrent revenues per ACTIVE staff member (euros)	352.276	311.196	240.701
Investment portfolio per active staff member (euros)	1.205.793	858.841	650.469

Rate of return	2013	2012	2011
Return on capital (ROC)	32,7%	27,9%	16,4%
Return on equity (ROE)	15,9%	14,9%	10,3%

[1] Those employees on leave are not included

Recurrent Income, Personnel expenses and Operating Cost (2008 = 100)



In conclusion, 2013 was an especially successful year for the Company as profit before tax reached €18.48m, in excess of its previous all-time high of €12.94m.

Given the above, we can say that 2013 represents the transformation of the Company as a leading, profitable and solvent institution, within the internationalisation arena of the Spanish economy, and its openness to foreign markets.

OFFICE OF THE CHAIRMAN

Salvador Marín
Chairman

Pilar Cruz

Carlos Moreno

GENERAL SECRETARY

Ana Victoria Fernández
General Secretary

Eva Guerrero

Jesús Aranaz

Strategic Diversification

Silvia Rodado

General Services

Teresa Tamés

CONTROL, INTERNAL AUDIT AND QUALITY CONTROL

Mª Victoria de Luis
Deputy Director

Ángeles Prieto

Nuria Blanco

CORPORATE COMMUNICATION

Laura Manzano

SENIOR MANAGEMENT

Luis de Fuentes
Managing Director

Susana Iglesias

COMMERCIAL AND BUSINESS DEVELOPMENT

Ana Cebrián
Deputy Director

Cristina Mena

Jone Ordeñana

Teresa Madrigal

CORPORATE SOCIAL RESPONSIBILITY

Fernando Aceña
Deputy Director

Sustainable Development

Regina Pálla

Isabel Griñón

Lola Vázquez

Human Resources

May Sánchez

OPERATIONS

Miguel A. Ladero
Director

Marisol García

Mar Ríos

Analysis

Álvaro Hernández

José Luis Ocasar

Analysis

Yolanda Gómez de Segura

Álvaro Justo

Ana Flor

Gloria Santiago

Manuel Fernández

RISK

Consuelo Díaz
Director

Cristina Rodríguez

Carolina Fernández-Puebla

Elena Lagos

Umberto Ferrer

FINANCE

Héctor Turiel
Director

Belén de la Fuente

Accounting

Laura Sánchez

Laura Sanz

Sergio Nieva

Settlements

Isabel Barril

Ana Romero

Sonia Gómez

Liquid Assets

Paloma Chillón

Information Technology

Alfonso Sánchez

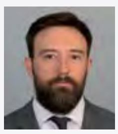

Luis Torres

Legal


Mª Ángeles Vara


Eduardo Fernández


José Carlos Villena


Antonio Fernández


Pilar Morencos


Daniel Martínez


Jose Luis Viana


Laura Valeriani

Financial Statements and Management Report

Compañía Española de Financiación del Desarrollo, COFIDES, S.A.

COFIDES

Funding for your investment abroad

Financial Statements and Management Report

for the financial year ending
31 December 2013

Letter from the Auditors

for the financial year ending
31 December 2013

EY
Building a better working world

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Plaza Pablo Ruiz Picasso, 1
28020 Madrid

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INFORME DE AUDITORÍA DE CUENTAS ANUALES

A los Accionistas de
Compañía Española de Financiación del Desarrollo, COFIDES, S.A.:

Hemos auditado las cuentas anuales de Compañía Española de Financiación del Desarrollo, COFIDES, S.A., que comprenden el balance al 31 de diciembre de 2013, 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 anual terminado en dicha fecha. Los administradores son responsables de la formulación de las cuentas anuales de la Sociedad, de acuerdo con el marco normativo de información financiera aplicable a la entidad (que se identifica en la Nota 2 de la memoria adjunta) y, en particular, con los principios y criterios contables contenidos en el mismo. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales en su conjunto, basada en el trabajo realizado de acuerdo con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, que requiere el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales y la evaluación de si su presentación, los principios y criterios contables utilizados y las estimaciones realizadas están de acuerdo con el marco normativo de información financiera que resulta de aplicación.

En nuestra opinión, las cuentas anuales del ejercicio 2013 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de Compañía Española de Financiación del Desarrollo, COFIDES, S.A. al 31 de diciembre de 2013, así como de los resultados de sus operaciones y de sus flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación y, en particular, con los principios y criterios contables contenidos en el mismo.

El informe de gestión adjunto del ejercicio 2013 contiene las explicaciones que los administradores consideran oportunas sobre la situación de Compañía Española de Financiación del Desarrollo, COFIDES, S.A., la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales del ejercicio 2013. Nuestro trabajo como auditores se limita a la verificación del informe de gestión con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de la Sociedad.

Auditores
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA
Miembro ejerciente:
ERNST & YOUNG, S.L.
Año 2014 Nº 01/14/03841
COPIA GRATUITA
Informe sujeto a la tasa establecida en el artículo 44 del texto refundido de la Ley de Auditoría de Cuentas, aprobado por Real Decreto Legislativo 1/2011, de 1 de julio

ERNST & YOUNG, S.L.
(Inscrita en el Registro Oficial de Auditores de Cuentas con el Nº S0530)

José Luis Ruiz

28 de marzo de 2014

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid - Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8ª, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

BALANCE SHEET

On 31st December 2013 (€m)

ASSETS	Notes	2013	2012
NON-CURRENT ASSETS		**65,350**	**40,686**
Intangible assets	**5**	**314**	**404**
Industrial Property		-	-
Software		299	392
Advances on software		15	12
Tangible assets	**6**	**252**	**297**
Other facilities		154	175
Furnishings		67	75
Computer hardware		31	47
Advances and tangible assets		-	-
Long-term financial investments		**64,784**	**39,985**
Equity instruments	10	12	30
Loans to companies	11	57,191	35,088
Other financial assets	11	78	78
Accounts receivable	11	7,503	4,789
CURRENT ASSETS		**33,127**	**47,725**
Non-current assets held for sale	**7**	**775**	**1,197**
Trade debtors and other receivables	**11**	**6,926**	**5,704**
Accounts receivable		213	355
Accounts receivable, Funds		6,713	5,349
Loans with General Government		-	-
Short-term financial investments	**11**	**23,578**	**26,933**
Loans to companies		8,250	5,927
Interest outstanding on loans to companies		384	276
Other financial assets		14,724	20,445
Interest outstanding on other financial assets		220	285
Short-term accrual accounts		**14**	**12**
Cash and other equivalent liquid assets	**12**	**1,834**	**13,879**
TOTAL ASSETS		**98,477**	**88,411**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

BALANCE SHEET

On 31st December 2013 (€m)

EQUITY AND LIABILITIES	Notes	2013	2012
EQUITY		**93,779**	**82,155**
Issued capital	**13**	**39,396**	**39,396**
Reserves		**41,448**	**34,322**
Legal and statutory reserves		4,577	3,733
Other Reserves		36,871	30,589
Yearly earnings	**3**	**12,935**	**8,437**
NON-CURRENT LIABILITIES		**1,406**	**2,245**
Long-term debt	**15**	**1,406**	**2,245**
Debts with financial institutions		1,250	2,133
Other financial liabilities		156	112
CURRENT LIABILITIES		**3,292**	**4,011**
Liabilities associated with non-current assets held for sale	**7**	**140**	**140**
Short-term debt	**15**	**556**	**778**
Debts with financial institutions		556	778
Trade creditors and other payables		**1,866**	**2,289**
Sundry payables	15	320	240
Staff (remuneration outstanding)	15	269	271
Current tax liabilities	17	1,123	1,556
Other tax payables	17	146	132
Other financial liabilities	15	8	90
Short-term accrual accounts	**16**	**730**	**804**
TOTAL EQUITY AND LIABILITIES		**98,477**	**88,411**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

CASH FLOW STATEMENT

On 31st December 2013 (€m)

ONGOING OPERATIONS	Notes	2013	2012
Net turnover	**19.1**	**25,276**	**20,987**
Employee costs	**19.2**	**(4,158)**	**(4,009)**
Wages and salaries		(3,269)	(3,136)
Employee welfare		(889)	(873)
Other operating expenses		**(2,398)**	**(4,496)**
Consulting	19.3	(2,793)	(2,693)
Taxes	19.3	(61)	(120)
Loss and write-downs in provisions for trade operations	11.1 & 11.2	456	(1,683)
Amortisation and depreciation of non-current assets	**5, 6**	**(258)**	**(216)**
Impairment and gains on disposal of equity instruments		**33**	**47**
Impairment on equity instruments	10	23	47
Disposals	10	10	-
Impairment and gains on disposals of assets	**5, 6 & 7**	**(421)**	**(160)**
Impairment and Losses		-	-
Disposals and Others		(421)	(160)
Other Results		**(2)**	**(7)**
OPERATING INCOME		**18,072**	**12,146**
Revenues	**19.4**	**564**	**737**
Third-party securities and other financial instruments			
Third-party		564	737
Financial expenses		**(58)**	**(76)**
Payable to financial institutions		(42)	(74)
Other third party payables		(16)	(2)
Exchange rate differences		**(91)**	**(51)**
FINANCIAL INCOME		**415**	**610**
INCOME BEFORE TAX		**18,487**	**12,756**
Income Tax	**17**	**(5,552)**	**(4,319)**
PROFIT FOR THE YEAR	**3**	**12,935**	**8,437**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

CASH FLOW STATEMENT

On 31st December 2013 (€m)

A) Statement of Income and Expenditure for year ending 31st December 2013

	Notes	2013	2012
Profit/Loss for the year	3	12,935	8,437
TOTAL INCOME AND EXPENDITURE		**12,935**	**8,437**

B) Statement of Total Changes in Shareholder Equity for year ending 31st December 2013

	Sahre Capital (Note 13.1)	Legal Reserve (Note 13.2)	Voluntary Reserve	Profit for the year (Note 3)	Dividends	Total (Note 3.1)
Balance on 31 December 2011	**39,396**	**2,639**	**20,745**	**10,938**	**-**	**73,718**
Total income and expenditure in 2012	-	-	-	8,437	-	8,437
Distribution of 2011 profit						
Reserves	-	1,094	9,844	(10,938)	-	-
Dividends	-	-	-	-	-	-
Balance on 31 December 2012	**39,396**	**3,733**	**30,589**	**8,437**	**-**	**82,155**
Total income and expenditure in 2013	-	-	-	12,935	-	12,935
Distribution of 2012 profit						
Reserves	-	844	6,282	(7,126)	(1,311)	(1,311)
Dividends	-	-	-	(1,311)	1,311	-
BALANCE ON 31 DECEMBER 2013	**39,396**	**3,733**	**36,871**	**12,935**	**-**	**93,779**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

CASH FLOW STATEMENT

On 31st December 2013 (€m)

	Notes	2013	2012
OPERATING CASH FLOW			
Earnings before tax		**18,487**	**12,756**
Adjustment		**(306)**	**1,351**
Depreciation on non-current assets (+)	5, 6	258	216
Adjustments for impairment on investments (+/-)	10	(23)	(47)
Variation in provisions (+/-)	11.1 & 11.2	(456)	1,683
Results for retirements and alienation of non-current assets (+/-)		421	160
Financial revenues (-)		(564)	(737)
Financial expenses (+)		58	76
Change in working capital		**(28,099)**	**(12,966)**
(Increase)/decrease in debtors and other receivables		(1,222)	3,492
(Increase)/decrease in other current liabilities		(2,646)	(419)
Increase/(decrease) in creditors and other payables		(3)	(258)
Increase/(decrease) in other current liabilities		(74)	144
Other non-current assets (+/-)		(24,198)	(15,959)
Other non-current liabilities (+/-) Other non-current liabilities (+/-)		44	34
Other cash flow from operations		**(5,409)**	**(4,589)**
Interest paid (-)		(66)	(76)
Interest received (+)		629	600
Receipts from (payment of) corporation tax (+/-)		(5,972)	(5,113)
Operating cash flow		**(15,327)**	**(3,448)**
Payments on investments (-)		**(122)**	**(1,331)**
Intangible assets	5	(114)	(154)
Tangible assets	6	(8)	(32)
Net non-current assets held for sale	7	-	(1,145)
Revenues for divestments (+)		**5,721**	**9,369**
Other financial instruments		5,721	9,369
Cash flows from investment activities		**5,599**	**8,038**
Liabilities receipts and payments		**(1,097)**	**(675)**
Return and repayment of		**(1,097)**	**(675)**
Bank loans (-)		(1,097)	(675)
Payments on dividends and earnings on other equity instruments	**3.1**	**(1,311)**	**-**
Dividends		(1,311)	-
Financial cash flow		**(2,408)**	**(675)**
EFFECT OF EXCHANGE RATE VARIATIONS		**91**	**51**
NET INCREASE/(DECLINE) IN CASH OR CASH EQUIVALENTS		**(12,045)**	**3,966**
Cash and cash equivalents at beginning of year	**12**	**13,879**	**9,913**
Cash and cash equivalents at year end	**12**	**1,834**	**13,879**

Notes to the Financial Statements

1. Company Nature, business activity and group composition

Compañía Española de Financiación del Desarrollo, COFIDES S.A. (hereafter the company or COFIDES), is a state-owned company whose corporate purpose is to provide financial support for private direct investment projects with Spanish interest and located in developing or emerging countries.

In addition to deploying its own resources to meet that purpose, the company draws on various financing agreements concluded with State-owned or multilateral financial institutions.

Pursuant to Act 66/1997 of 30 December, COFIDES manages the Fund for Foreign Investments (FIEX - Fondo para Inversiones en el Exterior) and the Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME - Fondo para Operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa), on its own behalf and on behalf of such funds. In addition, fund activities and operations are governed by Royal Decree 1226/2006 of 27 October, which supersedes previous legislation. Provisioned yearly from the national budget, both FIEX and FONPYME pursue the internationalisation of Spanish companies and the Spanish economy in general through syndicated financial instruments under co-financing arrangements with project sponsors.

On 24 January 2000 a ten million-dollar co-financing facility was formalised between the Multilateral Investment Fund (FOMIN) and COFIDES to finance investment projects undertaken by Spanish SMEs under joint venture arrangements in all Latin American and Caribbean countries except Cuba. Although the facility was initially scheduled to remain live through 31st July 2011 that date was later set back to 31st December 2013 to ensure recovery of the investment in company projects with a subsequent repayment or divestment date. The line was closed for further operations in financial year 2006.

The 14/2013 Law, created to support entrepreneurs and internationalisation, incorporated the power of COFIDES to assist in the identification and analysis of investment projects likely to be financed by the Fund for the Internationalisation of Enterprises (MSIF) and managed by the State Secretariat of Commerce of the Ministry of Economy and Competitiveness.

The company's registered office for business and tax purposes is located at 132 Príncipe de Vergara Street, 12th storey, Madrid, Spain.

2. Criteria for presenting statement

2.1. True and accurate view

The financial statements were drawn from COFIDES, S.A.'s accounts. The financial statements for 2013 were prepared according to existing commercial legislation and in accordance with the standards established in the National Charter of Accounts to provide a true and fair representation of the company's financial situation on 31st December 2013, as well as of the results of its operations, changes in equity and cash flow during the financial year ending on that date.

The company's directors deem that the attached financial statements for 2013 will be approved by the General Meeting of Shareholders with no amendments whatsoever.

2.2. Comparative information

In addition to the figures for financial period 2013, the present financial statements include the figures for the previous year, 2012, reported in the financial statements approved at the General Shareholders' Meeting held on 22nd April 2013, for each item on the balance sheet, income statement, statement of changes in equity, cash flow statement and the respective notes, for the purposes of comparison. For comparison of the 2013 figures to the preceding year's values, adjustments were made in certain items on the 2012 cash flow statement with respect to the information included in the 2012 financial statements approved by the company's General Meeting.

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

The preparation of the financial statements and application of the company's accounting policies calls for significant decision-making in terms of accounting estimates, judgements, and assumptions. The following is a summary of the factors entailing the utmost discretion or complexity or in which the assumptions and estimates have a significant impact on the preparation of the financial statements

Adjustments for impairment on investments

One of the specific tasks of the company's Operations Area is to supervise and manage the risks involved in its commercial financial operations and analyse the impairment of such financial instruments throughout the year (see Note 4.6.6).

2.4. Functional currency and reporting currency

The company presents its financial statements in thousands of euros, its functional and reporting currency, rounded to the nearest thousand.

3. Distribution of earnings

3.1. Distribution of earnings

The distribution of earnings for the year ending on 31st December 2012, proposed by the directors and approved by the General Meeting of Shareholders on 22nd April 2013, was as itemised below.

Euros	2012
Basis for distribution	
Period Earnings	8,436,588.49
Distribution	1,311,000.00
Legal Reserves	843,658.85
Voluntary Reserves	6,281,929.64
TOTAL	**8,436,588.49**

The distribution of earnings proposed by the directors for the year ending on 31st December 2013, outstanding approval by the General Meeting of Shareholders, is as shown below:

Euros	2013
Basis for distribution	
Period Earnings	12,934,968.80
Distribution	2,582,670.00
Legal Reserves	1,293,496.88
Voluntary Reserves	9,058,801.92
TOTAL	**12,934,968.80**

3.2. Limitations on dividend payments

Ten per cent of a company's yearly profit must be earmarked for legal reserves until the funds provisioned amount to at least 20% of its share capital. Until that 20% minimum is reached, the funds in this reserve cannot be distributed among a company's shareholders (Note 13).

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

4. Accounting and valuation criteria

The accounting and valuation criteria used by the Company to draw up these financial statements are described below:

4.1. Intangible assets

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

After the initial valuation, they are valued at cost less cumulative amortisation and any accumulated impairment losses, as appropriate.

Each intangible asset is analysed to determine whether its service life is limited or open-ended.

4.1.1. Patents, licences, trademarks and others

Collectively the allocation of the corresponding amount to the name or trade name of the Company.

4.1.2. Software

Software is booked at its purchase price. Maintenance costs are written when incurred.

4.1.3. Service life and amortisation

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

	Depreciation method	Estimated service life (years)
Patents, licences, trademarks and others	Straight-line	10
Software	Straight-line	4

For all intents and purposes, the sum subject to amortisation is understood to be the acquisition cost less the residual value, as appropriate.

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

4.1.4. Impairment of non-current assets

The company assesses and corrects intangible assets for indications of impairment losses and reversal of such losses pursuant to the criteria set out in Note 4.3.

4.2. Tangible assets

4.2.1. Initial value

Non-current tangible assets are booked at their purchase price or production cost and carried on the balance sheet at that value less depreciation and any accumulated impairment losses, as appropriate.

4.2.2. Amortisation

Non-current tangible assets are depreciated by distributing the sum subject to depreciation evenly across their service life. For these intents and purposes, the sum subject to depreciation is understood to be the acquisition cost less the residual value. The company determines the depreciation costs for each asset.

Non-current tangible assets are depreciated in accordance with the criteria shown below:

	Depreciation method	Estimated service life (years)
Other facilities	Straight-line	10
Furnishings	Straight-line	10
Computer hardware	Straight-line	2-4

The company revises the residual value, service life and depreciation method for tangible assets at the end of each reporting period. Amendments to the criteria initially established are booked as changes in the estimate.

4.2.3. Subsequent costs

Subsequent to the initial posting of an asset, only costs that entail an increase in its capacity, productivity or service life are capitalised. In this regard, the routine maintenance costs for non-current tangible assets are expensed against income when they are incurred.

4.2.4. Impairment of asset value

The company assesses and corrects non-current tangible assets for indications of impairment losses and reversal of such losses pursuant to the criteria set out in Note 4.3.

4.3. Impairment of the value of non-financial assets subject to amortisation or depreciation

The company is alert to indications that might denote impairment of the value of non-financial assets subject to amortisation or depreciation. The purpose of such monitoring is to verify whether their carrying value exceeds their recoverable value, understood to be the higher of their value in use, or the fair value, less costs of sale, that they can be expected to command.

After the impairment loss or loss reversal is posted, subsequent years' amortisation/depreciation is based on the new carrying value.

That notwithstanding, if analysis of the specific circumstances of any given asset reveals an irreversible loss, such loss is expensed directly against losses on non-current assets and shown as such on the income statement.

Impairment losses are expensed against income.

4.4. Non-current assets held for sale

The heading “Non-current assets held for sale” covers assets whose carrying value will be recovered principally through a sale transaction rather than through continuing use, when the following requirements are met:

• The assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets.

• Their sale is highly probable.

Non-current assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell, with the exception of deferred tax assets. These assets are not depreciated and, where necessary, are adjusted to ensure that the carrying amount is not higher than the fair value less costs to sell.

The related liabilities are posted under the item “Liabilities associated with non-current assets held for sale”.

4.5. Leases

Leases in which the lessor essentially transfers all risks and rewards incident to legal ownership to the lessee are regarded to be financial leases; all others are classified as operational leases.

4.5.1. Lessor accounting

Revenues from operational leases are posted in the profit and loss account upon accrual. The direct costs attributable to the lease are booked as an increase in the value of the leased asset and posted as an expense during the term of the lease, in keeping with the same criterion as used for posting revenues from leased property.

4.5.2. Lessee accounting

The company has concluded operating leases with third parties for occupation of the premises where it conducts its usual business (headquarters and branch office), as well as for a vehicle used by its staff.

The rent paid for operational leases, net of incentives, is expensed evenly across the term of the lease.

4.6. Financial instruments

Classification and separation of financial instruments

When initially booked, financial instruments are classified as financial assets, financial liabilities or equity instruments, depending on the economic substance of the respective arrangements and in accordance with the definitions of financial asset, financial liability and equity instrument.

The company classifies its financial instruments into different categories for valuation purposes, depending on their characteristics and Management's intention when they are initially posted.

4.6.1. Loans and accounts receivable

Loans and accounts receivable consist of loans for trade and non-trade operations that are not listed on a live market and whose settlement involves fixed or determinable sums. These assets are initially carried at fair value, including the transaction costs incurred, and are subsequently valued at their amortised cost, calculated using the effective interest rate method.

Nonetheless, financial instruments with no established interest rate, with a maturity of under one year or for which repayment is expected in the short term and not significantly affected by possible updating, are appraised at face value.

4.6.2. Investments held through maturity

Investments held through maturity are debt securities with a set maturity date, involving fixed or determinable sums and traded on a live market, that the company fully intends and has sufficient capacity to hold through their maturity date, unlike securities classified under other categories. The valuation criteria applicable to financial instruments classified in this category are the same as applied to loans and accounts receivable.

4.6.3. Other financial instruments carried at fair value

Investments in companies are initially carried at cost, which is the same as the fair value of the consideration including the transaction costs incurred, and subsequently valued at cost, less any accumulated impairment losses.

Although the company holds stakes of over 20% in some firms, as these are supported investments subject to repurchase agreements by a specific deadline, they are not consolidated in company accounts. Consequently, they are neither regarded as long-term investments nor is their management, which is not incumbent upon the company, integrated in COFIDES' overall strategy.

4.6.4. Interest

Interest is posted in keeping with the effective interest rate method and dividends when entitlement thereto is established.

4.6.5. Disposal of financial instruments

Financial instruments are retired from the books when the right to receive cash flows related thereto expire or are transferred and the company has effectively disposed of any risks or rewards relating to legal ownership.

The full retirement of a financial asset entails posting the profit or loss resulting from the difference between its carrying amount and the sum of the consideration received, net of transaction costs. The assets obtained or liabilities assumed and any deferred loss or gain in the company's recorded income and expense, in turn, are included in its net equity.

4.6.6. Impairment of financial instrument value

A financial instrument or group of financial instruments becomes impaired, generating a loss, if objective evidence of impairment is forthcoming. Such evidence consists of one or several events occurring after the instrument is initially booked that have a reliably estimable impact on the future cash flows calculated for the instrument or group of instruments.

On 29th November 2013 the Board approved a policy update to the principles of Circular 4/2004 of the Bank of Spain regarding the mitigation of risk relating to portfolio impairment that the Company applies. The implementation of this new policy resulted in the following new operating line:

- Maintain an individualised analysis of the Fund's loan portfolio relating to risk quality and its extension to the equity interest and fixed-rate equity operations.

- The impairment of financial assets is based on the internal rating of the operation and any other circumstance that may affect it, after taking into account the guarantees obtained to try and ensure the success of the operations.

- The risk mitigation for impairment-classified operations or groups of operations relating to credit risk in the case of customer default risk and credit risk in respect of country risk, signifies that when both risks are present, demanding mitigation criteria will apply in each case.

- The mitigation of risk for impairment on doubtful assets follows a general distinction between debt treatment of 3 to 6 months, 6 to 9 months, 9 to 12 months and over 12 months by applying to each of these scales percentages of 25%, 50%, 75% and 100% respectively.

- In the case of real guarantees being provided and that their valuation and assessment are considered acceptable, the applicable general framework will take into account the amount of risk mitigated by the value of the guarantee. Because of this, the maximum age of available appraisal reports is 3 years, unless there are significant reductions in market prices a more recent appraisal may be warranted. To the current appraisal value, an agreed percentage dependant on the type of guarantees will be applied, creating percentage values between 80% and 0% depending on the type of building collateral.

• The policy also provides the possibility of treating these operations independently for reasons other than the existence of collateral that underpins the operation. Under this assumption the deterioration of the applicable value will be determined based on the specific report issued and supported by the Operations team and/or the Secretary General.

The Value in use is calculated on the grounds of the company's share in the current value of both the estimated cash flow from ordinary business and of the final disposal of the asset, or the flows expected from the distribution of dividends and final divestment.

For equity instruments, the value becomes impaired when the asset's carrying value cannot be recovered due to a prolonged or significant decline in its fair value.

Impairment loss or reversal of loss is posted in the profit and loss account.

4.7. Financial liabilities

4.7.1. Debits and payables

These items include financial liabilities generated by the purchase of goods and services for the company's business and non-trade operation debits other than derivatives.

When initially posted on the balance sheet, they are carried at fair value which, barring evidence to the contrary, is the transaction price, i.e. the fair value of the consideration received, adjusted for any transaction costs directly attributable thereof.

After the initial post, these financial liabilities are valued at their amortised cost. The interest accruing is entered in the profit and loss account in accordance with the effective interest rate criterion.

That notwithstanding, trade operation debits with a maturity of not over one year that have no contractual interest rate, as well as outlays demanded by third parties on holdings whose sum is expected to be paid in the short term, are valued at their face value when the impact of failure to update cash flows is regarded as negligible.

4.7.2. Security deposits

Security deposits are established as a result of leases, valued in accordance with the criteria described for financial instruments.

4.7.3. Retirements and modifications in financial liabilities

The Company retires all or part of a financial liability when it meets the obligation inherent in the liability or is legally dispensed from the essential responsibility incident thereto, by virtue of a court ruling or by the creditor.

Any difference between the carrying value of the financial liability, or any part thereof, that is cancelled or assigned to a third party, and the consideration paid, including any asset assigned other than cash or the liability assumed, is posted to the profit and loss account.

4.8. Foreign exchange transactions, balances and flows

Foreign exchange transactions are converted to euros at the exchange rate in effect on the date of the transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies are converted to euros at the exchange rate in effect at year end.

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

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

The positive and negative differences arising in foreign currency transaction settlements and in the conversion to euros of monetary assets and liabilities denominated in foreign currency are booked against the results.

Exchange rate losses or gains on non-monetary financial assets and liabilities assessed at fair value are posted together with variations in such fair value. That notwithstanding, the exchange rate variation component in non-monetary financial assets denominated in foreign currency is booked against results when the assets are classified as sellable and fair value hedging is in place for such components. The rest of the variation of fair value is posted as described in Note 4.6 (Financial instruments). Transactions undertaken in foreign currencies are converted into euros, using the exchange rate that was applicable at the time of the transaction.

4.9. Cash and other cash-equivalent liquid assets

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

- They can be converted to cash.
- Their maturity at purchase was not over three months.
- They are subject to no significant risk of change in value.
- They form part of the company's standard cash management policy.

For the intents and purposes of cash flow, any overdrafts forming part of the company's cash management practice are carried as less cash and other cash-equivalent liquid assets.

4.10 Short-term remuneration for employees

The expected cost of short-term remuneration is posted as the services that afford employees entitlement thereto are rendered.

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

4.11. Severance pay

Severance payments are accounted for as soon as a detailed formal plan is in place and the staff affected notified of the intention to terminate the employment relationship, either because the plan is underway or because its chief characteristics have been announced.

Pursuant to the existing labour legislation, under certain circumstances, the company is bound to pay severance upon termination of employment. Severance pay that can be reliably quantified is expensed in the year in which the company has created a valid expectation in respect of the parties concerned.

4.12. Provisions

Provisions are posted: when the company incurs an obligation, be it legal, contractual, implicit or tactical, as the result of a past event; when an outlay of resources from future earnings is likely to be needed to meet such obligations; and when the sum of the obligation can be reliably estimated.

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

Provisions include neither the fiscal effects nor the earnings expected from the sale or abandonment of assets.

Provisions are reversed against results when it becomes unlikely that outflows will be required to cancel the obligation.

4.13. Tax on earnings

Expenses or revenues under this item include both current and deferred taxes on earnings.

Current tax assets or liabilities are assessed as the sums expected to be paid to or refunded by tax authorities, further to the legislation and tax rates in effect or approved and pending publication at the end of the financial year.

The current or deferred tax on earnings is posted against results, unless it is the consequence of a combination of operations or of a transaction or economic event recorded against equity in the same or another reporting period.

Timing adjustments are systematically posted, barring the exceptions laid down in the existing legislation, while deductible timing adjustments are recorded whenever they are likely to be offset by future positive taxable income.

Deductible timing adjustments are recorded whenever future positive taxable income is likely to be large enough to offset such adjustments.

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

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

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

The company classifies assets and liabilities as current when it expects settlement to be forthcoming in its normal operating cycle. They are recorded primarily for the purposes of negotiation and their expected date of liquidation is within twelve months of closing.

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

4.15. Revenues and expenses

Revenues and expenses resulting from increases or decreases in the company's resources are recorded on an accrual basis in the target year, providing the sum thereof can be reliably determined.

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

The company posts the ordinary revenues and costs associated with the operations in which it acts as manager, collecting the sums involved on behalf of the funds managed. In these operations only the fees earned are booked as ordinary revenues. It posts ordinary revenues and related costs, including both fees and interest, associated with the loans granted against its own resources in keeping with the same criteria.

4.16. Related party transactions

Related party transactions are booked in accordance with the valuation standards described above.

Since the costs of related party operations are suitably accommodated, the company's directors deem that they entail no risk of losses that would generate significant tax credits.

5. Intangible assets

The entries under the items comprising "Intangible non-current assets" are summarised below:

(Thousand euros)	2013			
	Patents, licences, trademarks and others	Software	Advances on computer software	Total
Cost on 1 January 2013	**2**	**1,831**	**12**	**1,845**
Acquisitions	-	111	3	114
Retirements	-	-	-	-
Transfers	-	-	-	-
Cost on 31 December 2013	**2**	**1,942**	**15**	**1,959**
Accumulated depreciation on 1 January 2013	(2)	(1,439)	-	(1,441)
Acquisitions	-	(204)	-	(204)
Retirements	-	-	-	-
Transfers	-	-	-	-
Accumulated depreciation on 31 December 2013	**(2)**	**(1,643)**	**-**	**(1,645)**
Net carrying value on 31 December 2013	**-**	**299**	**15**	**314**

(Thousand euros)	2012			
	Patents, licences, trademarks and others	Software	Advances on computer software	Total
Cost on 1 January 2012	**2**	**1,639**	**50**	**1,691**
Acquisitions	-	142	12	154
Retirements	-	-	-	-
Transfers	-	50	(50)	-
Cost on 31 December 2012	**2**	**1,831**	**12**	**1,845**
Accumulated depreciation on 1 January 2012	(2)	(1,304)	-	(1,306)
Acquisitions	-	(135)	-	(135)
Retirements	-	-	-	-
Transfers	-	-	-	-
Accumulated depreciation on 31 December 2012	**(2)**	**(1,439)**	**-**	**(1,441)**
Net carrying value on 31 December 2012	**-**	**392**	**12**	**404**

5.1. Totally depreciated assets

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

(Thousand euros)	2013	2012
Patents, licences, trademarks and others	2	2
Software	1,266	1,224
TOTAL	**1,268**	**1,226**

5.2. Insurance

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

5.3. Other information

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

At 31 December 2013 there were no commitments related to intangible assets. At 31 December 2012 these commitments totalled €45,000.

6. Tangible assets

The entries comprising "Tangible non-current assets" are summarised below:

(Thousand euros)	2013				
	Other Facilities	Furnishings	Computer hardware	Advances	Total
Cost on 1 January 2013	**385**	**266**	**283**	**-**	**934**
Acquisitions	-	3	8	-	11
Retirements	-	(1)	(1)	-	(2)
Transfers	-	-	-	-	-
Cost on 31 December 2013	**385**	**268**	**290**	**-**	**943**
Accumulated depreciation on 1 January 2013	**(210)**	**(191)**	**(236)**	**-**	**(637)**
Acquisitions	(21)	(11)	(24)		(56)
Retirements	-	1	1		2
Transfers	-	-	-		-
Accumulated depreciation on 31 December 2013	**(231)**	**(201)**	**(259)**	**-**	**(691)**
Net carrying value on 31 December 2013	**154**	**67**	**31**	**-**	**252**

(Thousand euros)	2012				
	Other Facilities	Furnishings	Computer hardware	Advances	Total
Cost on 1 January 2012	**373**	**251**	**281**	**-**	**905**
Acquisitions	12	15	5		32
Retirements			(3)	-	(3)
Transfers					-
Cost on 31 December 2012	**385**	**266**	**283**	**-**	**934**
Accumulated depreciation on 1 January 2012	**(179)**	**(175)**	**(204)**	**-**	**(558)**
Acquisitions	(31)	(16)	(34)		(81)
Retirements			2		2
Transfers					-
Accumulated depreciation on 31 December 2012	**(210)**	**(191)**	**(236)**	**-**	**(637)**
Net carrying value on 31 December 2012	**175**	**75**	**47**	**-**	**297**

6.1. Totally depreciated assets

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

(Thousand euros)	2013	2012
Other facilities	171	91
Furnishings	163	142
Computer hardware	237	168
TOTAL	**571**	**401**

6.2. Insurance

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

6.3.Other information

No purchase - sale transactions involving non-current assets were concluded with group companies.
On 31st December 2013 & 2012 the company had no commitments to purchase tangible assets.

7. Non-current assets held for sale

On 28th February 2012, Commercial Court 2 of Bilbao awarded the Company a property located in the municipality of Munguia, Vizcaya, following mortgage foreclosure proceedings in connection with the repayment of a loan. The award value of the property was €1,327,000. The property was not under lease to third parties.

On 19th April 2012, the company took formal possession of the property pursuant to an instrument placed on public record at the Gernika-Lumo land office. The property was booked at its fair value (€1,356,000) on that date.

Inasmuch as company Management is actively promoting the sale of the property, it appears on the balance sheet under the caption “Non-current assets held for sale” and appears similarly detailed at 31 December 2013.

The estimated costs of selling the asset, €140,000, are listed on the 31 December 2012 balance sheet under the item “Liabilities associated with non-current assets held for sale” and appears similarly detailed at 31 December 2013.

At December 31 2013, the company considered the valuation of the property had reduced to €775,000 and applied an impairment loss amounting to €422,000. In turn, mentioning that on 31 December 2012, the appraised value of the estate amounted to €1,197,000, so it was considered necessary to provide a valuation allowing for impairment amounting to €159,000 for that year.

8. Risk policy and management

8.1. Financial risk factors

The Company's business is exposed to foreign currency, credit, liquidity and cash flow interest rate risks. Globally speaking, its risk management focuses on the uncertainty of the economic environment and attempts to minimise the potentially adverse effects of that environment on its own financial profitability.

Active risk management comes under the remit of the Company's Operations management as well as its Risk management teams, in accordance with the policies approved by the Board of Directors and more specifically its Operating Criteria, the 2012-2015 Strategic Plan including the recent revisions, and this has greatly strengthened its control mechanisms, reporting and monitoring of financial risk. The Operations team identifies, evaluates and details the financial risks of new operations proposed to the Company and also manages financial risks of current operations to be able to better manage future mitigation. The Risk team manages the portfolio risk as a whole and monitors each company's compliance with their own internal risk criteria, both individually and globally.

8.1.1. Credit risk

In keeping with the provisions of its Operating Criteria, the company has not incurred any significant burden of credit risk. It implements policies that are able to accurately assess its financing operations and ensure that all its clients have a suitable credit history.

Corrections in valuations due to client insolvency entail a reasonable amount of discretion on the part of Management, as well as a revision of individual balances based on client credit ratings, current market trends and a historical analysis of pooled insolvencies. The country-specific component in corrections of individual valuations is based on the country's credit rating drawn from information provided by external agencies. In corrections of valuations deriving from aggregate analysis of default history, a reduction in the size of the balance implies a reduction in valuation corrections, and vice-versa.

8.1.2. Foreign currency risk

Since the company operates internationally, some of its operations are exposed to foreign currency risk, specifically as regards to the U.S. dollar. Foreign currency or exchange rate risk is incurred in forward trade transactions, booked assets and liabilities, and net investments in business abroad.

The company has a refinancing line denominated in U.S. dollars with the Official Credit Institute, one of its shareholders, to mitigate its foreign currency risk. Under this formula, all loans to its clients are refinanced under borrowings charged to that line.

8.1.3. Liquidity risk

The company conducts prudent liquidity risk management, maintaining sufficient cash and marketable securities, guaranteeing the availability of financing for a sufficient sum under credit facility commitments, and retaining sufficient capacity to unwind market positions.

9. Operational leases - lessee

The company concluded operating leases with third parties for occupation of the premises where it conducts its usual business (headquarters and branch office), as well as for vehicles used by its staff.

The rent paid under operating leases and booked as a cost is shown below:

(Thousand euros)	2013	2012
Buildings	628	617
Vehicles	6	5
Others	8	8
TOTAL	**642**	**630**

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

(Thousand euros)	2013	2012
Up to one year	635	630
From one to five years	239	2,080
Over five years	-	-
TOTAL (*)	**874**	**2,710**

(*) The current lease of the Company expires in May 2015, only the amounts committed to that date have been considered.

10. Equity instrument investments

The fair value of equity instrument investments classified as "Other financial instruments carried at fair value" can be broken down as shown in the table below:

(Thousans euros)						
	2013					
Society	Country	Business	% Holding	Cost	Impairment	Net carrying value of holding
European Financing Partners, S.A.	Luxemburg	(ii)	15,38	6	-	6
Interact Climate Change Facility, S.A.	Luxemburg	(iv)	7,69	6	-	6
			TOTAL	12	-	12

(Thousand euros)						
	2012					
Society	Country	Business	% Holding	Cost	Impairment	Net carrying value of holding
Indelor Lens (Thailand) co., Ltd.	Thailand	(i)	21,6	627	(627)	-
European Financing Partners, S.A.	Luxemburg	(ii)	15,38	6	-	6
CSC Transmetal S.R.L.	Romania	(iii)	4,17	25	(7)	18
Interact Climate Change Facility,S.A.	Luxemburg	(iv)	7,69	6	-	6
			TOTAL	664	(634)	30

(i) Optics

(ii) Financial intermediation for Asian, Caribbean and Pacific countries in conjunction with COFIDES's European partners (EFP projects)

(iii) Precision sheet metal working, press-forming and tooling, design and assembly of metal and electronic items

(iv) Financial intermediation in environmental projects for Asian, Caribbean and Pacific countries

The equity instruments listed in the above tables for 2013 and 2012 whose fair value cannot be reliably estimated are valued at cost less the cumulative sum of any corrections made to adjust for impairment of their value.

Moreover, all equity capital operations are subject to a minimum divestment charge, established in agreement with the respective shareholders.

In foreign holdings, the functional currency is the currency of the countries where the companies are headquartered. In addition, the net investment in holdings concurs with the carrying value of the investment.

The company has signed joint funding agreements with other European Development Institutions:

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

In 2011, the company in conjunction with other European development institutions (European Investment Bank, EIB; Agence Française de Développement, AFD; and the bilateral European Development Finance Institutions) founded INTERACT CLIMATE CHANGE FACILITY, S.A. (hereafter ICCF). The purpose of this institution is to finance private sector investment projects that prevent or reduce greenhouse gas emissions in ACP (Africa, Caribbean and Pacific) and in ODA (Official Development Assistance) countries.

In 2013 COFIDES formalised its participation in the second funding round of the Interact Climate Change Facility, participating with a total of €5m from its own resources and FIEX, this second fund in addition to the previous €5m signed earlier. On 31st December 2013 a total of €228m, relating to 12 projects located in 9 different countries, was committed by COFIDES in both rounds totalling €6.87m for 12 projects in 9 different countries. All those countries are Official Development Assistance-receiving countries.

EUROPEAN FINANCING PARTNERS S.A. (EFP)

Limited Liability Companies were formed by the Development Finance Institutions associated to EDFIs including COFIDES, together with the European Investment Bank (EIB) in order to promote sustainable private sector development in Africa, Caribbean and Pacific (ACP) and strengthen the cooperation between the EIB and EDFIs.

This financing scheme, promoted jointly by the European Investment Bank (EIB) and the bilateral European Finance Development Institutions, COFIDES counterparts, on 31st December 2013 had committed a total of €442m for 32 projects located in 13 different countries. The share of FIEX and COFIDES resources in these projects in late 2013, resulted in a committed volume of €17.68m in 24 projects in 12 different countries, 11 of them belonging to the Africa Saharan region.

INDELOR LENS (THAILAND) LTD

Following on from the Thai company liquidation, whose definitive inscription in the Thailand commercial registry office took place on 24 September 2013, pending the possibility of additional recovery through credits corresponding to the Thai company heading up a number of Spanish companies of the Indo Group, and following clearance of the Thai company's proportional transmission to shareholders, the recovery of such an amount is uncertain because the companies are in liquidation.

During the year €23,000 of fully impaired investment was recuperated. The rest of the investment and its associated impairment have been transferred to the heading "Debtors" as discussed above.

CSC TRANSMETAL S.R.L.

During 2013 there has been disinvestment in the equity of CSC Transmetal SLR, resulting in the granting of a deferral to the customer, and the balance and associated provision transferred under "Debtors".

At the end of 2013 the grant of a further delay was approved and refinancing is currently being formalised.

The capital output generated a goodwill of €10,000 which was recorded in the profit and loss for the year.

The movement in the provision for impairment during the year was as follows:

(Thousand euros)	2013 Non-current	2012 Non-current
Impairment value on 1st January	**(634)**	**(681)**
Net increases	**-**	**-**
Net decreases	23	47
Pay-offs	-	-
Transfer to debtors	611	-
Accumulated impairment loss on 31 December	**-**	**634**

11. Financial instruments

The composition of the company's "Financial instruments" on 31 December was:

	Equity instruments (Note 10)		Debt securities		Loans, derivates and others		Total	
(Thousand euros)	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2013:								
Loans and accounts receivable	12	-	57,191	8,250	7,581	22,254	64,784	30,504
Investments held through maturity	-	-	-	-	-	-	-	-
Total	12	-	57,191	8,250	7,581	22,254	64,784	30,504
Financial year 2012:								
Loans and accounts receivable	30	-	35,088	5,927	4,867	13,265	39,985	19,192
Investments held through maturity	-	-	-	13,445	-	-	-	13,445
Total	30	-	30,088	19,372	4,867	13,265	39,985	32,637

These sums are broken down on the balance sheet as follows.

Non-current (Thousand euros)	Equity instruments (Note 10)		Debt securities		Loans, derivates and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2013:								
Long-term financial investments								
Equity instruments	12	-	-	-	-	-	12	-
Loans to companies	-	-	57,191	-	-	-	57,191	-
Other financial instruments	-	-	-	-	78	-	78	-
Accounts receivable, Funds	-	-	-	-	7,503	-	7,503	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	213	-	213
Accounts receivable, Funds	-	-	-	-	-	6,713	-	6,713
Short-term financial investments								
Loans to companies	-	-	-	8,250	-	-	-	8,250
Interest accruing on loans to companies	-	-	-	-	-	384	-	384
Other financial instruments	-	-	-	-	-	14,724	-	14,724
Interest accruing on other financial assets	-	-	-	-	-	220	-	220
Total	12	-	57,191	8,250	7,581	22,254	64,784	30,504

(Thousand euros)	Equity instruments (Note 10)		Debt securities		Loans, derivates and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2012:								
Long-term financial investments								
Equity instruments	30	-	-	-	-	-	30	-
Loans to companies	-	-	35,088	-	-	-	35,088	-
Other financial instruments	-	-	-	-	78	-	78	-
Accounts receivable, Funds	-	-	-	-	4,789	-	4,789	-
Trade and other receivables								
Accounts receivable	-	-	-	-	-	355	-	355
Accounts receivable, Funds	-	-	-	-	-	5,349	-	5,349
Short-term financial investments								
Loans to companies	-	-	-	5,927	-	-	-	5,927
Interest accruing on loans to companies	-	-	-	-	-	276	-	276
Other financial instruments	-	-	-	13,445	-	7,000	-	20,445
Interest accruing on other financial assets	-	-	-	-	-	285	-	285
Total	30	-	35,088	19,372	4,867	13,265	39,985	32,637

11.1. Debt securities:

11.1.1. Loans and accounts receivable:

Loans are granted under financing agreements concluded with third parties to further private projects involving Spanish interest and sited in developing countries. In addition to using its own resources, the company may grant these loans through financing agreements with other public financial institutions. The term of these loans as well as the interest rate and any security required are individually stipulated in the agreement concluded for each loan.

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

	2013		2012	
(Thousand euros)	**Non-current**	**Current**	**Non-current**	**Current**
Cost on 1st January	**38,260**	**6,657**	**26,622**	**6,221**
Increases	29,253	1,450	18,918	-
Decreases	(643)	(6,657)	(623)	(6,221)
Transfer to short-term	(7,307)	7,307	(6,657)	6,657
Cost on 31st December	**59,563**	**8,757**	**38,260**	**6,657**
Accumulated impairment loss on 31 December	**(2,372)**	**(507)**	**(3,172)**	**(730)**
Net book value on 31st December	**57,191**	**8,250**	**35,088**	**5,927**

At year-end 2013, the loans granted and outstanding outlay amounted to €10,283 (compared to €7,997 thousand at year-end 2011).

The list of yearly maturities for the loans is itemised below.

(Thousand euros)	2013	2012
Year 2012	-	-
Year 2013	-	6,657
Year 2014	8,757	7,528
Year 2015	11,842	8,525
Year 2016	13,674	7,596
Year 2017*	11,465	14,611(*)
Subsequent years	22,582	-
Total	**68,320**	**44,917**

* Subsequent years

The fair value of these loans, calculated using the discounted cash flow method, is similar to their carrying value.

As a general rule, the loans granted by COFIDES are secured by real or personal collateral, depending on the case, to mitigate the risk assumed.

The financial income and interest due (but not yet paid) on these loans during the year 2013 and 2012 are as follows:

(Thousand euros)	2013	2012
Income accrued (Note 19.1)	1,722	1,305
Interest accrued outstanding receipt (Note 11.2)	384	276

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

	2013		2012	
(Thousand euros)	Non current	Current	Non current	Current
Impairment loss on 1 January	**(3,172)**	**(730)**	**(2,741)**	**(775)**
Net Increases	(778)	57	(1,123)	-
Net Decreases	1,858	-	-	737
Pay offs	-	-	-	-
Transfer to short-term	(280)	280	692	(692)
Accumulated impairment loss on 31 December	**(2,372)**	**(507)**	**(3,172)**	**(730)**

The valuation corrections listed in the following table were calculated using the methodology applicable to each operation as described in Note 4.6.6.

11.1.2. Investments held through maturity

At 31 December 2013 there were no investments held to maturity. The position at 31st December 2012 was as follows:

Type	Yearly interest rate	Date Formalised	Maturity Date	Face value (Euros ('000)	Discount (Euros ('000)	Amortised cost (Euros ('000)
Year 2012 Investments maintained until expiry:						
Treasury bills	2,66%	17/04/2012	19/04/2013	8,000	207	7,793
Treasury bills	3,35%	25/05/2012	16/05/2013	831	26	805
Treasury bills	3,19%	17/05/2013	17/05/2013	5,000	153	4,847
Total				13,831	386	13,445

11.2. Loans, derivatives and others - Loans and accounts receivable

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

(Thousand euros)	2013 Non current	2013 Current	2012 Non current	2012 Current
Trade accounts receivable	**7,503**	**6,926**	**4,789**	**5,704**
Other financial investments				
Interest accruing on loans to companies (Note 11.1.1)	-	384	-	276
Other financial instruments	78	14,724	78	7,000
Interest accruing on other financial assets	-	220	-	285
Total	**7,581**	**22,254**	**4,867**	**13,265**

11.2.1. Trade accounts receivable

The breakdown for trade accounts receivable is given below:

(Thousand euros)	2013 Non current	2013 Current	2012 Non current	2012 Current
Accounts receivable	-	5,635	-	4,295
Accounts receivable, Funds	8,879	6,713	6,032	5,349
Total	**8,879**	**12,348**	**6,032**	**9,644**
Impairment, trade accounts receivable	(1,376)	(5,422)	(1,243)	(3,940)
Total trade receivables	**7,503**	**6,926**	**4,789**	**5,704**

The entries in 2013 and 2012 in "Impairment of trade accounts receivable" are summarised below.

(Thousand euros)	2013 Non current	2013 Current	2012 Non current	2012 Current
Balance on 1st January	**(1,243)**	**(3,940)**	**(263)**	**(3,623)**
Net Endowments	(133)	(434)	(980)	(317)
Transfers	-	(611)	-	-
Inactive Provisions	-	(437)	-	-
Applications	-	-	-	-
Balance on 31st December	**(1,376)**	**(5,422)**	**(1,243)**	**(3,940)**

"Accounts receivable" refers primarily to the sums due and outstanding receipts on third party loans, in connection with the operations specified in Note 11.1.1 above.

"Accounts receivable, Funds" includes accrued and outstanding management and other service charges in connection with the FONPYME and FIEX funds.

11.2.2. Other financial instruments

(Thousand euros)	2013 Non current	2013 Current	2012 Non current	2012 Current
Other Assets				
Guarantees	78	-	78	-
Deposits	-	14,724	-	7,000
Total	**78**	**14,724**	**78**	**7,000**

Non-current:

Other (non-current) financial instruments, includes €78,000 at Year End 2013 (€78,000 at year-end 2012), consisting primarily of security deposits established in connection with the company's leases, as specified in Note 9.

Current:

At Year End 2013 and 2012, the sum in “Other” (current) financial instruments consisted of certificates of deposits with terms of under one year. The list of deposits on 31 December is given below:

(Thousand euros) Type	Yearly interest rate	Date formalised	Maturity Date	Certificates of deposit (Euros ('000)	Interest accrued and outstanding (Euros ('000))
Financial year 2013:					
Time deposit Cajamar	2.50%	04/07/2013	04/01/2014	224	3
Time deposit Sabadell	2.20%	08/07/2013	08/01/2014	3,000	32
Time deposit Sabadell	3.60%	25/01/2013	25/01/2014	5,000	168
Time deposit BBVA	1.30%	18/10/2013	17/01/2014	6,000	16
Time deposit Cajamar	2.25%	12/11/2013	12/05/2014	500	1
Total				**14,724**	**220**

(Thousand euros) Type	Yearly interest rate	Date formalised	Maturity Date	Certificates of deposit (Euros ('000)	Interest accrued and outstanding (Euros ('000))
Financial year 2012					
Time deposit BBVA	2.50%	26/10/2012	25/01/2013	5,000	23
Time deposit Sabadell	3.24%	18/12/2012	19/03/2013	2,000	2
Total				**7,000**	**25**

11.3. Sums denominated in foreign currency

The breakdown of the total monetary financial instruments denominated in foreign currency (U.S. dollars) is as shown below:

(Thousand euros)	**2013**	**2012**
Long-term financial investments:		
Loans to companies	2,688	2,487
Total non-current assets	**2,688**	**2,487**
Short-term trade and other receivables:		
Accounts receivable	398	356
Short-term financial investments:		
Loans to companies	382	447
Interest accruing on loans to companies	28	30
Cash and other cash equivalent assets		
Cash in bank	59	391
Total current assets	**867**	**1,224**
Total financial instruments in foreign currency	**3,555**	**3,711**

The EUR/USD exchange rate at Year End 2013 and 2012 was:

	2013	**2012**
Exchange Rate	1,3791	1,3194

12. Cash and other cash-equivalent liquid assets

The sum under the caption "Cash and cash-equivalent liquid assets" on 31 December is itemised in the following table.

(Thousand euros)	2013	2012
Commercial and savings banks	1,834	7,879
Liquid short-term investments	-	6,000
Total	**1,834**	**13,879**

The short-term investments are liquid collected deposits from banks with maturity less than 3 months and bearing an interest rate market for such deposits.

13. Shareholders' equity

The composition of and entries in "Shareholders' equity" are given in the statement on changes in equity.

13.1. Share capital

The company's share capital on 31 December 2013 and 2012 consisted of 6,555 registered, subscribed and paid-up shares with a face value of €6,010.12 each. All shares have the same political and economic rights and are freely transferable.

No restrictions on transference thereof.

The companies with direct holdings in the company's share capital are listed below.

Shareholder	Holding	Value
ICEX Spain Trade and Investments	25.74%	10,139
Instituto de Crédito Oficial	20.31%	7,999
Banco Bilbao Vizcaya Argentaria, S.A.	17.82%	7,020
Banco Santander, S.A.	11.83%	4,664
Banco Popular, S.A.	8.34%	3,288
Banco Sabadell, S.A.	8.33%	3,281
Empresa Nacional de Innovación, S.A.	7.63%	3,005
Total	**100.00%**	**39,396**

In 2013 Banco Popular came on-board as a new shareholder, with a shareholding of 8.34%, reducing the holding of the Spanish Institute of Foreign Commerce by 2.41%, the Official Credit Institute by 4.94%, and the Banco Bilbao Vizcaya Argentaria by 0.99%.

13.2. Legal reserve

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

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

On 31 December 2013 and 2012, the company had not funded this reserve to the minimum ceiling established by law.

13.3. Voluntary reserve

Voluntary reserves may be drawn on freely.

14. Contingent assets and liabilities

The company, in conjunction with its legal advisers, has classified success in a series of proceedings lodged primarily to claim sums of outstanding receipts as likely or possible. It has consequently booked a provision for such sums of outstanding receipts on 31 December 2013 and 2012 under impairment of receivables.

Article 2.4 of Royal Decree-Act 20/2012 of 13 July lays down the provisions on the application of the sums deriving from the elimination of State-controlled company employees' bonus salaries, additional specific bonuses and equivalent additional wages. Further to those provisions, in 2013 the amounts to be earmarked in subsequent years, as appropriate, to cover the retirement contingencies stipulated in Constitutional Act 2/2012 on budgetary stability and financial sustainability were routinely invested in liquid, low risk certificates of deposit.

15. Financial liabilities

The composition of the company's financial liabilities on 31 December was as detailed below:

(Thousand euros)	Bank Borrowings		Derivatives and others		Total	
	Non current	Current	Non current	Current	Non current	Current
Financial year 2013:						
Loans and accounts receivable	1,250	556	156	597	1,406	1,153
Total	1,250	556	156	597	1,406	1,153
Financial year 2012:						
Loans and accounts receivable	2,133	778	112	601	2,245	1,379
Total	2,133	778	112	601	2,245	1,379

15.1.Bank borrowings

The breakdown of accounts payable to financial institutions on 31 December is given below:

	2013		2012	
(Thousand euros)	**Non current**	**Current**	**Non current**	**Current**
ECIP Programme	-	-	-	104
ICO Line	1,250	553	2,133	662
Accrued interest payable	-	3	-	12
Total	**1,250**	**556**	**2,133**	**778**

ECIP

By virtue of the agreement concluded by the company and the European Union in the framework of the ECIP programme, the company was given access to a line of credit to finance Spanish companies' productive investment projects under “joint venture” arrangements in countries included in the programme. Monies could be drawn under the above programme until 31 December 1999. The balance shown, in the 2012 financial year covers two operations still outstanding, is contingent upon payment. COFIDES has brought action for these operations and negotiated terms with ECIP whereby repayment will depend on the company's recovery of the sums involved.

During the 2013 financial year, where recovery was, in practice unlikely to happen, we proceeded to cancel the liability maintaining the commitment in case of being able to recover a quantity back from these loans, in order to make payments to the ECIP as expected.

ICO

On 1 June 2009, the Official Credit Institute (ICO) and COFIDES concluded a Multi-currency Financing Agreement with a €6million ceiling. The deadline for drawing on this line was 31 May 2010.

A Master Agreement on General Financing Conditions for "ICO Lines 2010" was concluded on 11 January 2010 between Spain's Official Credit Institute (ICO) and COFIDES. The latter, in turn, adhered to the "Specific Conditions" for the "ICO International Investment 2010" line of financing on 1 March 2010, which remained in place through the end of the year.

On 23 July 2010, the Official Credit Institute (ICO) and COFIDES concluded a Multi-currency Financing Agreement with a 4 million-euro ceiling. The deadline for drawing on this facility was 22 July 2011.

The European Financing Partners S.A. (EFP) Master Investment Agreement was formalised by the European Investment Bank (EIB) and other European Development Finance Institutions (EDFI) members on 8 December 2010. Under that Master Agreement, European Financing Partners S.A. (EFP) has a financing capacity of €235m. The deadline for drawing on the Master Agreement for financial operations was 7 December 2012. On 31 December 2012 and 2011, no sums had yet been drawn.

A Master Agreement on General Financing Conditions for "ICO Lines 2011" was concluded on 13 January of that year between Spain's Official Credit Institute (ICO) and COFIDES. The latter, in turn, adhered to the "Specific Conditions" for the "ICO Internationalisation Investment 2011" credit line on that same date. This line was in place through year-end 2011.

The Official Credit Institute (ICO) and COFIDES concluded a Multi-currency Financing Agreement with a €4m ceiling on 27 July 2011. The deadline for drawing on the respective line was 26 July 2012. The agreement was not renewed thereafter.

A Master Agreement on General Financing Conditions for "ICO Lines 2012" was concluded on 2 January of the target year between Spain's Official Credit Institute (ICO) and COFIDES. The latter, in turn, adhered to the "Specific Conditions" for the "ICO Internationalisation 2012" credit line agreement on that same date. This line was in place through year-end 2012.

The company uses the financing obtained from the aforementioned facilities to grant loans to eligible investment projects.

The most significant data on the sums drawn from ICO credit lines as of 31 December of the target year are listed below:

					31st December 2013				
Multi-currency agreement	Draw deadline	Grace period end	Agreement expires	Year	Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))	Reference interest rate	Differential (%)
2004 Agreement	15/05/2008	14/06/2009	14/06/2013	2008	541	541	-	LIBOR 6M	0.2
2006-2007 Agreement	30/05/2007	14/06/2009	14/06/2014	2006	203	203	-	LIBOR 6M	0.1
2009 Agreement	14/06/2009	-	14/12/2018	2009	368	368	181	LIBOR 6M	0.8
2009 Agreement	15/06/2009	14/06/2012	14/06/2016	2009	601	601	352	LIBOR 6M	0.8
2009 Agreement	15/06/2009	14/06/2011	14/12/2015	2009	537	537	-	LIBOR 6M	0.8
2010 Agreement	25/05/2011	24/04/2013	24/04/2018	2010	1,360	1,360	1,150	LIBOR 6M	2.5
Total in foreign currency (USD)					**3,610**	**3,610**	**1,683**		
Internationalisation agreement 2007	21/12/2007	14/12/2009	14/12/2014	2007	600	600	120	EURIBOR 6M	-0.35
Total in domestic currency (euros)					600	600	120		
Total ICO loans					**4,210**	**4,210**	**1,803**		

					31st December 2012				
Multi-currency agreement	Draw deadline	Grace period end	Agreement expires	Year	Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))	Reference interest rate	Diferencial (%)
2004 Agreement	15/05/2008	14/06/2009	14/06/2013	2008	541	541	66	LIBOR 6M	0.2
2006-2007 Agreement	30/05/2007	14/06/2009	14/06/2014	2006	203	203	60	LIBOR 6M	0.1
2009 Agreement	14/06/2009	-	14/12/2018	2009	368	368	228	LIBOR 6M	0.8
2009 Agreement	15/06/2009	14/06/2012	14/06/2016	2009	601	601	519	LIBOR 6M	0.8
2009 Agreement	15/06/2009	14/06/2011	14/12/2015	2009	537	537	348	LIBOR 6M	0.8
2010 Agreement	25/05/2011	24/04/2013	24/04/2018	2010	1,360	1,360	1,334	LIBOR 6M	2.5
2011 Agreement	26/07/2012	-	26/07/2012	2011	4,000	-	-	LIBOR 6M	2.5
Total in foreign currency (USD)					7,610	3,610	2,555		
Internationalisation agreement 2007	21/12/2007	14/12/2009	14/12/2014	2007	600	600	240	EURIBOR 6M	-0.35
Internationalisation agreement 2012	17/12/2012	-	17/12/2012	2012	1,000,000	-	-		
Total in domestic currency (euros)					1,000,600	600	240		
Total ICO loans					1,008,210	4,210	2,795		

The costs and interest accrued and with payment outstanding for these loans for 2012 and 2013 are as follows:

Euros ('000)	2013	2012
Accrued Costs(Note 20.1)	42	74
Accrued Interest (awaiting payment)	3	12

Denominations in foreign currency

The breakdown of the total monetary financial liabilities denominated in foreign currency (U.S. dollars) is shown below:

	2013		2012	
(Thousand euros)	Non current	Current	Non current	Current
ICO Line	1,250	433	2,013	542
TOTAL	**1,250**	**433**	**2,013**	**542**

15.2. Derivatives and others - Loans and accounts payable

	2013		2012	
(Thousand euros)	Non current	Current	Non current	Current
Sundry accounts	-	320	-	240
Staff (remuneration outstanding)	-	269	-	271
Other financial assets	156	8	112	90
TOTAL	**156**	**597**	**112**	**601**

15.3. Information on delays in payment to suppliers in trade operations

Pursuant to Act 15/2010 of 5 July, amending Act 3/2004 of 29 December, on measures to combat delinquency in trade operations, the following list gives the total sum of payments made to suppliers during the year. Payments made outside the legal deferral periods are specified, along with the weighted mean time that payments were legally overdue and the balance payable to suppliers and overdue at year end.

Payments made and outstanding payment at closing	2013		2012	
	Euros ('000)	%	Euros ('000)	%
Within the legal deadline	3,011		3,037	
Total payments made in the year	3,011	100	3,037	100
PMPE (days) of payments	-		-	
PMP (days) of payments	17.26 days		25.02 days	
Weighted mean overdue time (days)	-		-	

Further to the legislation in force, in 2013 payments to suppliers could be legally deferred for no more than 60 days (75 days in 2012).

15.4. Classification by maturity date

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

	2013					
(Thousand euros)	2014	2015	2016	2017	Subsequent Years	Total
Bank borrowings	556	432	362	292	164	1,806
Trade accounts payable	320	-	-	-	-	320
Personnel	269	-	-	-	-	269
Other financial liabilities	8	156	-	-	-	164
Total	**1,153**	**588**	**362**	**292**	**164**	**2,559**

	2012					
(Thousand euros)	2013	2014	2015	2016	Subsequent Years	Total
Bank borrowings	778	709	569	378	477	2,911
Trade accounts payable	240	-	-	-	-	240
Personnel	271	-	-	-	-	271
Other financial liabilities	90	112	-	-	-	202
Total	**1,379**	**821**	**569**	**378**	**477**	**3,624**

16. Short-term accrual accounts

The caption “Current liabilities" on the balance sheets dated 31 December 2013 and 2012 included an adjustment entry for consultant fees charged to the Fund for Foreign Investment (FIEX), billed but not regarded as having been accrued during the year, in accordance with Provision Two of the Order issued by the Minister of the Economy and Finance on 28 July 1999[1], also known as the "FIEX Rule".

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

17. Tax matters

The breakdown of tax payables on 31 December is shown below:

	2013		2012	
(Thousand euros)	**Non current**	**Current**	**Non current**	**Current**
ASSETS				
Current Tax assets	-	-	-	-
Retentions and Payments	-	-	-	-
Value added tax	-	-	-	-
Others	-	-	-	-
Total	**-**	**-**	**-**	**-**
LIABILITIES	-			
Current Tax Liabilities		1,123	-	1,556
Social security	-	61	-	59
Value added tax	-	8	-	-
Withholdings	-	77	-	73
Total	**-**	**1,269**	**-**	**1,688**

According to the existing legislation, tax settlements cannot be regarded as conclusive until audited by the tax authorities or until the obligation lapses, i.e., presently after four years. The company's books are open to audit by tax authorities for the last four years in respect of all the taxes for which it is liable. Neither the company nor its tax advisers have identified any material contingencies that might, in the event of an audit, induce conflicting interpretations of the provisions of tax law applicable to the company's operations.

The result of such conflicting interpretations may be additional liabilities. That notwithstanding, on the grounds of the available information, the analytical methodology applied and the specific counsel received, the company deems that if any such liabilities arose, they would not affect its financial statements in any material way.

17.1. Tax on earnings

The reconciliation between revenues less expenses and the tax base (fiscal earnings) for the intent and purposes of corporation tax is shown below:

(Thousand euros)	**2013**	**2012**
Earnings for the year	12,935	8,437
Corporation tax	5,552	4,319
Before tax earnings	18,487	12,756
Permanent differences	1	7
Temporary differences treated as permanent, limited to period depreciation (70%)	77	-
Temporary differences treated as permanent through losses, impairment and variations in operational provisions	(58)	1,683
Taxable income (Fiscal balance)	18,507	14,446
Tax at 30%	5,552	4,333
Previous adjustments		-
Tax on overseas earnings	13	-
Retentions	(13)	(14)
Tax on earnings	**5,552**	**4,319**

The estimated corporation tax payable is given below.

(Thousand euros)	2013	2012
Taxable income (Fiscal balance)	18,507	14,446
Corporation tax at 30%	5,552	4,333
Other	-	-
Deductions	(13)	(14)
Payments	(4,202)	(2,572)
Retentions	(214)	(178)
Overseas tax paid	-	(13)
Corporation tax payable	**1,123**	**1,556**

18. Environmental Information

No significant assets were earmarked for environmental protection or improvement on 31 December 2013, nor were any relevant expenses incurred under that item during the year.

In 2013, according to the Sustainable Economy Law, an environmental management system has been adopted and implemented in the office.

No environment-related subsidies were received in 2013.

19. Revenues and expenses

19.1. Ordinary and ancillary management revenues

This caption covers the financial revenues and fees earned by the company on the loans granted from its own resources.

It also includes the fees earned for managing the FIEX and FONPYME funds, multilateral development organisations' programmes and funds (see Note 1). Also, revenues from the management of the FOMIN fund and EU-EIB operations and the analysis and operational reporting to FIEM are also included.

The itemised list of the interest and fees earned on the company's own transactions and the fees computed for FIEX and FONPYME on the grounds of the provisions of the Order signed by the Minister of Economy and Finance on 28 July 1999 is given in the table below.

		Euros ('000)	
Concept	Basis for calculation	**2013**	**2012**
COFIDES interest	Financial revenues from interest on loans to companies	1,722	1,305
	Total Interest	**1,722**	**1,305**
Analysis fees	1.65% of the investment proposal submitted to FIEX	1,561	2,094
Formalisation charges	1% on investments drawn from FIEX and 1.5% on FONPYME-financed investments	1,801	2,070
Outlay fees	1% of the sums actually laid out by FONPYME	111	204
Management fees	1.25% of the value of the FIEX live investment portfolio	7,591	6,762
Performance fees	20% of the dividends and other returns actually received by the funds	10,667	7,527
Settlement fees	1.5% of the value of the investment laid out and actually repaid to FIEX	1,190	524
Other COFIDES fees	Fees other than the FIEX and FONPYME fund management fees	633	501
	Total fees	**23,554**	**19,682**
	TOTAL	**25,276**	**20,987**

For an enhanced view of the business particulars and to optimise the analysis of its financial asset management, the company distinguishes between two types of revenues not explicitly addressed in the standard legal format for presenting accounts: so-called recurring and non-recurring revenues.

Recurring revenues derive from the routine application of the financing agreements concluded; consequently, exogenous factors bear only minimally on their generation.

In non-recurring revenues, by contrast, exogenous factors play a significant role both in their generation and in their very existence, for the final decision is adopted not by the company but by a third party.

Company revenues so classified are distributed as shown in the table below:

	Euros ('000)	
Concept	**2013**	**2012**
Recurring fees	18,358	16,746
Financial revenues from interest on loans to companies	1,722	1,305
TOTAL RECURRING REVENUES	**20,080**	**18,051**
Non-recurring fees	5,196	2,936
TOTAL NON-RECURRING, ANTICIPATED FEES	**5,196**	**2,936**
TOTAL REVENUES	**25,276**	**20,987**

19.2. Personnel expenses

Personnel expenses are itemised below, in €'000

(Thousand euros)	2013	2012
Salaries and wages	3,165	3,014
Per diem paid to members of the company's Board of Directors	104	122
Social security tax	622	609
Other personnel expenses	267	264
Total	**4,158**	**4,009**

19.3. External services and other taxes

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

(Thousand euros)	2013	2012
Publicity, advertising and public relations	238	221
Leases	642	630
Repairs and upkeep	87	95
Independent professional services	1,101	1,054
Insurance premiums	76	76
Training costs	87	53
Travel expenses	165	182
Other expenses	397	382
Total	**2,793**	**2,693**
Other taxes	61	120
Total	**2,854**	**2,813**

Independent professional services, primarily covers external consultancy fees associated with projects implemented by the company in 2013 and 2012.

19.4. Financial revenues

This account primarily covers sums accruing in 2013 and 2012 as returns on investments in Treasury bills and private commercial paper held through maturity and other financial assets held in certificates of deposit.

20. Operations with related parties

The related parties with which the company conducted business and the nature thereof are listed below:

	Financial year 2013 **Nature of the relationship**
FIEX	Fund managed by the company
FOMIN	Fund managed by the company
FONPYME	Fund managed by the company
Official Credit Institute	Company shareholder
Senior management	Board members
	Chairman
	General Manager
	Financial year 2012 **Nature of the relationship**
FOMIN	Fund managed by the company
FONPYME	Fund managed by the company
Official Credit Institute	Fund managed by the company
Senior management	Company shareholder
	Board members
	Chairman
	General Manager

20.1. Related institutions

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

	2013				2012			
(Thousand euros)	Official Credit Institute (ICO)	FIEX	FONPYME	**Total**	Official Credit Institute (ICO)	FIEX	FONPYME	**Total**
ASSETS:								
Long-term financial investments								
Receivables, Funds (Note 11.2.1)	-	8,812	67	**8,879**	-	6,032	-	**6,032**
Trade and other receivables								
Receivables, Funds (Note 11.2.1)	-	6,521	192	**6,713**	-	5,234	115	**5,349**
LIABILITIES:								
Long-term payables								
Payable to financial institutions (Note 15.1)	1,250	-	-	**1,250**	2,133	-	-	**2,133**
Short-term payables								**-**
Payable to financial institutions (Note 15.1)	556	-	-	**556**	674	-	-	**674**

The operations with related institutions are itemised below.

(Thousand euros)	2013				2012			
	Official Credit Institute (ICO)	FIEX	FONPYME	**Total**	Official Credit Institute (ICO)	FIEX	FONPYME	**Total**
Net turnover		22,327	593	**22,920**	-	18,423	758	**19,181**
Financial expenses								
Payable to financial institutions	(42)			**(42)**	(74)	-	-	**(74)**

20.2. Directors and senior management

During the year ending on 31 December 2013, the company's directors received remuneration in the form of per diem for a total of €104,000 (€122,000 in 2012).

For the intent and purposes of information only, the following table lists the total remuneration received by the company's senior management, with the exception of the directors mentioned in the preceding paragraph:

(Thousand euros)	**Salaries**		**Other remuneration**	
Year	Fixed	Variable	Benefits	Others
2013	175	55	-	-
2012	175	55	-	-

The books showed no advances or loans to any of its directors or managers on 31 December 2013 or 2012, nor had any obligations been assumed as security on their behalf. The company has undertaken no pension or life insurance obligations for any of its present or former directors.

The members of the COFIDES, S.A. board of directors attest to their compliance with the provisions of Articles 229 and 230 of the Corporate Enterprises Act. Details on their shareholdings, positions or duties, on their own or third party behalf, in companies engaging in the same business as COFIDES are contained in Annex I hereto.

21. Information on employees

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

	2013	**2012**
Directors	12	12
Senior + technical management	15	15
Technical team	33	35
Support staff	9	9
Total	**69**	**71**

The distribution of company staff and directors by gender is as follows:

	2013			2012		
	Women	Men	Total	Women	Men	Total
Directors	4	8	12	2	10	12
Senior + technical management	8	7	15	8	7	15
Technical team	22	11	33	25	10	35
Support staff	7	2	9	7	2	9
Staff on leave of absence	-	-	-	-	2	2
Total	**41**	**28**	**69**	**42**	**31**	**73**

22. Auditors fees

The fees paid for services rendered by the auditor amounted to:

(Thousand euros)	2013	2012
Auditing services	26.10	25.30
Other services	-	-
Total	**26.10**	**25.30**

23. Events after the reporting period

No event worthy of note that would have any material effect on the present financial statements was forthcoming between 31 December 2013 and the date on which they were prepared by the Board of Directors.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

DETAILS OF SHAREHOLDINGS AND POSITIONS IN OTHER COMPANIES

of the Company Directors at 31 December 2013

Directors	Company	No. of shares	Holdin in per cent	Position and duties
Francisco Javier Puig Asensio	Banco de Sabadell, S.A. Banco de Santander S.A.	7.324 1.067	<0,005% <0,005%	International Business Director -
José Corral Vallespín	Banco Santander S.A. Banco Santander S.A. (Opciones & performance shares) Banco Santander S.A. - Associated parties	- - -	< 0,005% < 0,005% < 0,005%	Deputy General Manager - Risk
Alberto Gómez Nicolau	Banco Santander, S.A. Santander Factoring		<0,01% -	- Board member
Antonio Brandes Cajal (Representante del Instituto de Crédito Oficial ICO)	ICO AXIS -Partes vinculadas	- -	- -	Deputy Director -
José Ángel Amor Atienza	Banco Popular S.A.	- -	< 0,005%	Sales Director
María Simó Sevilla	-	-	-	-
Alberto Conde del Campo	-	-	-	-
Salvador Marín Hernández	Banco Santander, S.A. CAM CAM (Investment fund) CAM - Associated parties	850 825 450 -	< 0,005% < 0,005% < 0,005% < 0,005%	- - -
Javier Virgilio Estévez Zurita	-	-	-	-
Rafael Garranzo García	-	-	-	-
Eulalia Ortiz Aguilar	-	-	-	-
Rosario Casero Echéverri	-	-	-	-

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES S.A.

DETAILS OF SHAREHOLDINGS AND POSITIONS IN OTHER COMPANIES

of the Company Directors at 31 December 2012

Directors	Company	No. of shares	Holdin in per cent	Position and duties
Francisco Javier Puig Asensio	Banco de Sabadell, S.A. Banesto	6,027 1,600	<0.005% <0.005%	International Business Director
José Corral Vallespín (*)	Banco Santander S.A.	-	< 0.005%	Deputy General Manager - Risk
Alberto Gómez Nicolau	Diners Club Banco Santander, S.A. Santander Factoring CEX	- - -	- >0.01% -	Board member - Board member Board member
Alberto Conde del Campo	-	-	-	-
Salvador Marín Hernández (**)	Banco Santander, S.A. CAM CAM (Investment fund)	600 825 450	< 0.005% < 0.005% < 0.005%	- - -
Javier Estévez Zurita	-	-	-	-
Rafael Garranzo García	-	-	-	-
Gerardo Gimeno Griñó Official Credit Institute (ICO) representative	-	- -	- -	- -
Valentín Laiseca Fernández de la Puente	-	-	-	-
Bruno Fernández Scrimieri	-	-	-	-
Rosario Casero Echéverri	-	-	-	-
Begoña Cristeto Blasco (ENISA representative)	Caixa Capital Tic, S.G.R.S.A	-	9.68%	-
	Caixa Biomed, S.G.R.S.A	-	9.09%	-
	Fondo Axón I F.C.R	-	7.92%	-
	INVEREADY SEED CAPITAL S.C.R. S.A.	-	9.96%	Board member
	MONDRAGÓN PROMOCIÓN S.P.E. S.A.	-	1%	-
	UNINVEST S.G.E.C.R. S.A.	-	3.13%	Board member
	I+D UNIFONDO F.C.R.	-	5.40%	-
	NEOTEC CR Sociedad de Fondos, SCR, S.A.	-	1.58%	-
	Banesto-ENISA-SEPI Desarrollo, FCR	-	33.30%	-
	Fondo GED Sur, FCR	-	2.04%	-
	YSIOS BIOFUND I, FCR	-	1.45%	-
	LUZARO, EFC, S.A.	-	4.71%	Board member
	BCNA EMPRÉN, S.C.R., R.C., S.A.	-	6.68%	Board member
	XES IMPULSA FERROL 10, F.C.R.		8.30%	-
	FONDO ENISA-FESPYME-SEPIDES PARA LA EXPANSIÓN DE LA PYME F.C.R.		33.30%	-
	AMBAR VENTURE CAPITAL F.C.R. de Régimen Simplificado.		27.03%	Board member
	AUDIOVISUAL AVAL S.G.R.	-	-	Board member
	Valoriza Servicios Socio Sanitarios, S.L.	-	-	Board member
	CRB BIO II, F.C.R. Régimen Simplificado		1.67%	-
	INVEREADY VENTURE FINANCE I, S.C.R. Régimen Común, S.A.		8.23%	Board member

(*) Related parties hold under 0.005% in Banco Santander, S.A., sit on the Sociedad Banesto, S.A. Board of Directors and its Executive Committee and chair the Board's Risk Committee (since January 2011).
(**) Related parties hold less than 0.005% of Sabadell-Cam

Annex to the Financial Statement

Detailed financial information under Circular 4/2004

Compañía Española de Financiación del Desarrollo, COFIDES S.A. (hereafter “COFIDES”):

1. The compiled Financial Statements contain the following main sections:

   a. Balance sheet at 31st December 2013.
   b. Profit and Loss Account for the Financial Year ending on 31st December 2013.
   c. An explanatory breakdown of the main accounting policies and measurements used in their preparation.

2. The detailed financial information has been compiled in accordance with the applicable International Auditing Standards (International Standard on Related Services 4410 (Revised)).

3. All due diligence has been applied in the preparation and issue of these accounting and financial statements in accordance with the accounting policies outlined in Note 1, as well as complying with relevant ethical requirements, including the principles of integrity, objectivity and professional competence.

4. COFIDES has acted with all due diligence and integrity in the preparation and presentation of this financial information.

5. The underlying principles upon which these financial statements have been prepared and their purpose thereof is described in Note 1.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A.
BALANCE SHEET AT 31st DECEMBER 2013
(in euros)

ASSETS	2013	2012
1. CASH AND DEPOSITS IN CENTRAL BANKS	-	-
2. TRADING PORTFOLIO	-	-
2.1. Deposits with credit institutions	-	-
2.2. Loans to customers	-	-
2.3. Debt securities	-	-
2.4. Equity instruments	-	-
2.5. Trading derivatives	-	-
Memorandum item : Loaned or advanced as collateral	-	-
3. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**12,000**	**30,050**
3.1. Deposits with credit institutions	-	-
3.2. Loans to customers	-	-
3.3. Debt securities	-	-
3.4. Equity instruments	12,000	30,050
Memorandum item : Loaned or advanced as collateral	-	-
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	-
4.1. Debt securities	-	-
4.2. Equity instruments	-	-
Memorandum item : Loaned or advanced as collateral	-	-
5. LOANS AND RECEVABLES	**82,803,996**	**65,345,754**
5.1. Deposits with credit institutions	16,557,884	20,878,760
5.2. Loans to customers	66,246,112	44,466,994
5.3. Debt securities	-	-
Memorandum item : Loaned or advanced as collateral	-	-
6. HELD-TO-MATURITY INVESTMENT PORTFOLIO	**220,031**	**13,730,698**
Memorandum item : Loaned or advanced as collateral	-	-
7. ADJUSTMENTS TO FINANCIAL ASSETS FOR MACRO COVERAGE	-	-
8. DERIVATIVES	-	-
9. NON-CURRENT ASSETS HELD FOR SALE	-	-
10. SHAREHOLDING	-	-
10.1. Partners	-	-
10.2. Jointly controlled entities	-	-
10.3. Group entities	-	-
11. INSURANCE CONTRACTED LINKED TO PENSIONS	-	-
13. TANGIBLE ASSET	**251,805**	**297,758**
13.1. Tangible fixed asset	251,805	297,758
13,1,1, For own use	251,805	297,758
13,1,2, Leased out under an operating lease	-	-
13,1,3, Assigned to welfare projects (Cooperative and Savings banks only)	-	-
13.2. Property investments	-	-
Memorandum item: Acquired under a finance lease	-	-
14. INTANGIBLE ASSETS	**313,963**	**403,347**
14.1. Goodwill	-	-
14.2. Other intangible asset	313,963	403,347
15. TAX ASSETS	-	-
15.1. Current	-	-
15.2. Deferred	-	-
16. OTHER ASSETS	**14,308,128**	**10,228,356**
TOTAL ASSETS	**97,909,923**	**90,035,963**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A.
BALANCE SHEET AT 31st DECEMBER 2013
(in euros)

LIABILITIES	2013	2012
1. TRADING PORTFOLIO	-	-
1.1. Deposits from central banks	-	-
1.2. Deposits from credit institutions	-	-
1.3. Customers deposits	-	-
1.4. Bonds and other marketable debt securities	-	-
1.5. Trading derivatives	-	-
1.6. Short positions	-	-
1.7. Other financial liabilities	-	-
2. OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-
2.1. Deposits from central banks	-	-
2.2. Deposits from credit institutions	-	-
2.3. Customers deposits	-	-
2.4. Bonds and other debt securities	-	-
2.5. Subordinated liabilities	-	-
2.6. Other financial liabilities	-	-
3. FINANCIAL LIABILITIES AT AMORTISED COST	**1,806,178**	**2,910,243**
3.1. Deposits from central banks	-	-
3.2. Deposits from credit institutions	1,806,178	2,910,243
3.3. Customers deposits	-	-
3.4. Bonds and other debt securities	-	-
3.5. Subordinated liabilities	-	-
3.6. Other financial liabilities	-	-
4. ADJUSTMENTS TO FINANCIAL LIABILITIES FOR MACRO COVERAGE	-	-
5. DERIVATIVES	-	-
6. LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
8. PROVISIONS	-	-
8.1. Provisions for pensions and similar obligations	-	-
8.2. Provisions for taxes and other legal contingencies	-	-
8.3. Provisions for risk and commitment contingency	-	-
8.4. Other provisions	-	-
9. TAX LIABILITIES	**1,278,992**	**1,667,645**
9.1. Current	1,122,988	1,556,057
9.2. Deferred	156,004	111,588
10. Welfare Project fund (Credit unions and Savings banks only)	-	-
11. OTHER LIABILITIES	**1,473,536**	**1,677,416**
12. Return of equity refundable on demand (Credit Unions only)	-	-
TOTAL LIABILITIES	**4,558,706**	**6,255,304**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A.
BALANCE SHEET AT 31st DECEMBER 2013
(in euros)

NET EQUITY	2013	2012
1. OWN FUNDS	**93,351,217**	**83,780,659**
1.1. Capital/Endowment Fund (a)	39,396,343	39,396,343
1.1.1. Deed	39,396,343	39,396,343
1.1.2. Less: Uncalled capital	-	-
1.2. Share premium	-	-
1.3. Reserves	43,162,516	35,415,482
1.4. Other Equity instruments	-	-
1.4.1. From compound financial instruments	-	-
1.4.2. Shares and associated funds (Savings banks only)	-	-
1.4.3. Other Equity instruments	-	-
1.5. Less: Treasury shares	-	-
1.6. Yearly earnings	10,792,358	8,968,834
1.7. Less: Dividends and remuneration	-	-
2. VALUATION ADJUSTMENTS	**-**	**-**
2.1. Available-for-sale financial assets	-	-
2.2. Cash flow hedges	-	-
2.3. Net investment hedges in foreign operations	-	-
2.4. Exchange rate differences	-	-
2.5. Non-current assets held for sale	-	-
2.7. Other Valuation Adjustments	-	-
TOTAL NET EQUITY	**93,351,217**	**83,780,659**
TOTAL LIABILITIES AND NET EQUITY	**97,909,923**	**90,035,963**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A.
PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDING ON 31st DECEMBER 2013
(in euros)

PROFIT AND LOSS	2013	2012
1. Interest and similar revenues	**2,286,424**	**2,042,216**
2. Interest payable and similar charges	**(58,046)**	**(76,407)**
3. Remuneration of repayable capital on demand (only credit cooperatives)	**-**	**-**
A) NET INTEREST REVENUE	**2,228,378**	**1,965,809**
4. Income from equity instruments	**-**	**-**
6. Fees and Commission income	**23,553,557**	**19,680,837**
7. Fees and Commission paid	**-**	**-**
8. Gains/losses on financial assets and liabilities (net)	**-**	**-**
8.1. Trading portfolio	-	-
8.2. Other financial instruments at fair value through profit or loss	-	-
8.3. Financial instruments not at fair value through profit or loss	-	-
8.4. Others	-	-
9. Exchange Rate differences (Net)	**(90,978)**	**(50,601)**
10. Other operating income	**-**	**-**
11. Other operating charges	**(2,478)**	**(7,051)**
B) GROSS MARGIN	**25,688,479**	**21,588,994**
12. Administrative expenditure	**(7,011,873)**	**(6,820,879)**
12.1. Employee costs	(4,157,860)	(4,009,423)
12.2. Other administrative expenses	(2,854,013)	(2,811,456)
13. Amortisation	**(257,761)**	**(216,097)**
14. Provisions (net)	**(2,084,536)**	**(1,263,796)**
15. Losses through impairment on financial assets (net)	**-**	**-**
15.1. Loans and receivables	-	-
15.2. Other financial instruments not at fair value through profit or loss	-	-
C) GROSS INCOME OPERATING INCOME	**16,334,309**	**13,288,222**
16. Losses through impairment on other assets (net)	**-**	**-**
16.1. Goodwill and other intangible assets	-	-
16.2. Other Assets	-	-
17. Gains (losses) on disposal of assets not classified as non-current assets held for sale	**9,858**	**(1,062)**
18. Negative difference in combined businesses	**-**	**-**
19. (Losses) in non-current assets on sale not classified as interrupted operations	**-**	**-**
D) INCOME BEFORE TAX	**16,344,167**	**13,287,160**
20. Income tax	**(5,551,809)**	**(4,318,326)**
21. Mandatory allocation to charitable work and funds	**-**	**-**
E) YEAR END RESULTS FROM CONTINUING OPERATIONS	**10,792,358**	**8,968,834**
22. Profit/Loss from discontinued operations (net)	**-**	**-**
F) YEARLY EARNINGS	**10,792,358**	**8,968,834**

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A.
FINANCIAL INFORMATION

1. Background information for Balance Sheet and Profit and Loss Presentation

This balance sheet, as well as the explanatory notes of the accounting policies, valuation criteria and the requirements of regulatory capital (hereinafter "Financial Information") have been prepared by the management team of Compañía Española de Financiación del Desarrollo, COFIDES S.A, (hereinafter COFIDES), according to the applicable legislation of the credit institutions in Spain, mainly the Circular 4/2004, of 22nd December of the Bank of Spain and subsequent amendments, that constitute the implementation and adaptation to the credit institutions sector of international financial reporting standards adopted by the European Union (EU-IFRS) and the Circular 3/2008 of the Bank of Spain on regulations about determination and control of minimum capital in Spain.

This Financial Information has been compiled in order to provide a general understanding of COFIDES' accounting and capital requirements if it had to report its financial statements under current legislation to existing credit institutions.

This Financial Information is for the exclusive use of COFIDES management team.

The summary of the COFIDES Balance Sheet, compiled according to the General Accounting Plan approved by Royal Decree 1514/2007 and submitted according to Circular 4/2004 of Bank of Spain is shown below:

	2013 (euros)			2012 (euros)		
ASSET	**GAAP**	**CIRCULAR 4/2004**	**DIFFERENCE**	**GAAP**	**CIRCULAR 4/2004**	**DIFFERENCE**
3. Other financial activity shown at fair value with changes posted in the P&L account	12,000	12,000	-	30,050	30,050	-
5. Loans and receivables	82,596,423	82,803,996	207,573	62,523,598	65,345,754	2,822,156
6. Held-to-maturity investment portfolio	220,031	220,031	-	13,730,698	13,730,698	-
9. Non-current assets held for sale	635,145	-	(635,145)	1,196,316	-	(1,196,316)
13. Tangible asset	251,805	251,805	-	297,758	297,758	-
14. Intangible asset	313,963	313,963	-	403,347	403,347	-
16. Other Assets	14,308,127	14,308,128	-	10,228,356	10,228,356	-
TOTAL ASSET	**98,337,495**	**97,909,923**	**(427,572)**	**88,410,123**	**90,035,963**	**1,625,840**

	2013 (euros)			2012 (euros)		
EQUITY AND LIABILITIES	**GAAP**	**CIRCULAR 4/2004**	**DIFFERENCE**	**GAAP**	**CIRCULAR 4/2004**	**DIFFERENCE**
3. Liabilities at amortised cost	1,806,178	1,806,178	-	2,910,243	2,910,243	-
9. Liabilities	1,278,992	1,278,992	-	1,667,645	1,667,645	-
11. Other Liabilities	1,473,536	1,473,536	-	1,677,416	1,677,416	-
TOTAL LIABILITIES	**4,558,706**	**4,558,706**	**-**	**6,255,304**	**6,255,304**	**-**
1. Own funds	93,778,789	93,351,217	(427,572)	82,154,820	83,780,659	1,625,839
TOTAL EQUITY	**93,778,789**	**93,351,217**	**(427,572)**	**82,154,820**	**83,780,659**	**1,625,839**
TOTAL EQUITY AND LIABILITIES	**98,337,495**	**97,909,923**	**(427,572)**	**88,410,123**	**90,035,963**	**1,625,839**

2. Accounting policies and valuation criteria

The financial information contained in this document and summarised in the accompanying balance sheet, has had accounting policies applied in accordance with Circular 4/2004, which includes the following:

Financial instrument definition and classification

I. Definitions

A “financial instrument" is a tradable asset of any kind; either cash, evidence of an ownership interest in an entity or a contractual right to receive or deliver cash or another financial instrument.

An “equity instrument” is a legal transaction that evidences a residual interest in the assets of a company after deducting all its liabilities.

A "financial derivative" is a financial instrument whose value derives from the performance of another entity (such as interest rate, exchange rate, the financial instrument price or a market index) where the initial investment is small in comparison to other financial instruments with similar market changes conditions and which are generally settled at a future date.

The "hybrid financial instruments" are contracts that simultaneously include a different main contract to the derivative one, together with a financial derivative called an embedded derivative that is not individually transferable and has the effect that some of the cash flow of the hybrid contract varies in the same way as the embedded derivative would do, when considered in isolation.

“Compound instruments” are contracts that simultaneously create a financial liability for the issuer and an equity instrument (such as convertible bonds, which give the holder the right to convert them into equity instruments of the issuer).

II. Recognition and classification of financial assets for valuation purposes

Upon initial inclusion in the balance sheet, financial assets are recorded at fair value. Fair value is the amount for which an asset could be exchanged, or becomes a settled liability, between knowledgeable and willing parties in a mutual transaction.

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

- Financial assets at fair value in profit or loss.
    - Other financial assets at fair value with changes in profit or loss: are those financial assets whose fair value can be reliably estimated and meet one of the following conditions.
        - When financial assets are classified in this category, the most relevant information is obtained as this eliminates or significantly reduces inconsistencies in the measurement (also called accounting asymmetry) that would otherwise arise from measuring assets or liabilities or recognising their gains or losses using a different criteria.
        - When classifying a financial asset in this category, the most relevant information is obtained due to the existence of a financial assets group, or financial assets and liabilities, and is managed and its performance evaluated on the basis of their fair value in accordance with a risk strategy management or documented investment and information of that group is provided on the fair value basis to key management personnel of the Bank.
- Held-to-maturity investment portfolio: this category includes debt instruments traded in organised markets with fixed maturity and specified or specifiable cash flows that the Bank has, from the start and to any given date, with the intent and the ability to hold to maturity.
- Loans and receivables: this category includes unquoted debt instruments, financing granted to third parties

with ordinary lending activities carried out by the consolidated entities and receivables from purchasers of goods and users of services.

III. Recognition and classification of financial liabilities for valuation purposes

Financial liabilities in the balance sheet are recorded at fair value.

Financial liabilities are classified in the category of “Financial liabilities at amortised cost”. This includes financial liabilities associated with typical fundraising activities of financial institutions; regardless of its form and maturity period.

b) Recording and valuation of the financial assets and liabilities results

Financial instruments are initially registered at fair value, unless evidence to the contrary, and will be at acquisition cost. Subsequently, during each reporting period they will be proceed to be evaluated according to the following criteria:

I. Financial asset Valuation

Financial assets other than loans and receivables, held to maturity investments and equity instruments, which fair value cannot be reliably measured, are measured at "fair value", without deducting any transaction costs that might be incurred in its sale or other disposition.

The term "fair value" of a financial instrument on any given date, is the amount for which it could be bought or sold on that date by both parties according to the engagement principles. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an official and transparent market ("quoted price" or "market price").

Where there is no market price for a financial instrument, recent completed transactions are used to estimate its fair value, and, failing that, valuation techniques used by the international financial community, taking into account the specific characteristics of the financial instrument and, in particular, the various types of risk associated with the instrument. Nevertheless, the limitations of the measurement models developed and the possible inaccuracies in the assumptions made by these models can lead to the estimated fair value not exactly matching the price at which the instrument could be bought or sold on the date of valuation.

The "Loans" and "Held-to-maturity investments portfolio" are valued at an "amortised cost" by using the method "effective interest rate". Amortised cost is understood to be the acquisition cost of a financial asset or liability used (plus or minus, as appropriate) for the repayments of the principal and the consolidated portion allocated to the profit and loss account from the difference between the initial cost and the repayment value at maturity. In the financial assets case, amortised cost also includes corrections to its value motivated by impairment. In lending operations covered in fair value hedging transactions, variations that may occur in its fair value are recorded, as related to the risk or risks covered by such hedging transactions.

The "effective interest rate" is the rate that exactly matches the value of a financial instrument with estimated cash flows over the estimated life of the financial instrument, based on its contractual conditions but without considering future credit risk losses. For financial instruments with a fixed interest rate, the effective interest rate coincides with the contractual interest rate established at the time of its acquisition and where appropriate, the commission charges which by their nature can be equated with an interest rate. For the financial instruments at a variable rate, the effective interest rate coincides with the rate of return prevailing in all connections until the next reference interest rate revision.

The capital shares of other entities where fair value cannot be determined in a sufficiently objective manner and the financial derivatives that have as assets these underlying instruments and are settled by delivery of those instruments are carried at cost, adjusted where appropriate, for any impairment losses that have experienced.

II. Financial liabilities valuation

Financial liabilities are generally measured at an amortised cost as defined above.

III. Reporting of Results

Changes in fair value of financial instruments are registered within the profit and loss account, separating those that originate from the accrual of interest or dividends (recorded in “Interest Income”, “Interest Expense” and “Income from Equity Instruments” as appropriate) and those arising from the deterioration in the credit quality of the assets.

c) Financial Assets Impairment

I. Definition

A financial asset is considered impaired (and consequently, its carrying value adjusted to reflect the effect of its impairment) when there is evidence that events have occurred that result in:

- In the case of debt instruments (loans and debt securities) a negative impact on future cash flows that were estimated at the time of the transaction date.

- In the case of equity instruments that cannot fully recover their value book.

As a general rule, financial instruments' book value is corrected because impairment is charged to the profit and loss account in the period in which the impairment occurs. Recoveries of previously recognised impairment losses, if any, will be recognised in the profit and loss account in the period in which the impairment is written off or reduced.

When recovery of any recognised amount is considered remote, it is written off the balance sheet without prejudice to any actions that may be undertaken to seek collection until its contractual rights are definitively expired, through limitations period, good will or other causes.

II. Debt instruments carried at amortised cost

To cover credit risk the following methods contained in Appendix IX of Circular 4/2004 of Bank of Spain and subsequent amendments based on its experiences and the information available to the banking sector has been established, collecting the Bank's best existing loss estimates of credit risk in the debt securities portfolio and other assets and liabilities with credit risk.

The calculated adjustments have been made on an individual basis for the debt instruments considered delinquent or doubtful and not measured at fair value along with recognition of any changes in value in the profit and loss account, according to their age, provision of guarantees and the expected recovery of these balances.

III. Equity instruments measured at cost

Equity instruments for which their fair value cannot be reliably estimated are measured at its cost, less any accumulated amount of the valuation adjustments for impairment.

Impairment losses are recognised in the profit and loss account of the year in which they arose, directly reducing the cost

d) Tangible assets

Tangible assets for their own use are carried at cost, updated according to specific laws and revalued as permitted under the new accounting rules, less accumulated depreciation and where appropriate, less any impairment loss.

The depreciation of all fixed tangible assets is calculated on a linear basis over their estimated life.

Annual charges for tangible asset amortisation is charged against the profit and loss account and is basically equivalent to the determined depreciation rates based on the estimated average lifespan of the different element groups.

e) Intangible assets

Intangible assets are identified as non-monetary, non-physical assets, which exist as a result of a legal transaction or which have been developed internally by the Bank. Only Intangible assets whose cost can be estimated reasonably and objectively and from which the Bank considers it probable that they will yield future economic benefits.

Intangible assets are initially realised by their purchase or production cost, and further down the line are valued at their cost less accumulated amortisation, and in some case at their value through impairment loss.

f) Foreign exchange transactions

I. Functional currency

The functional currency of the Bank is the Euro. Therefore, all balances and transactions in currencies other than the euro are considered "foreign currency".

II. Conversion criteria of foreign currency balances

Conversion criteria are as follows:

- Monetary assets and liabilities, at the FX market average official ("fixing") exchange rates of the Spanish spot market at year end.

- Income and expenses, applying the exchange rate of the transaction date.

III. Recognition of exchange rate differences

The exchange rate differences arising on the translation of foreign currency balances are registered in the profit and loss account.

g) Recognition of income and expenses

The most significant criteria used by the Entity to the recognition of income and expenses are summarised below:

I. Income and interest expenses and similar items

Income and interest costs and similar items are recognised according to the accrual period, by applying an effective interest rate method. Dividends received from other companies are recognised as income when the right to receive them arises by the Entity.

II. Commissions, fees and similar items

These income and costs are recognised in the profit and loss account using different criteria according to their nature. The most significant once are:

- Those linked to financial assets and liabilities measured at its fair value through profit or loss, are recognised at the moment of settlement.
- Those arising from transactions or services over a period of time, are recognised over the life of the transaction or service.
- Those related to the provision of a service that runs in a single act, when that single act is performed.

III. Non-financial income and expenses

These are recognised for accounting purposes on an accrual basis.

h) Income tax

Income tax for the year is shown in the profit and loss account except when it arises from a transaction which is recognised directly in equity, in which case the related tax effect is also recorded in equity.

Income tax for the year is determined by the tax payable on taxable income for the year, after taking into account the variations arising from temporary and permanent differences, tax credits and allowances and of negative base rates.

3. Regulatory Capital for credit institutions

The regulation on determination and control of Spanish minimum equity capital requirements was developed in June 2008, in Circular 3/2008 of the Bank of Spain, which is the adaptation of Spanish legislation to the EU Directives 2006/48 and 2006/49 (known as Capital Requirements Directive or CRD I) which includes, among others, equivalent provisions to those defined in the context of Basel II. The regulatory framework known as Basel is based on three pillars. Pillar I sets the minimum capital required, adding the possibility of using ratings and internal models (AIRB, Advanced Internal Ratings Based) for risk-weighted exposure calculation, as well as the inclusion of operational risk on them. The goal is that regulatory requirements become more sensitive to the risks actually borne by entities in their business performance.

At a national level, dated 18th February 2011 the Royal Decree-Law 2/2011 was approved, where the regulatory implementation of the so-called Financial Sector Strengthening Plan which, among other objectives, looked at establishing some of the requirements established by Basel III, by setting a core capital requirement of 8% or 10%, depending on the characteristics of each entity. Also, on 3rd February 2012, the Royal Decree-Law 2/2012 of financial sector reorganisation, which required entity core capital levels to be based on certain principal levels of assets linked to the real estate sector.

Finally, on 14th November 2012, the Law 9/2012 on the restructuring and resolution of established credit institutions was published, effective from 1st January 2013, a single core capital requirement of 9%, adjusting eligible elements as well as deductions, such as those used by the European Banking Authority. This law has been partially developed by Circular 7/2012 of the Bank of Spain on minimum core capital requirements.

Below is what COFIDES capital requirements would be if it continued with the regulations applicable to the credit institutions described above:

CAPITAL REQUIREMENTS	2013	2012
Capital	39,396,343	39,396,343
Reserves	43,162,516	35,415,483
Yearly earnings	10,792,358	8,968,834
Intangible assets	(313,963)	(403,347)
TIER 1 - CORE EQUITY	**93,037,254**	**83,377,313**
Generic Coverage	1,389,891	465,844
TIER 2 - OWN RESOURCES IN 2ND CATERGORY	**1,389,891**	**465,844**
A) COMPUTABLE CAPITAL	**94,427,145**	**83,843,157**
Weighted assets to risk	135,847,190	114,210,611
OWN FUNDS REQUIREMENTS FOR CREDIT RISK (8%)	**7,366,676**	**5,644,450**
OWN FUNDS REQUIREMENTS EXCHAGE RATE RISK	**-**	**-**
OWN FUNDS REQUIREMENTS OPERATIONAL RISK	**3,501,099**	**3,492,399**
B) OWN FUNDS REQUIREMENTS	**10,867,775**	**9,136,849**
Ratio Tier 1 (%)	**68.49%**	**73.00%**
Ratio Tier 2 (%)	**1.02%**	**0.41%**
Capital adequacy ratio (%)	**69.51%**	**73.41%**
C) CAPITAL SURPLUS / (DEFICIT)	**83,559,370**	**74,706,308**

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Annual Report

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