

**COFIDES** 

Funding for your investment abroad



# ACTIVITY REPORT

# 2017





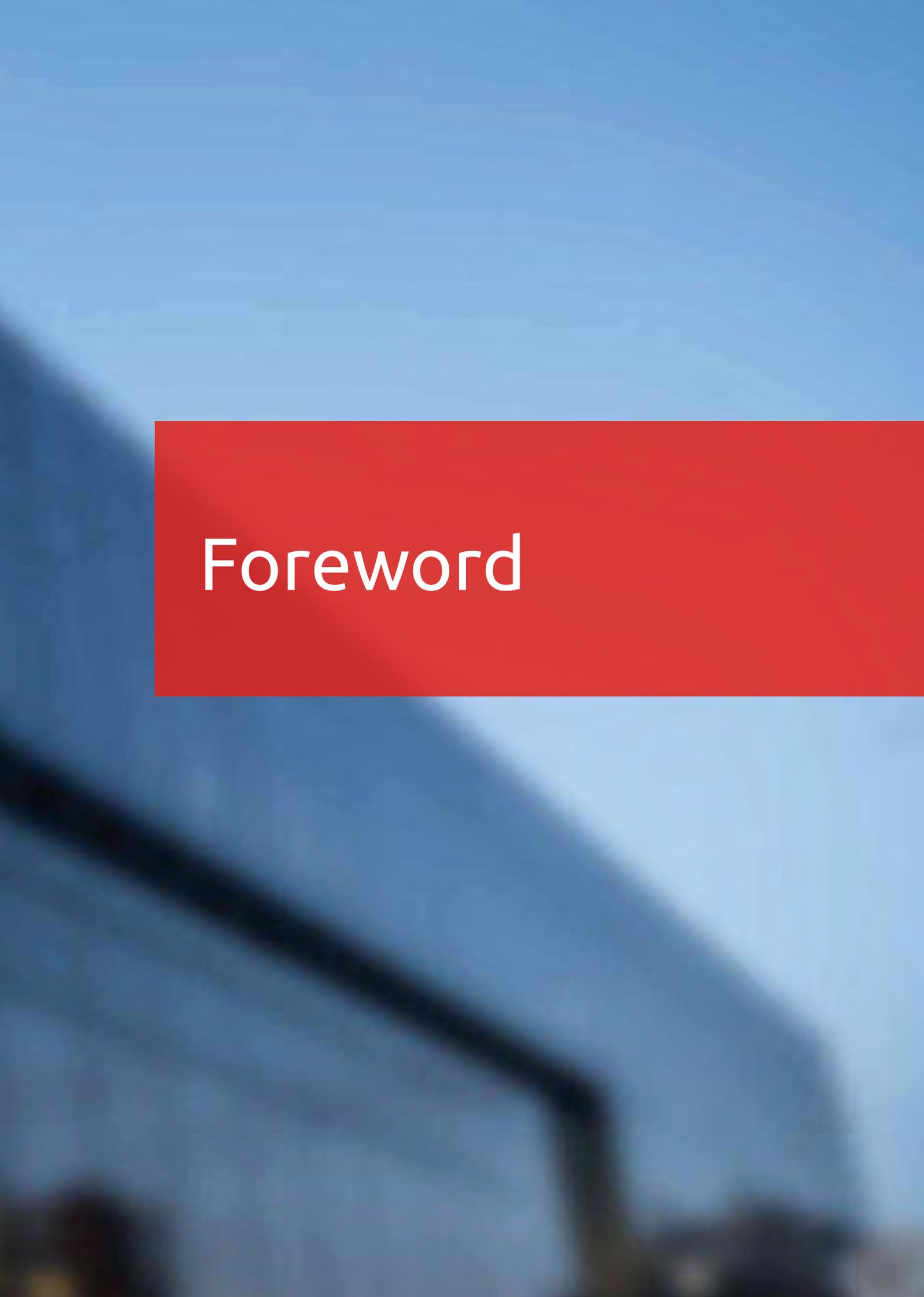
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# Foreword



## INTRODUCTION

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COFIDES was founded in 1988 with state and private capital with 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 affiliated with the Ministry of Economy, Industry and Competitiveness through the State Secretariat for Trade.

COFIDES supports the Ministry of Foreign Affairs and Cooperation through the management of the Development Promotion Fund (FONPRODE) in reimbursable funding operations and is an accredited entity for the management of the budget of the European Union (Blending facilities and Delegated Cooperation).

The COFIDES public shareholders include ICEX España Exportación e Inversiones, Instituto de Crédito Oficial (ICO) and Empresa Nacional de Innovación (ENISA), which accounts for 53.68% of the share capital. The remaining 46.32% of the capital is held privately, specifically by four financial institutions, such as Banco Bilbao Vizcaya Argentaria (BBVA), Banco Santander, Banco de Sabadell and CAF-Banco de Desarrollo de América Latina.

## COFIDES MISSION:

COFIDES mission is to promote, through its own financial resources and the funds it manages, the internationalisation of Spanish enterprises, preferably in developing countries but also in developed countries regarded as priority targets by Spain's economic and trade authorities.

Also, and considering its specific activity, the Company is also called upon to contribute to Spanish consolidation and economic growth, as well as fostering development in those countries targeted by COFIDES-backed investment.

## COFIDES VISION:

The vision of COFIDES includes being the reference public-private funding vehicle of Spain's Economic and Commercial Administration for direct foreign investment and consequently a model for Spanish public-private venture capital abroad.

## COFIDES VALUES:

- › COFIDES additionally constitutes a distinctive value which can primarily be attributed to the flexibility and versatility of the unusual financial support afforded by the Company, which is not readily found in the market. Its adaptation to each project and financial needs of each sponsor enables it to provide generous maturities and grace periods. It has the potential to provide institutional support for the investment projects financed and has the '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 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 antibribery and anticorruption 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 on-going improvements 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.



Additionality:  
Flexibility and  
Adaptation



Sustainability



Responsible  
Financing



High Quality  
Service



Transparency

## EXPERIENCE

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COFIDES has approved a total of 912 investment projects in 88 countries, where it has committed resources amounting to over €3,000 million for a total investment of over €34,900 million.

On 31<sup>st</sup> December 2017, the total portfolio of projects managed by COFIDES rose to €938 million.

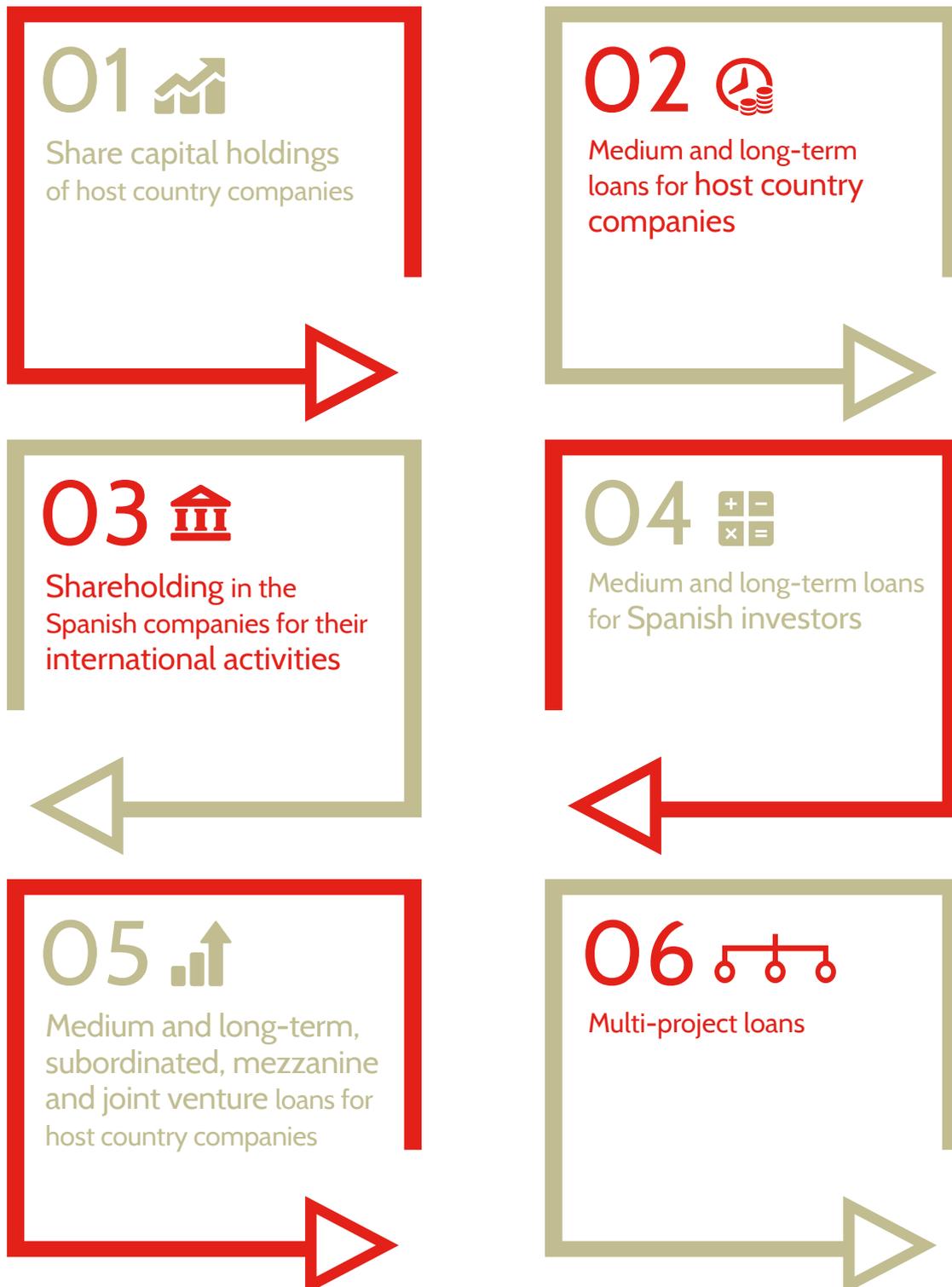
COFIDES can finance viable private investment projects, such as the creation of new companies, as well as the acquisition or expansion of existing companies. To qualify, projects must involve assets that require medium to long-term financing, be undertaken abroad and involve some element of Spanish interest.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

COFIDES can also provide financing to the head offices of Spanish companies with international activity.

## PRODUCTS

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COFIDES offers the following range of financial products for viable private investment projects:





The year 2017 demonstrated once again the strength and dynamism of the COFIDES business model. With a committed portfolio of investments already reaching 1,051,770,000 euros, we can announce another year of growth based on solid endeavour, innovation and teamwork. 2017 was therefore a key year for the Company, a year in which it consolidated its position and growth.



At this juncture, two years on from its implementation, we can see that a good degree of progress has been made as regards the Strategic Plan. Keeping with the objectives set therein, COFIDES has continued its strong support for small and medium-sized Spanish enterprises in their growth abroad, and in 2017, it achieved the maximum annual approvals and executions of projects advanced by SMEs.

Furthermore, as a result of continuous effort and dynamism, COFIDES implemented a vigorous disbursement drive of close to 200 million euros, with 2017 being one of the top three most successful fiscal years in the history of the Company.

COFIDES has once more shown itself to be a leader and reference point as regards support for Foreign Direct Investment, helping make Spanish companies stronger, more robust and more competitive, resulting in development and employment in both foreign and home regions.

This has all been made possible by way of an increase in proactive dealings with our clients, the strengthening of the market presence in Autonomous Communities and intensive institutional and promotional activity.

In recent years, COFIDES has deployed a strategy based on diversification, supporting in a precise manner its mission of promoting development. Thus, in addition to deepening its support for FONPRODE in reimbursable operations, in 2017 COFIDES was established as an accredited entity for the indirect management of the community budget by EU-Blending, with the presentation of its first operation within the framework of the thematically-focused facility AgriFI. The year also saw COFIDES moving on to the second phase of the Green Climate Fund accreditation process, and so our hard work and steady progress will soon mean that we will become the first Spanish financing institution accredited to this Fund.

# 02

## Letter from the Chairman

COFIDES involvement and membership of the European Development Finance Institutions (EDFI) is particularly important to us, and so it is very gratifying that this year it became part of the Board of Directors. This, as well as representing an appreciation of our professionalism and experience, will allow COFIDES to be at the heart of the main and most direct decision-making areas of the association.

I would also like to highlight COFIDES continuing commitment to cutting-edge technology and innovation in the field of digitalisation. The Company has been able to change and evolve and is engaged in the implementation of its Strategic Plan for Digital Transformation, which will offer our clients, shareholders and suppliers a streamlined and innovative service.

These significant achievements lay the groundwork for us to continue to shape a strategy of success in the coming years which is based on strength, solid and responsible growth and a firm commitment to contributing to development.

All this has been possible thanks to the excellent team of staff that makes up COFIDES, the support of our shareholders and clients and the collaboration of the State Secretariat for Trade - Ministry of Economy, Industry and Competitiveness. I thank you all sincerely for your dedication and work.

I invite you to learn more about the work done by COFIDES in 2017 over the course of these pages, an excellent way for you to learn more about what it is that we do, how we operate and the challenges that the future holds for us.



**Salvador Marín Hernández**  
Chairman and CEO



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# Milestones of 2017

## MILESTONES OF 2017

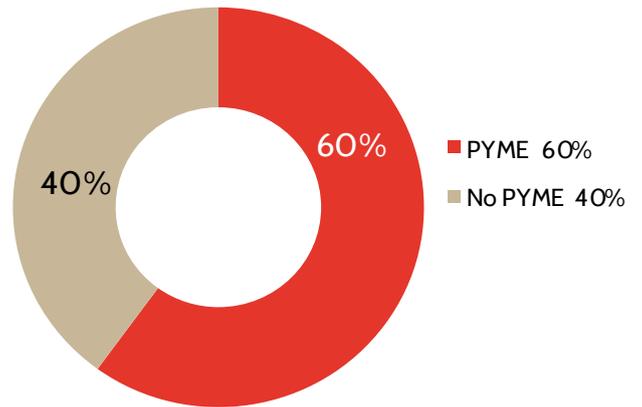
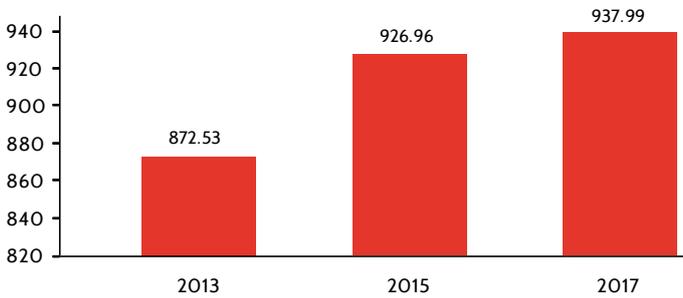
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- › The committed investment portfolio amounts to **€1,051.77 million**. The committed investment portfolio amounts to the total portfolio plus the amount committed and not yet disbursed.
- › The total managed investments portfolio rose to **€937.99 euros**, reaching the highest level since COFIDES was created. The total portfolio is obtained from the difference between the amount actually disbursed and those already reimbursed.
- › The highest annual approvals by number of projects promoted by SMEs, with 39 SME projects approved in 2017 and 60% of the total projects approved in the year.
- › The highest number of formalisations by number of projects promoted by SMEs has been reached, with 32 SME projects formalised in 2017, which represents 60% of the total number of projects formalised in the year.
- › The highest income in history for operating activities (recurring income) which rose to **€23.47 million**.
- › COFIDES was incorporated as a member of the Board of Directors at EDFI, therefore positioning itself as priority stakeholder in taking decisions which guide the strategy of the European Bilateral Development Finance Institutions.
- › COFIDES officially presented its first operation in the thematic facility **AgriFI** framework, strengthening its role as accredited entity for indirect management of the EU budget under the Blending facilities framework.
- › COFIDES received the “United Nations 2017 prize for Promoting Investment in Sustainable Development Goals (ODS)”, awarded by the United Nations Conference on Trade and Development (UNCTAD).



Presentation of the UNCTAD Award

Evolution of the portfolio total 2013-2017  
(€ million)



Distribution of approved projects in 2017

## 2017 Headline Figures



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Board of Directors

## Board of Directors

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### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Salvador Marín Hernández



### BOARD MEMBERS\*

Ms. Rosario Casero Echéverri

Mr. José Corral Vallespín

Mr. Miguel Darío Otero Romaní

Mr. Javier Estévez Zurita

Mr. Alberto Gómez Nicolau

Mr. David Noguera Ballús

Mr. Juan Ignacio Moratinos Alonso

Mr. Borja Rengifo Llorens

Ms. Amor Suárez Muñoz

Mr. Pablo de la Torre Rodríguez

Mr. Óscar Vélez de Mendizábal Castillo



### SECRETARY, NON-MEMBER AND LEGAL COUNSEL

Ms. Ana Victoria Fernández Sáinz de la Maza



Invited to the Board of Directors: CAF representative,  
Mr. Guillermo Fernández de Soto



During 2017 the following people resigned from the Board of Directors:

Mr. Francisco Javier Puig Asensio

Mr. Antonio Bandrés Cajal

Mr. Roberto Pagán Díaz

Mr. José Antonio Zamora Rodríguez

\*April 2018

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Steering Committee

## Steering Committee

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### Chairman and Chief Executive Officer

Mr. Salvador Marín Hernández

### General Manager

Mr. Luis de Fuentes Losada

### General Counsel

Ms. Ana Victoria Fernández Sáinz de la Maza

### Deputy Manager, Marketing and Business Development

Ms. Ana Cebrián Parrondo

### Deputy Manager, Control, Internal Audit and Quality

Ms. María Victoria de Luis Durán

### Deputy Manager, Corporate and Sustainability

Mr. Fernando Aceña Moreno

### Deputy Manager, Economy and Finance

Mr. Héctor Turiel Valdés

### Deputy Manager, Financing for Development and European Affairs

Ms. María Vidales Picazo

### Deputy Manager, Investment and Portfolio Management

Mr. Miguel Ángel Ladero Santos

### Deputy Manager, Risk

Ms. Consuelo Díaz Martínez



## America

- 124 ● Mexico
- 51 ● Brazil
- 34 ● Chile
- 32 ● Argentina
- 31 ● United States
- 24 ● Colombia
- 20 ● Peru
- 11 ● Dominican Republic
- 8 ● Panama
- 6 ● El Salvador
- 5 ● Uruguay
- 5 ● Canada
- 4 ● Cuba
- 4 ● Ecuador
- 3 ● Honduras
- 3 ● Paraguay
- 2 ● Nicaragua
- 2 ● Venezuela
- 1 ● Jamaica

## Africa

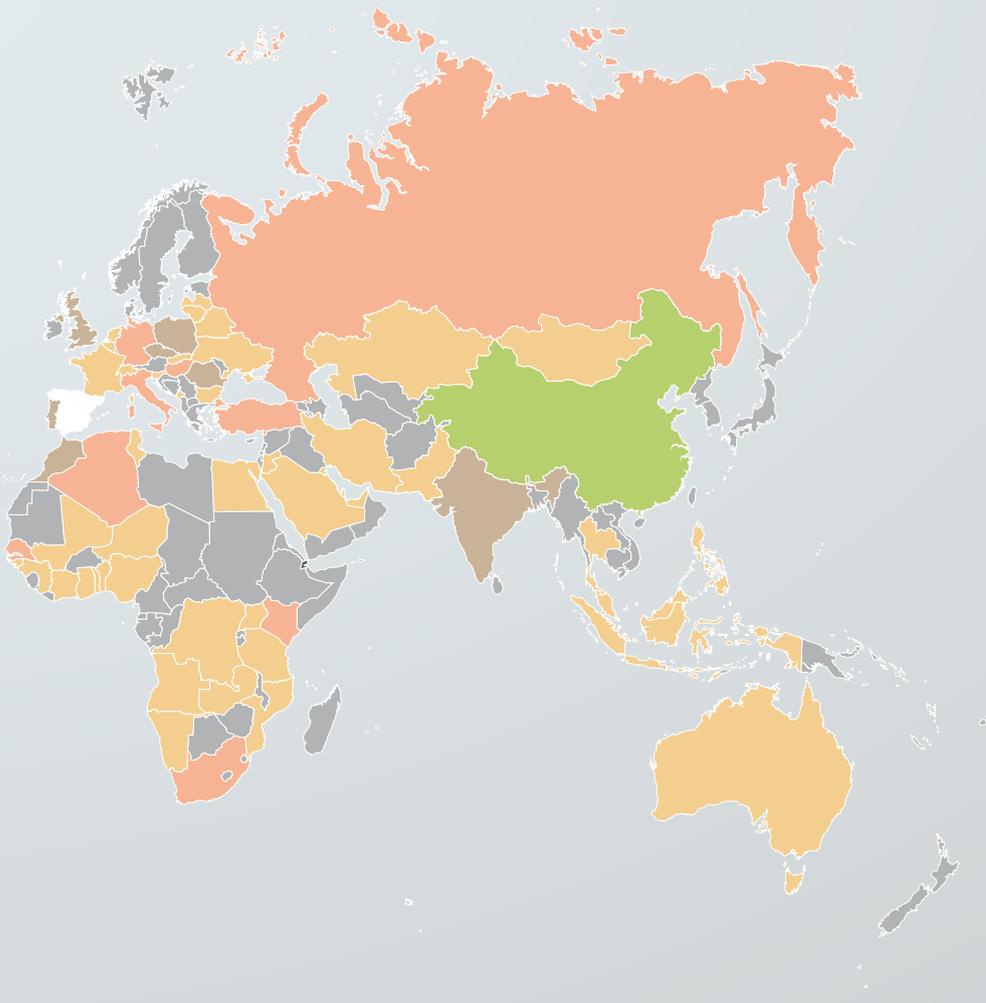
- 24 ● Morocco
- 9 ● South Africa
- 8 ● Kenya
- 6 ● Algeria
- 5 ● Senegal
- 4 ● Nigeria
- 4 ● Tanzania
- 3 ● Angola
- 3 ● Mauritius
- 2 ● Ivory Coast
- 2 ● Ghana
- 2 ● Namibia
- 2 ● Tunisia
- 2 ● Uganda
- 1 ● Benin
- 1 ● Egypt
- 1 ● Guinea Bissau
- 1 ● Mali
- 1 ● Mozambique
- 1 ● Niger
- 1 ● DR Congo
- 1 ● Togo
- 1 ● Zambia



● + 35 projects      ● 10 to 35 projects      ● 5 to 9 projects

# 06

## COFIDES Business History Map



1 to 4 projects

other eligible countries

### Europe

- 19 ● Romania
- 18 ● Poland
- 13 ● Czech Republic
- 12 ● Portugal
- 10 ● United Kingdom
- 9 ● Hungary
- 9 ● Turkey
- 8 ● Italy
- 7 ● Russia
- 7 ● France
- 6 ● Germany
- 4 ● Slovakia
- 4 ● The Netherlands
- 2 ● Bulgaria
- 2 ● Ukraine
- 1 ● Belgium
- 1 ● Bielorusia
- 1 ● Slovenia
- 1 ● Letonia
- 1 ● Lithuania
- 1 ● Montenegro
- 1 ● Switzerland

### Asia

- 66 ● China
- 28 ● India
- 3 ● United Arab Emirates
- 3 ● Thailand
- 2 ● Jordan
- 1 ● Saudi Arabia
- 1 ● Philippines
- 1 ● Indonesia
- 1 ● Iran
- 1 ● Kazakhstan
- 1 ● Kuwait
- 1 ● Malaysia
- 1 ● Mongolia
- 1 ● Pakistan
- 1 ● Qatar

### Oceania

- 1 ● Australia

The image features a blurred background of a stadium, likely during a game, with a large, semi-transparent dark shape in the foreground. The number '07' is prominently displayed in white on this shape.

07



# Investment Portfolio

## AFRICA

COUNTRY	SECTOR	ACTIVITY
Angola	Engineering	Engineering services
Algeria	Chemicals	Manufacturing and distribution of pharmaceutical products
Algeria	Energy	Construction, operation and maintenance of solar thermal plant
Ivory Coast	Energy	Extension of a gas power station
Egypt	Agri-food	Manufacturing of easy-to-open caps
Ghana	Financial sector	Strengthening TIER II capital to expand the institution
Ghana	Energy	Increasing the capacity of a thermal power plant
Mauritius	Services	Preventive health in the workplace
Mauritius	Agri-food	Processing and distribution of different commodities
Kenya	Financial sector	Senior debt financing for financial operations
Kenya	Financial sector	Financing for SMEs and cooperatives
Kenya	Energy	Geothermal power plant
Kenya	Energy	Construction of a 310MW wind farm
Kenya	Financial sector	Subregional multilateral development bank
Kenya	Energy	Electricity generation
Morocco	Services	Online marketing consultancy
Morocco	Capital goods	Manufacturing of wires and cables for the automotive industry
Niger	Telecommunications	Mobile phone signal repeater towers
Nigeria	Financial sector	Financing for SMEs
Nigeria	Chemicals	Construction and operation of fertilizer plant
Nigeria	Financial sector	Contributing funds to financial institution for its SME expansion
Regional	Financial sector	Financing of investment projects
Regional	Financial sector	Financing of climate change mitigation and energy efficiency projects
South Africa	Building materials	Export of PVC pipes
Tanzania	Energy	Photovoltaic solar energy generation for own consumption
Tanzania	Financial sector	Financing for SMEs and business customers
Tanzania	Services	Airline
Uganda	Energy	Operation of a small hydro-electric power plant
Uganda	Energy	Construction and operation of a small hydro-electric power plant

## AFRICA

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Impulso Angola		■
Arafarma Argelia		■
Solar Power Plant One	■	
Azito Energie		■
Bemasa Egypt Joint Stock Company		■
Fidelity Bank		■
Takoradi International Company		■
Careworks Africa		■
ETC Group (ETG)		■
Chase Bank		■
Co-operative Bank of Kenya Limited		■
Or Power IV (Olkaria IV)		■
Lake Turkana Wind Power		■
PTA Bank		■
Rabai Power		■
Findasense Marruecos		■
Relats Maroc		■
Eaton Towers Niger Ltd.		■
Africa Finance Corporation (AFC)		■
Indorama Eleme Fertilizar & Chemicals Ltd (IEFCL)		■
Stanbic Bank		■
European Financing Partners	■	
Interact Climate Change Facility	■	
Molecor		■
Mobisol	■	■
NMB Tanzania		■
Precision Air Services		■
África EMS Mpanga		■
África EMS Nyamwamba		■

## LATIN AMERICA AND THE CARIBBEAN

COUNTRY	SECTOR	ACTIVITY
Argentina	Chemicals	Modification of asphaltic bitumen
Argentina	Financial sector	Venture capital fund for local SMEs
Brazil	Telecommunications	Development and licensing of digital media applications
Brazil	Capital goods	Manufacturing of capital goods for industry
Brazil	Energy	Power transmission
Brazil	Electrical and electronic products	Manufacturing and distribution of electrical appliances
Brazil	Engineering	Facade and cladding engineering
Brazil	Agri-food	Construction and operation of breeding chicken farms
Brazil	Services	Customer service through contact centre
Brazil	Capital goods	Manufacturing of layered structures and assembly of aeronautical structures
Brazil	Energy	Photovoltaic solar plants
Brazil	Building materials	Sale and rental of auxiliary construction machinery
Brazil	Environment	Wind power generation
Brazil	Transport infrastructures	Motorway extension, operation, maintenance and management
Brazil	Automotive sector	Automotive components
Chile	Agri-food	Salmon fish farm
Chile	Agri-food	Production of metal packaging and caps
Chile	Financial sector	Fund for renewable-energy power plants
Chile	Engineering	Energy and ICT solutions
Chile	Energy	Commercial implementation, installation and maintenance of solar structures
Chile	Agri-food	Cap manufacturing and sale
Chile	Agri-food	Canning industry
Chile	Building materials	Formwork systems
Chile	Transport infrastructures	Acquisition of toll motorway license
Chile	Services	Intelligent mobile advertising for large media agencies
Colombia	Services	Installation and assembly of air conditioner, electricity, control and security
Colombia	Services	Communications agency
Colombia	Transport infrastructures	Motorway construction, renovation, operation and maintenance
Colombia	Transport infrastructures	Motorway construction, renovation, operation and maintenance
Colombia	Services	Customer service and contact centre
Colombia	Other	Foreign currency exchange offices
Colombia	Services	Document management software
Colombia	Trade	Eyewear and sunglasses
Colombia	Chemicals	Dental implants and prosthesis
Colombia	Capital goods	Horizontal and directional drilling machinery
Colombia	Engineering	Engineering, architecture and consulting services
Colombia	Agri-food	Production and distribution of gourmet coffee
Colombia	Services	Intelligent mobile advertising for large media agencies
Colombia	Services	Passenger transport by bus
Cuba	Agri-food	Food production for holiday resorts
Cuba	Electronic products	Assembly and distribution of electrical material and wiring
Cuba	Construction	Design and commercialisation of light-steel structures

## LATIN AMERICA AND THE CARIBBEAN

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Desarrollos Internacionales Asfálticos Argentina		■
PYMAR	■	
Agile Contents Brasil		■
ASSA Brasil		■
ATE IV - Sao Mateus Transmisora de Energia	■	
CESDE Indústria y Comercial de Electrodomésticos		■
Inbove Empreendimentos		■
Laboratorios Dr. Larrasa		■
Red Line Contact Center e Tecnología		■
SK10 Do Brasil Indústria Aeroespacial		■
Sucursal Gransolar Desarrollo y Construcción (Brasil)		■
Ulma Andamies, Forma e Escoramentos		■
Ventos do Sul Energia		■
Viabahia Concessionaria de Rodovias		■
Zanini do Brasil		■
Acuinova Chile		■
Auxiliar Conservera America		■
Copihue Capital I Fondo de Inversión Privado	■	
Gamma Solutions		■
Grupo Clavijo Chile		■
Industria Nacional de Envases		■
Inmuebles Cataluña		■
Montajes Alsina Ltda		■
Sociedad Acciona Concesiones Ruta 160	■	
Tap Tap Advertising		■
Abantia Colombia		■
Apple Tree Communications Colombia		■
Autopistas del Noreste (Conexión Norte)	■	■
Concesión del Sisga	■	■
Econtact Col		■
Globocambio Foreign Exchange		■
InDenova		■
Opticalia Colombia		■
Phibo CAD CAM Colombia		■
Restitubo S.A.S. Colombia		■
Seg Ingeniería		■
Supracafé Colombia		■
Tap Tap Advertising		■
Transporte Trasloyola		■
Profood Service		■
Promael Suministros Eléctricos		■
Tecnología Constructiva		■

## LATIN AMERICA AND THE CARIBBEAN

COUNTRY	SECTOR	ACTIVITY
Ecuador	Engineering	Energy and ICT solutions
Ecuador	Agri-food	Prawn aquaculture
Honduras	Energy	Photovoltaic solar energy power plants
Honduras	Energy	Wind farm
Jamaica	Energy	Electricity generation and distribution
Mexico	Naval/Aeronautical/Rail Sector	Metal components
Mexico	Naval/Aeronautical/Rail Sector	Metal components
Mexico	Electrical and electronic products	Industrial and urban electrical systems
Mexico	Transport infrastructures	Construction and license management
Mexico	Transport infrastructures	Construction and operation of roads
Mexico	Engineering	Prefabricated piping
Mexico	Trade	Network solutions and industrial networking
Mexico	Services	Telecommunications equipment repair services
Mexico	Automotive sector	Automotive components
Mexico	Construction	Concrete formwork
Mexico	Hotel and catering business, tourism and entertainment	Gambling hall management
Mexico	Automotive sector	Manufacturing of tubular components
Mexico	Chemicals	Production and distribution of dermatological products
Mexico	Automotive sector	Manufacturing of coating paint and logistic solutions
Mexico	Automotive sector	Logistic project
Mexico	Automotive sector	Manufacturing of engine pipes
Mexico	Services	Business management software
Mexico	Automotive sector	Screw manufacturing
Mexico	Automotive sector	Manufacturing and logistic management of automotive components
Mexico	Automotive sector	Stamping, assembly and painting
Mexico	Agri-food	Production and sale of food ingredients and additives
Mexico	Chemicals	Technical calcium carbonate production plant
Mexico	Automotive sector	Manufacturing of injected plastic parts
Mexico	Capital goods	Manufacturing and sale of insulation and flexible tubes
Mexico	Agri-food	Meat industry equipment
Mexico	Hotel and catering business, tourism and entertainment	Gambling hall management
Mexico	Capital goods	Irrigation systems
Mexico	Environment	Management and treatment of industrial waste
Mexico	Energy	Photovoltaic solar plants
Mexico	Automotive sector	Automotive components
Mexico	Services	Sale of geotextile products for agriculture
Mexico	Capital goods	Industrial machinery (bagging, palletising..)
Mexico	Construction	Auxiliary machinery for the construction sector
Mexico	Automotive sector	Manufacturing of decorative plastic parts
Multi-country: El Salvador, Brazil	Chemicals	Oral health products
Multi-country: Mexico, Ecuador	Engineering	Design and development of infrastructures, topographic surveys, etc.
Multi-country: Mexico, Turkey	Plastics and by-products	Manufacturing and sale of thermoplastic geomembranes

## LATIN AMERICA AND THE CARIBBEAN

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Gamma Engineering		■
Promarisco		■
Terra Solar		■
Vientos de electrotecnia (Vesa)		■
Jamaica Public Services		■
Aernnova Componentes Aeronáuticos de México		■
Aernnova Estructuras Aeronáuticas de México		■
Aetech México		■
Autopista Urbana Norte	■	
Concesionaria México	■	
Cotinavec México		■
CTC Technology México		■
DeltaComGroup Ingeniería México		■
Ecenarro México		■
Encofrados Alsina México		■
Espectáculos Latinoamericanos Deportivos		■
Garay Componentes Tubulares		■
IFC Cantabria México		■
Itech Grupo		■
Logística Sesé México		■
MMM Autoparts Américas		■
Nexis IT Group		■
Panelfisa México		■
Pino Automotive México		■
Pintura Estampado y Montaje, CIE Celaya, CIE MATIC		■
Premium Ingredients México		■
Regio Mármol	■	
Reiner Nafta		■
Relats Leon		■
Roser México		■
Sabia Corporación / Fantastic León		■
Siberline México		■
Sistemas Desarrollo Sustentables	■	
Sucursal Gransolar Desarrollo y Construcción (México)		■
Systems & Manufacturing México		■
Tejidos Técnicos Mallatex		■
TMI Latam		■
Ulma Cimbras y Andamios de México		■
Walter Pack		■
Laboratorios Kin Centroamérica y Caribe		■
SEG México / SEG Sucursal Ecuador y Sodeseqoy		■
Atarfil México / Atarfil Turkey		■

## LATIN AMERICA AND THE CARIBBEAN

COUNTRY	SECTOR	ACTIVITY
Nicaragua	Agri-food	Extension of shrimp farming and processing facilities
Panama	Services	Sale of hardware, electrical and telecommunication equipment
Panama	Energy	Construction and operation of hydroelectric power station
Panama	Energy	Construction and operation of hydroelectric power station
Panama	Energy	Electricity generation and distribution
Panama	Engineering	Design and development of infrastructures, topographic surveys
Panama	Infrastructures-Water	Civil works, water treatment and construction
Paraguay	Services	Aircraft maintenance
Paraguay	Engineering	Design, calculation and technical assistance services in structural works
Peru	Services	Assembly and maintenance of facilities
Peru	Transport infrastructures	License for road construction and operation
Peru	Services	Work monitoring services
Peru	Building materials	Formwork systems
Peru	Engineering	Energy and ICT solutions
Peru	Agri-food	Production and sale of vegetable preserves
Peru	Services	Liquefied natural gas transport
Peru	Energy	Hydroelectric power plant
Peru	Engineering	Facade and cladding engineering
Peru	Services	Document management software
Peru	Electrical and electronic products	Manufacturing of lamps and lights
Peru	Services	Management consultancy and sub-contracting and work monitoring outsourcing
Peru	Services	Construction and management of telephone distribution centres
Peru	Building materials	Scaffolding acquisition and rental
Regional	Financial sector	Private equity fund for SMEs in Latin America
Dominican Republic	Hotel and catering business	Hotel and catering business training
Dominican Republic	Agri-food	Production and marketing of tropical fruits
Dominican Republic	Trade	Orthopaedics and traumatology products for medical and paramedical use
Dominican Republic	Services	Debit and credit card processing
Dominican Republic	Services	Municipal service management
Uruguay	Agri-food	Manufacturing and sale of artificial packaging

## LATIN AMERICA AND THE CARIBBEAN

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Camánica, Camánica Zona Franca, Zona Franca Río Real		■
Crambo Latinoamérica		■
Electrón Investment (Proyecto 1)	■	
Electrón Investment (Proyecto 2)	■	
Hidroeléctrica San Lorenzo	■	
Sondeos, Estructuras y Geotecnia Panamá		■
Viguecons Estévez Sucursal Panamá		■
Air Nostrum Technic América		■
Construcción Guamora Paraguay		■
Abantía Perú		■
Autopista del Norte	■	
Clever Tecnología Perú		■
Encofrados Alsina del Perú		■
Gamma Engineering		■
Green Perú		■
Ham Criogénica Perú		■
Andean Power		■
Inbove Perú		■
InDenova		■
Josfel Iluminación		■
Prevecon S.A.C.		■
Salesland Internacional		■
Sistemas Técnicos Auxiliares		■
Aureos Latin American Fund	■	
C.S.H. del Mediterráneo		■
Eurofresh Dominicana		■
MCT República Dominicana		■
ProceCard		■
Tecvasa Internacional		■
Viscofan Uruguay		■

## ASIA

COUNTRY	SECTOR	ACTIVITY
China	Automotive sector	Manufacturing of motorbike braking systems
China	Automotive sector	Automotive components
China	Automotive sector	Automotive components
China	Automotive sector	Cutting and stamping of automotive components
China	Automotive sector	Cutting and stamping of automotive components
China	Automotive sector	Large stamping
China	Automotive sector	Bearing production
China	Automotive sector	Manufacturing of springs and copper coils
China	Metal-mechanical sector	Manufacturing and distribution of taps
China	Construction	Production of amorphous silicon
China	Services	Digital signage
China	Chemicals	Manufacturing and sale of laryngoscopes
China	Capital goods	Machining centre with high technology content
China	Automotive sector	Industrial textile finishing and coating
China	Other	Production and printing of paper bags
China	Automotive sector	Manufacturing of rubber components for the automotive sector and electrical appliances
China	Automotive sector	Machining of stainless steel parts
China	Automotive sector	Wheel rim production
Philippines	Construction	Concrete formwork
India	Plastics and by-products	Coat hanger production
India	Other	Sale and purchase of diamonds and manufacturing of jewellery
India	Automotive sector	Supply of car parts
India	Automotive sector	Manufacturing of car parts and accessories
India	Agri-food	Capital goods for the food industry
India	Energy	80MW wind farm
India	Agri-food	Production and sale of food ingredients and additives
India	Energy	Solar thermal power plant
India	Energy	Construction and operation of a wind farm
India	Automotive sector	Manufacturing of metal parts and metal forming
India	Metal-mechanical sector	Wind turbine plant
India	Energy	Construction and maintenance of electric transmission lines
India	Construction	Frit manufacturing
India	Automotive sector	Manufacturing of decorative plastic parts
Indonesia	Chemicals	Fatty alcohol production plant
Mongolia	Energy	Wind farm
Pakistan	Energy	Wind power plant

## ASIA

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Ciju Control Systems		■
Fagor Ederlan Auto Parts		■
Ficosa International Taicang		■
Gestamp Autocomponents (Dongguan)	■	
Gestamp Autocomponents (Shenyang)	■	
Gestamp Autocomponents (Kungshan)	■	
Jiaxing Fersa Bearing		■
Kunshan RPK Spring		■
Ningbo Itcone Sanitary		■
Onyx Solar Energy		■
Playthe.net Hong Kong		■
Prodol Meditec		■
Shandong Ibarmia CNC Machine Manufacturing		■
Shanghai Coatex Technical Coating		■
Toybe Easy Asia		■
Wingroup Leisure and Sports Equipment		■
Yancheng Mingli Metal Products		■
Zanini (Changzhou) Autoparts		■
Alsina Formwork Southeast Asia Corporation		■
Erum Hangers		■
Euroshine Jewellery Works		■
Grupo Cosmos India		■
Industrias del Recambio India		■
Inoxpa India		■
Panama Wind Energy Godaveri		■
Premium Ingredients Food Services		■
Rajasthan Sun Technique Energy		■
ReNew Wind Energy (Rajasthan 3)		■
RPK India		■
Shrenik Industries		■
South East U.P. Power Transmission Company	■	
Sterling Ceramics		■
Walter Pack Automotive Product India		■
PT Energi Sejahtera Mas		■
Mongolia Wind		■
Triconboston Consulting Corp.		■

## CENTRAL AND EASTERN EUROPE, MIDDLE EAST AND CIS

COUNTRY	SECTOR	ACTIVITY
Saudi Arabia	Building materials	Construction of prefabricated rings for underground lines 4, 5 and 6
UAE	Energy	Photovoltaic solar plants
Slovakia	Automotive sector	Component stamping
Slovakia	Automotive sector	Plastic components for cars
Slovakia	Automotive sector	Metal casting for components and the automotive sector
Iran	Chemicals	Manufacturing and distribution of pharmaceutical products
Jordan	Financial sector	Foreign currency exchange service
Montenegro	Energy	Development, construction, connection and operation of wind farm
Poland	Metal-mechanical sector	Lighting products
Poland	Chemicals	Manufacturing and distribution of pharmaceutical products
Poland	Capital goods	Manufacturing and sale of electrical appliances
Poland	Capital goods	Counterweight manufacturing
Qatar	Services	Facilities and maintenance
Romania	Agri-food	Distillery construction
Romania	Electrical and electronic products	Body shop and stamping
Romania	Automotive sector	Automotive components
Romania	Automotive sector	Manufacturing of rubber and metal components
Romania	Automotive sector	Manufacturing of rubber products
Romania	Automotive sector	Manufacturing of motor vehicles
Russia	Automotive sector	Component stamping
Russia	Agri-food	Construction of a storehouse for capital goods of the food industry
Russia	Agri-food	Turkey meat processing plant
Turkey	Energy	Financing of 10-20MW renewable energy projects
Turkey	Services	Human Resource consulting
Turkey	Healthcare sector	Food security analysis
Turkey	Energy	Design, construction and operation of a wind farm
Ukraine	Chemicals	Manufacturing and distribution of pharmaceutical products

## CENTRAL AND EASTERN EUROPE, MIDDLE EAST AND CIS

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Pacadar Arabia		■
Sucursal Gransolar Desarrollo y Construcción (EAU)		■
Esnasa Slovensko		■
Precision Process Technology Slovakia		■
SKC FOUNDRY		■
Arafarma Persa		■
Global Exchange Jordan		■
Krnovo Green Energy		■
Aga Light	■	
Arafarma Polonia		■
Fagor Mastercook		■
Gallizo Polska		■
Tempo		■
Bioaldevin		■
CSC Transmetal		■
MMM Autoparts		■
SC Cauchometal Productos		■
SC Cikautxo Ro Rubber & Plastic		■
SC Indcar Bus Industries		■
Gestamp Severstal Kaluga y S.Petersburgo	■	
Starinox		■
Tambovskaya Indeika		■
Bank Pozitif		■
Cátenon Turquía		■
Ekosmyrna		■
Eolos Rüzgar Enerjisi Oretim		■
Arafarma Ukraine		■

## NORTH AMERICA

COUNTRY	SECTOR	ACTIVITY
Canada	Metal-mechanical sector	Machining and assembly of aluminium parts
USA	Energy	Ethanol production
USA	Services	Chemical lab for food, environment and agricultural analysis
USA	Services	Training and advising services for IT professionals
USA	Energy	Operation and maintenance of electricity grids and gas pipelines
USA	Automotive sector	Automotive components
USA	Trade	Manufacturing and sale of outdoor furniture
USA	Services	Event, exhibition and conference organization
USA	Building materials	Products and processes for surface finishing
USA	Automotive sector	Manufacturing of battery terminals and metal components
USA	Naval/Aeronautical/Rail Sector	Aircraft services and repairs
USA	Services	Training and advising services for IT professionals
USA	Hotel and catering business	Online distribution of tourist apartments
USA	Electronic products	Manufacturing of electronic products
USA	Transport infrastructures	Toll Motorway Acquisition
USA	Engineering	Pellet production
USA	Engineering	Electrical engineering for the iron and steel sector
USA	Building materials	Counterweight production plant
USA	Services	Digital consulting and online advertising
USA	Automotive sector	Tyre assembly
USA	Services	Voice-recognition services

## NORTH AMERICA

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Tecalum Canadá		■
AB of Illinois & AB of Indiana	■	
AGQ USA		■
B2T Training		■
Elecnor Hawkeye		■
Ficosa North America Corporation		■
Gandia Blasco USA		■
Global Events SF		■
Intrabond		■
MEK Van Wert		■
Navair USA		■
Netmind International		■
Only Apartments		■
P4Q USA		■
Pocahontas Parkway Operations	■	
Prodesa North America Corporation		■
Russula Corporation		■
Sic Lazaro US		■
T2O Media		■
Truck and Wheel USA Corporation	■	
Verbio Incorporated		■

## WESTERN EUROPE

COUNTRY	SECTOR	ACTIVITY
Germany	Automotive sector	Heating systems for vehicles
Germany	Agri-food	Ice production and distribution
Germany	Agri-food	Jam production and distribution
Belgium	Agri-food	Ice production
France	Chemicals	Manufacturing and distribution of pharmaceutical products
France	Chemicals	Sale of air freshener
France	Other	Sale and rental of lifting machinery (service lifts, lifts...)
The Netherlands	Agri-food	Juice bottling and packaging
Italy	Capital goods	X-ray image diagnosis
Italy	Chemicals	Vegetable oils for the cosmetic sector
Italy	Chemicals	Vegetable oils for the cosmetic sector
Italy	Agri-food	Ice cream production
Italy	Trade	Sale of toys
Italy	Energy	Electricity cogeneration plant
Portugal	Wood industry and wood by-products	Wood board manufacturing
Portugal	Iron and steel industry	Acquisition of aggregate quarry and construction of lime plant
Portugal	Chemicals	Manufacturing and distribution of pharmaceutical products
Portugal	Agri-food	Winery and enotourism
Portugal	Automotive sector	Powder paint plant
United Kingdom	Engineering	Remote management of infrastructures
United Kingdom	Agri-food	Cockle fishing
United Kingdom	Hotel and catering business	Youth hostel management
United Kingdom	Chemicals	Manufacturing and sale of industrial adhesives
United Kingdom	Other	Assisted reproduction clinics
United Kingdom	Chemicals	Sale of dermatological products
United Kingdom	Naval/Aeronautical/Rail Sector	Train assembly and maintenance
United Kingdom	Services	Urgent patient transportation
Switzerland	Other	Foreign currency exchange service

## WESTERN EUROPE

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Dreiha Gmbh y Grönland 20		■
Ice Age Ice		■
MÜHLHÄUSER		■
Cubers Europe		■
Arafarma France		■
Cristalines Centre Europe		■
Fraco France		■
AMC Vissingen		■
A.T.S. Applicazione Tecnologie Speciali		■
GP Textrón		■
GP Textrón		■
Ice Cream Factory Italy		■
IMC Toys Italy		■
Sampol Italy		■
Luso Finsa Indústria e Comércio de Madeiras		■
Microlime		■
Pharmasac Productos Farmacêuticos		■
Seis Quintas Martúe		■
Transformações Superficiais Marsan		■
Capside UK		■
Cardium Shellfish. Cardium & Trevor Boats		■
Equity Point UK		■
Forest Chemical Group		■
IVI London Wimpole / Midland Fertility		■
Reig Jofré UK	■	
Sociedades dependientes de CAF UK		■
UK Vehicle Support Limited y NewCo		■
Eurodivisas		■

## INTERNATIONAL

COUNTRY	SECTOR	ACTIVITY
International	Energy	Promotion, production and management of renewable energies, water and infrastructures
International	Financial sector	Public private fund to invest in debt instruments
International	Financial sector	Debt fund for Spanish companies with an international component
International	Financial sector	Expansion capital fund for Spanish companies and their internationalisation
International	Construction	Manufacturing and sale of cement and concrete
International	Services	Digital consulting, outsourcing and IT management
International	Agri-food	Coca-Cola processing and bottling
International	Other	Assisted reproduction
International	Other	Production and sale of bedding products
International	Naval/Aeronautical/Rail Sector	Train manufacturing and maintenance
International	Financial sector	Fund to participate in companies which build renewable energy plants
International	Transport infrastructures	Licences and infrastructures
International	Building materials	Prefabricated prestressed reinforced concrete products
Internacional	Energy	Engineering aimed at electricity generation
Internacional	Financial sector	By-products for exchange rate hedging
Internacional	Services	Information and communication technology
Internacional	Automotive sector	Automotive components
Internacional	Environment	Hazardous waste management and recycling
Internacional	Services	Environmental and water services and multi-services

## INTERNATIONAL

PROJECT COMPANY	EQUITY INSTRUMENTS	OTHER INSTRUMENTS (subordinated loans, variable rate loans or ordinary loans)
Acciona		■
Alteralia	■	
Alteralia II	■	
Aurica III - Fondo de Capital Riesgo	■	
Cemolins Internacional		■
Entelgy Consulting Internacional		■
Equatorial CocaCola Bottling Company		■
Equipo IVI		■
Grupo Pikolin		■
Inversiones en Concesiones Ferroviarias		■
Norax Green Capital	■	
OHL Concesiones		■
Pacadar		■
Sampol Ingeniería y Obras		■
TCX	■	
Tecnocom Telecomunicaciones y Energía		■
Teknia Manufacturing Group		■
Tradebe Environmental Services		■
Valoriza Gestión		■

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A hand is shown from the bottom right, holding a glowing, interconnected network map of the world. The map consists of black dots representing nodes and thin lines representing connections, forming a complex web that covers the continents. The background is a soft, out-of-focus light blue and white. A solid red horizontal bar is positioned across the middle of the image, containing the title text in white.

# Selection of Investment Projects

## DELTACom Mexico



Promoter:	DeltacomGroup Ingeniería S.A.
SME:	Yes
Project Company:	DeltaComGroup Ingeniería México S.R.L. de C.V
Business activity:	Telecommunication Repair Services
Sector:	Services
Total investment:	€582,100
Financing:	€300,000
Product:	Joint venture instrument
Resources:	COFIDES/FONPYME
Number of employees directly associated with the project:	14
Number of employees in the head office in Spain:	61

COFIDES supported DeltacomGroup in its internationalisation process in Mexico. To this end COFIDES provided €300,000 through FONPYME and COFIDES own resources to set up a commercial subsidiary in Mexico.

DeltaComGroup is in the telecommunication repair services industry for telecommunication operators, hardware manufacturers and other companies which provide telecommunication infrastructure (electrical, railway and gas operators, and government agencies). In addition, its business also extends to other hardware sales services, asset management and integral management of replacements.

The group is made up of a series of subsidiaries; some are commercial and productive, such as Spain, Russia, Mexico and soon Nigeria, and others are commercial subsidiaries such as Germany, the Netherlands and USA. The company headquarters is located in San Sebastián de los Reyes (Madrid), and they have 61 employees in Spain.



## ALANTRA FUND

Promoter:	Grupo Alantra
SME:	No
Project Company:	Alteralia II S.C.A.
Business activity:	Investment in companies that do business abroad
Sector:	Financial
Total investment:	Up to €150m
Financing:	Up to €30m
Product:	Open capital
Resources:	FIEX
Number of employees directly associated with the project:	N.A.*
Number of employees in the head office in Spain:	N.A.*



*\*This will apply to each of the investments*

COFIDES acted as main investor of the second debt fund led by Alantra. The Fund, with an objective size of €150m, will invest in Spanish companies with international ambitions.

This operation signals a diversification of FIEX investments, whose participation is expected to catalyse the invested amount approximately fourfold for the internationalisation of Spanish companies.

COFIDES participated in Alteralia I through the FIEX, the first debt fund developed by Alantra (before N+1) with a size of €140m. It is one of the first exclusively Spanish debt funds and has fulfilled the established goals having carried out 11 investments in a period of two years.

Alantra is an independent Spanish finance group specialised in mid-market companies. It is the only financial advising, and asset management and investment company that does not belong to a banking group, listed in the Spanish market. It has a team of 396 professionals and offices in 21 countries, managing €3,700m.



## GALLIZO Polonia



Promoter:	José María Gallizo, S.L.
Pyme:	Yes
Project company:	Gallizo Polska S.P. ZOO
Business activity:	Manufacturing counterweights for industrial sectors and construction materials
Sector:	Capital goods
Total investment:	€810,000
Financing:	€600,000
Product:	Joint venture instrument
Resources:	FONPYME
Number of employees directly associated with the project:	Forecast to create between 10 and 20 positions
Number of employees in the head office in Spain:	94

COFIDES accompanies the SME José María Gallizo, S.L. in international growth. With the support of the FONPYME, the company has invested in machinery to establish a plant for manufacturing counterweights for elevators and electrical household appliances in Poland.

Gallizo is characterised by developing a strategy based on the continuous investment in R&D, the close collaboration with its multi-national customers and the diversification of products, customers, countries and sectors.

It is an Aragonese SME founded in 1949 whose main activity is to design, manufacture and sell prefabricated concrete and construction materials for the industrial and construction sectors. The company started in the construction sector but in recent years has diversified towards other fields, manufacturing counterweights for elevators, electrical household appliances and railways.



## GLOBALVIA Chile

Promoter:	Globalvia Inversiones S.A.U.
Pyme:	No
Project company:	Sociedad Concesionaria Autopista Costa Arauco S.A.
Business activity:	Concession of Route 160
Sector:	Transport infrastructure
Total investment:	€185m
Financing:	€30m
Product:	Equity
Resources:	FIEX and COFIDES
Number of employees directly associated with the project:	168
Number of employees in the head office in Spain:	82



Globalvia has acquired the licensing agreement of Route 160 in Chile from the company Acciona. COFIDES collaborated in this operation and took 47.4% holding in Globalvia Chile SpA through its own resources and the FIEX fund.

Route 160 is a motorway toll road in Concepción province (Bío-Bío region), between the towns of Coronel and Tres Pinos. The infrastructure is an important route for transporting wood, one of the main economic activities in the area. The motorway has been fully operational since March 2017, although the 280-metre Ramadillas bridge still needs to be completed. Globalvia will make the most of this infrastructure, a brownfield concession for 40 years, for the construction, maintenance and operation by means of charging a toll directly to the user.

Costa Arauco is controlled by the Globalvia Inversiones S.A.U. group, which is one of the global leaders in infrastructure concessions management, and which manages 22 motorway and railway projects in Spain, Ireland, Portugal, Chile, Andorra, Mexico, Costa Rica and the USA.



## Grupo TRUCK & WHEEL USA



Promoter:	Grupo Truck and Wheel
Pyme:	No
Project company:	Truck and Wheel USA Corporation
Business activity:	Industrial manufacturing
Sector:	Automotive
Total investment:	€24m
Financing:	€9m
Product:	Equity
Resources:	FIEX
Number of employees directly associated with the project:	75
Number of employees in the head office in Spain:	1,435

COFIDES will acquire a 40% capital share of the US subsidiary of the Navarran company Grupo Truck & Wheel to set up a tyre assembly plant.

The company will rely on the participation of the FIEX fund in the project company's capital, with the aim of carrying out necessary investments to provide a service to the Mercedes-Benz plant in Vance (Alabama), for which the company was the successful bidder. With this new plant, it will provide services to Mercedes-Benz, enabling it to establish itself as a supplier in the USA.

The project concerns the acquisition of machinery and development of a 11,800 m<sup>2</sup> tyre assembly plant, which will have warehouses and automated tyre and wheel rim assembly lines.

Truck & Wheel is a Spanish business group specialized in logistics and wheel assembly for the automotive sector. It started operations in 1998 in Lesaca, Navarra and currently has 1,435 employees across 24 offices.

The company's operations are in the areas of transport, distribution, storage, wheel assembly and logistics consultancy services. It is also present in Portugal, France, Mexico and USA.



## IBARMIA China

Promoter:	Ibarmia Innovatek, S.L.U.
Pyme:	Yes
Project company:	Shandong Ibarmia CNC Machine Manufacturing Co., Ltd.
Business activity:	Manufacturing and selling mechanised centres
Sector:	Plants and Factories Capital assets
Total investment:	€4m
Financing:	€2m
Product:	Joint venture instrument
Resources:	FONPYME
Number of employees directly associated with the project:	35
Number of employees in the head office in Spain:	115



COFIDES has supported the Ibarmia production plant implementation in China by way of a co-investment finance instrument through FONPYME.

Ibarmia is based in the machine tools sector and has been present in China for more than ten years with several clients. This experience and the fact that the Asian country is the premier consumer of machine tooling worldwide and which has seen significant growth in the technical development within this industry, have led Ibarmia to productively establish itself in China.

The project has been developed through a joint venture with a local partner for the manufacturing and commercialisation of five axle-machining and multi-process centres. The Guipuzcoan company will provide the know-how and the design licences for the manufacturing of the centres. Their local partner will bring together their local knowledge of the Chinese market, their contact network as well as their industrial capacity.

Ibarmia is a family SME, established in Azkoitia (Guipúzcoa) in 1945. It has a presence in Europe, Asia and America, and exports 90% of its production. As a result of the innovative endeavours and constant investment in R + D + i, the company has recently launched new machinery in the industry 4.0.



## MMM Mexico and Romania



Promoter:	Manufactura Moderna de Metales, S.A.
Pyme:	No
Project company:	MMM Autoparts Américas S.A. de C.V. (MMM México)
Business activity:	Transformation of tubing for the automotive sector
Sector:	Automotive
Total investment:	€2.6m
Financing:	€1.8m
Product:	Joint venture instrument
Resources:	COFIDES - FIEX
Number of employees directly associated with the project:	27
Number of employees in the head office in Spain:	170
Project company:	MMM AUTOPARTS, SRL (MMM Autoparts)
Total investment:	€3.8m
Financing:	€3m
Product:	Ordinary loan
Resources:	COFIDES
Number of employees directly associated with the project:	90

COFIDES accompanies Manufactura Moderna de Metales (MMM) in international growth. The company is specialized in processing metal tubing for the automotive sector.

COFIDES and MMM have collaborated to facilitate the company's expansion in Mexico and Romania. Therefore, through their own resources they have supported the investment in machinery and extension of the production capacity of the factory in Romania, MM Autoparts. This project has been supported by COFIDES since 2013.

This subsidiary has been present in Romania for eleven years, when the company established itself in the country following one of its main clients. A large part of this plant's production is exported to other European countries, Turkey, Russia and the Asian market.

The support from COFIDES has also enabled the company to establish itself in Mexico and to set up a production plant in Silao (Bajío). The funding contributed through the FIEX fund and COFIDES own resources has enabled the company to acquire machinery to develop the project in a key destination within the automotive industry.

## NETMIND USA

Promoter:	Netmind, S.L.
Pyme:	Yes
Project company:	Netmind International LLC
Business activity:	Services
Sector:	Training services
Total investment:	€200,000
Financing:	€150,000
Product:	Joint venture instrument
Resources:	FONPYME
Number of employees directly associated with the project:	2
Number of employees in the head office in Spain:	35
Project company:	B2T Training LLC
Total investment:	€890,000
Financing:	€320,000
Product:	Joint venture instrument
Resources:	FONPYME
Number of employees directly associated with the project:	6



Netmind, the technology company specialised in providing training and assistance services to IT professionals, has strengthened its position in the USA through its collaboration with COFIDES.

COFIDES has, therefore, accompanied Netmind in two of its projects, the first aimed to open its US subsidiary in Miami, Netmind International. Subsequently, Netmind acquired the US company B2T Training in Atlanta, which was also supported by FONPYME, funding 36% of the total investment.

The company was founded in 2000 and is the leading training supplier in business analysis and assistance services for agile transformation with its head office in Atlanta (Georgia). By purchasing B2T, Netmind consolidated its presence in the US and will have international commercial partners providing courses and certifications in countries such as South Africa, Australia and New Zealand.

The company will maintain both active projects simultaneously, each one being aimed at a different customer profile. Netmind International develops the business of Spanish customers who operate in the USA and Latin America and B2T Training will remain focused on the main US companies.

## SUPRACAFÉ Colombia



Promoter:	Supracafé, S.A.
Pyme:	Yes
Project company:	Supracafé Colombia, S.A.
Business activity:	Coffee production
Sector:	Agri-food
Total investment:	€600,000
Financing:	€300,000
Product:	Joint venture instrument
Resources:	COFIDES
Number of employees directly associated with the project:	25-250
Number of employees in the head office in Spain:	33

COFIDES has contributed to the expansion of a coffee processing plant at the Colombian subsidiary of SUPRACAFÉ, a company focused on the production and distribution of gourmet coffee.

SUPRACAFÉ purchases green coffee mainly in Colombia and performs the roasting, packaging and distribution processes on the premises of its property in Móstoles (Madrid). It commercialises the product with its own brand in different varieties and formats and supplies its customers with supplementary products such as sugar, tea or chocolate.

With this project, SUPRACAFÉ will empower hundreds of female farmers through purchasing premiums and spreading agricultural practices. The company currently employs 25 permanent employees, but in times of sowing and harvesting the number can rise to 200.

SUPRACAFÉ Colombia was founded in 2008 with the aim of integrating into the value chain to produce high quality coffees and to apply R&D and innovation to its processes in the cultivation and processing of the different coffee varieties.

In 2017, SUPRACAFÉ was recognised and associated with the Business Call to Action programme (BCtA), part of the United Nations Development Programme (UNDP), as the first Spanish company to undertake inclusive business practices.



## TRADEBE Internacional

Promotor:	Tradebe Environmental Services
Pyme:	No
Sociedad de proyecto:	N.A.
Business activity:	Management and recycling of industrial waste
Sector:	Environmental services
Total investment:	Up to €265m
Financing:	Up to €30m
Product:	Joint venture instrument (participation in financing syndicate)
Resources:	FIEX
Number of employees directly associated with the project:	N.A.
Number of employees in the head office in Spain:	2,150



Through this operation, COFIDES forms part of the first global “green lending” financing syndicate, led by BBVA as the agent bank. Green loans promote environmental sustainability and are an alternative source of funding. Eleven national and international financing organisations take part in this operation, including COFIDES through the FIEX fund.

This is the main corporate financing of Tradebe, which gives the company the chance to comfortably finance their general corporate needs together with their future medium-term growth plan, combining organic growth with selective acquisitions. With a team of more than 2,150 people, the company currently operates in Spain, France, UK, USA and Oman, and manages more than 70 facilities around the world.

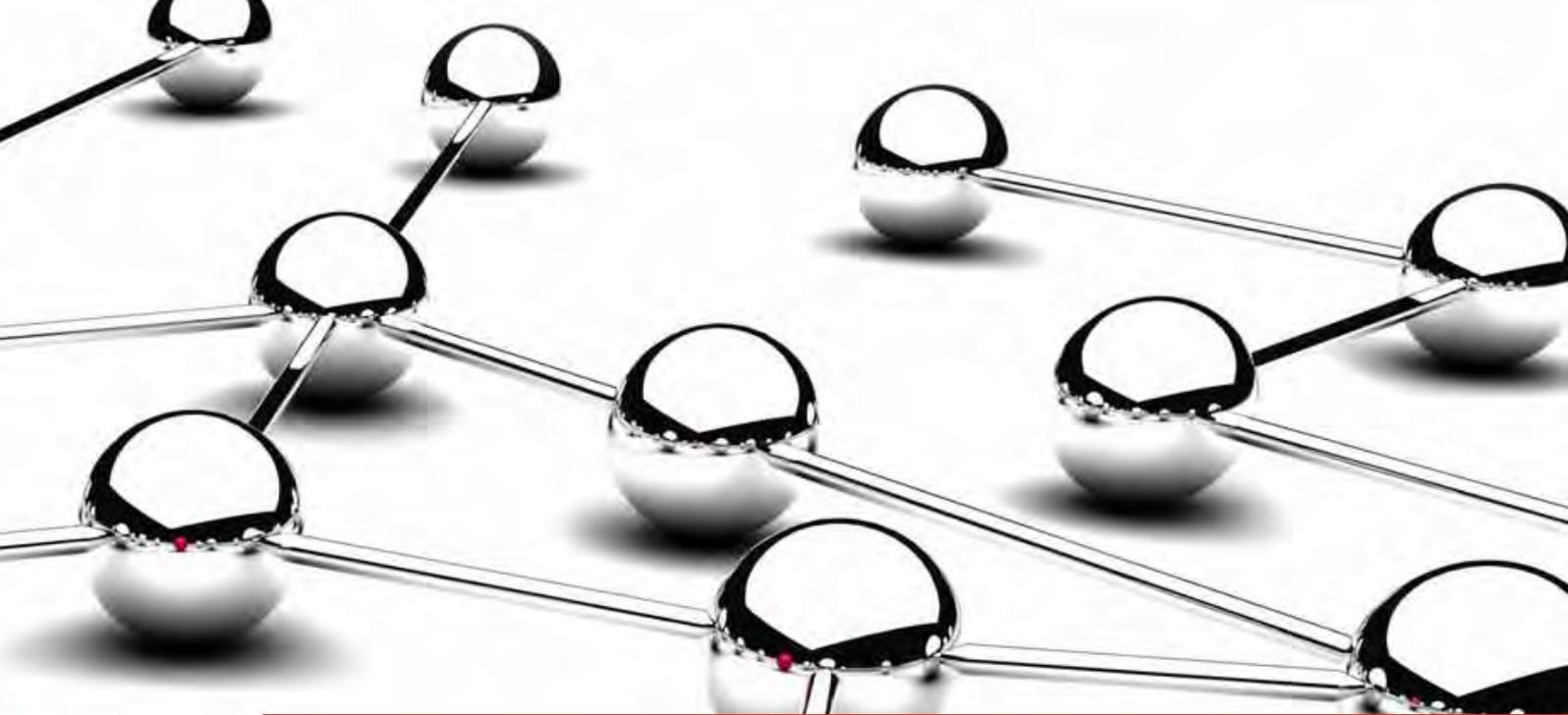
As the leader in management and recycling of industrial waste in Europe and the USA, Tradebe is a company with one of the biggest international projections in the environmental industry.

This green financing is based on Tradebe’s policy of corporate social responsibility. One of its objectives is to minimise the environmental impact, reduce energy consumption and promote the conservation of natural resources by providing respectful, innovative and quality services for the environment.





09



Staff organization chart



**PRESIDENCY**

					
Salvador Marín <i>Chairman</i>	Pilar Cruz (I) <i>(Assistant)</i>	Cristina Sánchez (I) <i>(Assistant)</i>	Carlos Moreno	Raúl Moreno	Silvia Rodado

External Corporate Communication Unit

	
Laura Manzano	Ángel González

**SENIOR MANAGEMENT**



Luis de Fuentes  
*General Manager*

Facilities Management

**GENERAL SECRETARIAT**

				
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**CONTROL, INTERNAL AUDIT AND QUALITY**

			
Mª Victoria de Luis <i>Deputy Director</i>	Ángeles Prieto	Isabel Barril	Nuria Blanco

**MARKETING & BUSINESS DEVELOPMENT**

						
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Financing for Development

**FINANCING FOR DEVELOPMENT & EUROPEAN AFFAIRS**

						
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Development & European Affairs

					
Amalia García	Cristina Rodríguez	Carlos Martín	Carlos Mosquera	Nuria Rodríguez	Cristina Bravo

(I) She also supports the General Management division  
 (II) She also supports the Control, Internal Audit & Quality and Corporate & Sustainability divisions  
 (III) She also supports the Marketing & Business Development division  
 (IV) She also supports the Information Technologies division



Miguel A. Ladero  
*Deputy Director*



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Álvaro Hernández



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Manuel Fernández



Gloria Santiago



Umberto Ferrer



Mª Ángeles Vara

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CORPORATE &  
SUSTAINABILITY



May Sánchez



Álvaro Padial



Silvia Rodado



Alejandro Colino



Alfonso Sánchez



Laura Valeriani



José Luis Viana



Daniel Martínez

INFORMATION  
TECHNOLOGIES



María Cid



María  
Fernández-Cavada



Irene Moreno



Rocío Señán



Ana Belén Heras

INTERNS

10



A close-up photograph of a business meeting. In the foreground, a person's hand is holding a white card with a colorful logo. In the background, another person in a dark suit and blue tie is visible. A large, semi-transparent red rectangle is overlaid on the center of the image, containing the text "Management Report" in white. The background is slightly blurred, showing a window with a grid pattern.

# Management Report

## 1. ECONOMIC ENVIRONMENT

According to estimates by the International Monetary Fund, global economic activity continued strengthening in 2017 with an estimated world GDP growth of 3.7%. This growth recovery has been widespread and especially significant in Europe and Asia. Emerging and developing countries continued contributing the most to global economic growth, with an estimated rate of 4.7%, while advanced economies grew at a slower rate (2.3%), albeit more than the rate in 2016 (1.7%).



Despite the context of international growth, the global flows of Foreign Direct Investment (FDI) experienced a decrease of 16% compared to the previous year, according to UNCTAD. The decrease of FDI flows to developed countries (-27%) was the main factor in explaining the global fall that was registered.

Developed countries registered a fall of 30% in cross-border mergers and acquisitions, compared to an increase of 44% in developing countries. North America (-33%) and Europe (-26%) experienced significant falls in FDI flows received in 2017, mainly due to the decrease in flows received by the United Kingdom (-90%) and USA, after the maximums reached in 2016. Despite this, 19 of Europe's 32 economies saw increases in FDI flows received, such as Germany (+250%) and France (+77%).

With regards to the developing economies, the FDI flows increased 2% in 2017. The region of Latin America and the Caribbean experienced an increase in FDI inflows (+3%), which was the first increase in 5 years for the region. Brazil saw a 4% increase in inflows, just like Costa Rica (+15%), while Chile (-44%), Colombia (-1%) and Peru (-20%) suffered a decrease. UNCTAD estimates that the FDI inflows in Mexico stayed at similar levels to those in 2016.

World GDP growth  
3,7%

Cross-border mergers and acquisitions

FDI flows

Developing economies

Moreover, FDI flows received by Asia rose 2%, reclaiming its position as the main recipient of FDI in the world with 30%, followed by the European Union and North America. The main receiving countries of the Asian region were China, Hong Kong and Singapore. China continued to be the number one FDI-receiving developing country in 2017, and second in the world, with only the USA higher. In contrast, Africa registered a 1% fall with significant decreases in countries such as Nigeria (-24%), Angola (-20%) and Egypt (-14%), while the Democratic Republic of Congo (+29%), South Africa (+43%) and Ethiopia (+14%) experienced significant increases.

In the Spanish economy, GDP increased by 3.1% in 2017 according to the National Statistic Institute (INE), a similar rate as 2015 (3.2%), and the highest since 2007. In 2017, the contribution of foreign demand to GDP growth was positive.

The momentum of the foreign sector continues and, proof of this can be seen in the positive evolution of the Spanish goods exports in 2017, which recorded the best figures since their first publication in 1971 exceeding €277,000 million for the first time, representing an increase of 8.9% on the previous year.

In 2017, the Spanish export progress was better than that of the eurozone as a whole (which grew 7.2%) and of the EU (0.1%). Italy, exports (7.4%), Germany (6.3%), France (4.5%), USA (6.6%) and China (6.7%) increased to a lesser extent than in Spain. Moreover, in 2017 the number of Spanish exporters increased by 8.5% over 2016, to 161,454. The number of regular exporters (which have been exporting for four consecutive years) increased by 1.5% to 50,562.

Meanwhile, in 2017, net Spanish investment flows overseas recorded positive values of €30,736 million, 42% lower than those reported in the previous year. During 2017, the United States, France, Mexico, Canada, The Netherlands, Colombia and Brazil were found in this order among the main countries receiving Spanish net FDI. Among them, France and Canada experienced the highest growth rates in percentage terms as target countries. The main sector receiving Spanish net FDI abroad during 2017 was transport and storage, followed by extractive industries.

UNCTAD estimates suggest that in 2018, FDI flows will increase again, as a result of accelerating forecasts for next year's global economic growth, which is expected to reach 3.9%, according to the International Monetary Fund. Likewise, greater economic activity is expected to contribute to increasing international trade volume, which is expected to increase by more than 3%.



Evolution of the Spanish goods exports



Regular exporters



Gross investment flows



Internacional trade

## 2. PROJECT FINANCING

During 2017 COFIDES activity, both as a single entity and as manager of the FIEX and FONPYME funds, has continued its growth of previous years in many of its indicators. The investment portfolio has reached its highest historical level with a figure of €937.99m, 5% higher than the volume approved in 2016. The formalisations touched a very high level, reaching €203.30m.

If we compare the quadrennial period of 2013-17 to 2008-12, a significant increase in the number of formalised projects is noticed (68%), as well as in amounts disbursed (30%). This data shows, in the case of SMEs, an increase of around 150% and 37% respectively.

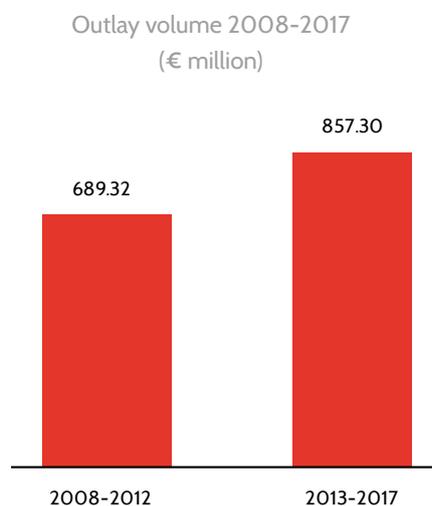
The outlays, approved and formalised operations, total portfolio and committed portfolio in 2017 compared to the figures for the five preceding years are in the table below:

	2011	2012	2013	2014	2015	2016	2017
Outlays	134.69	220.72	209.69	197.29	155.08	97.75	197.50
Formalisations	170.92	227.41	221.59	244.89	157.11	203.60	203.30
Approvals	193.28	197.72	243.31	258.20	334.43	141.32	216.84
Total Portfolio	555.26	737.20	872.53	911.79	926.96	893.18	937.99
Committed Portfolio	625.38	809.02	935.48	1,018.26	1,017.91	1,064.41	1,051.77

(In € million)

### 2.1. Outlays

The total outlay volume for operations managed by COFIDES in 2017 was at one of its highest levels, reaching €197.50m. Of those, €161.83m was disbursed under FIEX, €14.02m came from FONPYME and €21.64m were drawn from COFIDES own resources.



## 2.2. Approvals

In 2017, 65 projects were approved for a committed value of €216.84m compared to 55 approved projects in the previous year, amounting to €141.32m. The average price per approved project in 2017 was €3.34m, much lower than previous years (€5.66 in 2015), managing a greater number of companies and projects with a lower resource commitment.

Drawn from COFIDES own resources were a total of 39 approved projects in 19 countries, with an overall commitment of €27.82m.

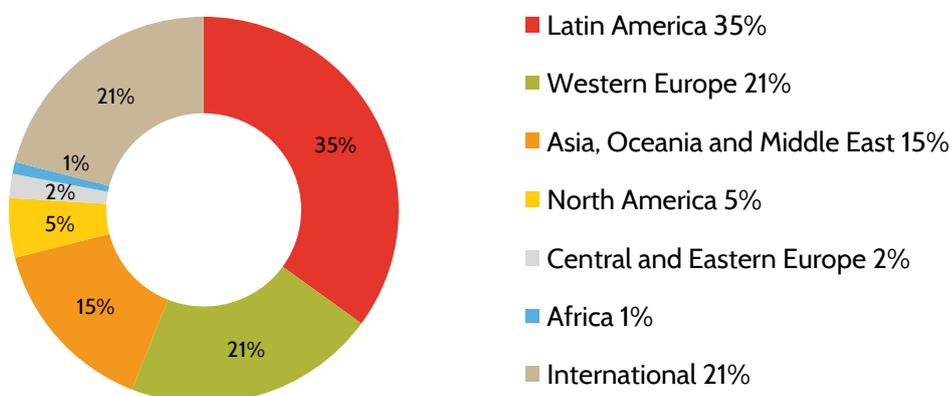
Out of these 39 projects, 7 were co-financed by the Fund for Foreign Investment (FIEX), for an additional amount of €32.88m in five countries. The Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME), co-financed together with COFIDES a total of 18 projects in eleven countries, increasing the total by a further €6.21m

Drawn from FONPYME resources without co-financing, 17 projects were approved in 9 countries for a total of €12.51m. This attains a total annual commitment, drawn from FONPYME resources, of €18.72m.

The FIEX Executive Committee approved 9 projects in 6 countries without COFIDES co-financing for a total amount of €137.42m. A total commitment volume of €170.30m from FIEX resources in 2017 was reached. Additionally, in 2017 the FIEX Executive Committee approved 17 project profiles valued at €170.12m.

In the framework of European Financing Partners (EFP) one operation was approved amounting to €0.66m, from COFIDES own resources (50%) and FIEX (50%). Moreover, through the new investment facility Interact Climate Change Facility (ICCF), three projects of €1.17m were approved using COFIDES own resources (50%) and FIEX (50%).

Approved resources in 2017 - by area

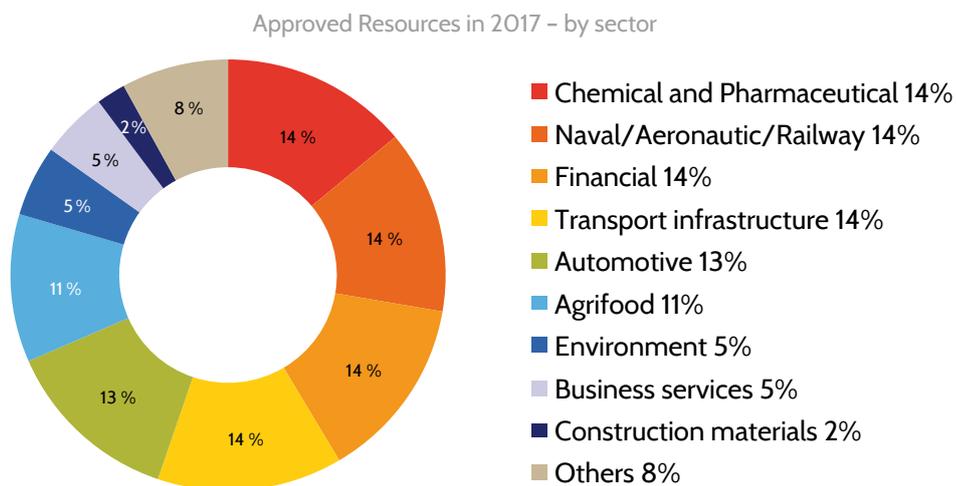


As for the destination areas, Latin America remained the largest recipient region of approved investments, equating to 35% of total resources committed. Behind Latin America were Western Europe (21%), Asia and the Middle East (15%), North America (considered as USA and Canada) (5%), Central and Eastern Europe (2%) and Africa (1%). The remaining 21% has been classified according to the "International" category that includes (i) commitments related to loans from the Spanish head office for overseas projects identified in several countries (ii) commitments in a newly created fund to facilitate funding through senior, second lien and subordinated debt to Spanish companies with a high international component.

By commitment volume, Chile (22%), United Kingdom (16%), Indonesia (12%), Mexico (7%), USA (5%), Italy (3%) and Germany (3%) were the main destinations for approvals, whereas the number of approved projects was: 8 in Mexico, 7 in USA, 5 in China, and 4 in Colombia, Chile and Peru.

The sectorial distribution of investment is very diverse. Chemical and Pharmaceutical sectors are the main sectors with 10 approved projects each. The automotive sector is next with 9 projects, agrifood with 8, and energy with 7. Finally, in 2017 some projects were also approved in the field of engineering, trade, capital goods, construction materials, environment, transport infrastructure, water infrastructure, financial, metal-mechanic, naval/aeronautic/railway, transport and others.

The main recipient sectors by investment volume were: chemical and pharmaceutical (14%), naval/aeronautic/railway (14%), financial (14%), transport infrastructure (14%), automotive (13%), agrifood (11%), environmental (5%), business services (5%).



Finally, these projects have had an exponential effect on host country economies. The 2017 approvals represent a total investment worth more than €1,100m (of which around two thirds relate to five major infrastructure projects) which generated approximately 4,300 direct jobs, with the beneficial knock-on effects in these developing

countries, including 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.

### 2.3. Formalisations

A total of 53 projects were formalised in 2017, for a volume of €203.30m, compared to 57 projects formalised in 2016 with a commitment of €203.60m maintaining one of the highest formalisation levels in the company's history.

Drawn from COFIDES' own resources, 32 projects were formalised in 15 countries, with an overall commitment of €24.95m.

FIEX co-financed 4 of these projects contributing an additional €32.38m, while FONPYME co-financed 18 projects amounting to a further €6.96m.

Using FONPYME exclusive resources, 13 projects have been formalised for €9.13m and with FIEX exclusive resources, 8 projects have been formalised worth €129.99m.

The total annual volume of formalisation under FONPYME amounted to €16.09m and under FIEX resources amounted to €162.26m.

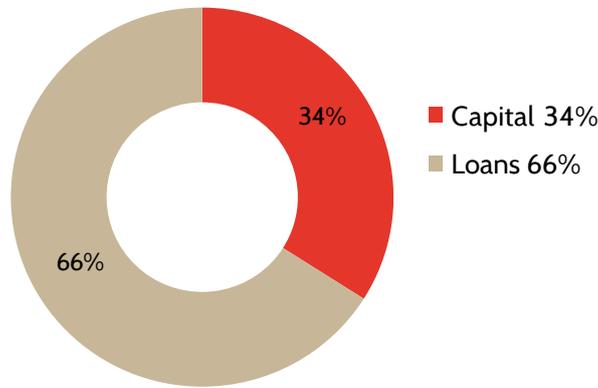
Within the ICCF scheme, one ICCF operation for a total amount of €0.84m was formalised in 2017 with resources structured through FIEX (50%) and COFIDES (50%).

As for the target areas of the formalised projects in 2017, Latin America, with 35% of the total committed resources was the main recipient of the financed investments. Followed by Western Europe (20%), Asia, Oceania and Middle East (16%), North America (considered as USA and Canada) (6%), Central and Eastern Europe (2%) and Africa (0.1%). The remaining 21% has been classified according to the "International" category that includes (i) commitments related to loans from the Spanish head office for overseas projects identified in several countries (ii) commitments in a newly created fund to facilitate funding through senior, second lien and subordinated debt to Spanish companies with a high international component.

By sector, the main destinations of resources originated in 2017 were chemical and pharmaceutical (15%), transport infrastructure (15%), naval/aeronautic/railway (15%), financial (15%), automotive (14%), agrifood (11%), environment (5%), construction materials (2%), transport (2%), energy (2%), business services (2%), trade (1%), capital goods (1%), engineering (1%), others (0.5%), water infrastructure (0.3%) and metal-mechanic (0.2%).

34% of the resources invested in the overall formalised operations in 2017 were in the form of capital and hence confirmed the trend of COFIDES to provide additional funding through the financial products market.

Approved Resources in 2017 - by financial product

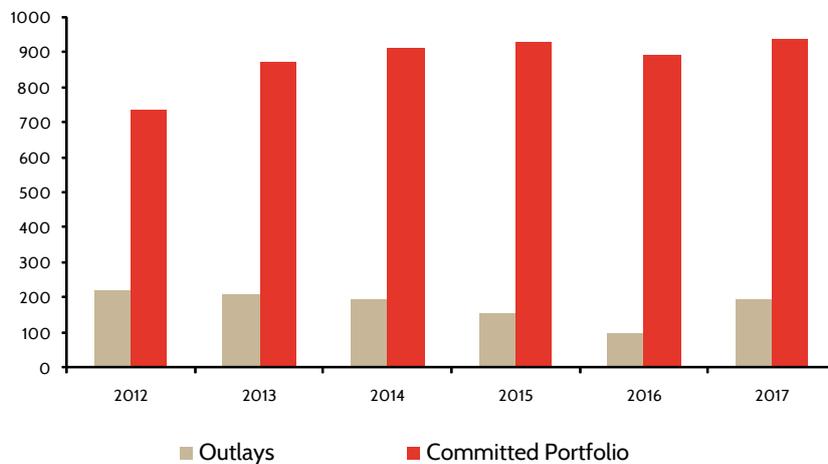


## 2.4. Portfolio

The investment portfolio contains all the financial commitments formalised by COFIDES, FIEX and FONPYME, including the committed values (but not distributed), net of repayments. Further to these criteria, on 31<sup>st</sup> December 2017 the investments committed by the company were worth €1,051.77m, related to 295 projects in 61 countries.

Meanwhile, the total portfolio on 31<sup>st</sup> December 2017 reflected for the formalised operations, the balances between the amounts actually disbursed and repaid, which amounted to €937.99m. This figure represents the highest committed portfolio level ever recorded and represents an increase of 5% on the previous year.

Outlays and total Committed Portfolio 2012-2017  
(€ million)



### 3. COFIDES OPERATING AND MANAGEMENT CAPACITY

At the end of 2017 COFIDES reach an overall operating capacity of over €2,500m, through the financial mechanisms and instruments which it manages or takes part in.

#### 3.1. FIEX and FONPYME

The net assets of the FONPYME and FIEX funds rose to €990.84m as at 31<sup>st</sup> December 2017. Of this, €914.50m corresponded to FIEX and the remaining €76.34m to FONPYME.

The FIEX fund continues to be a highly valued vehicle by those Spanish companies that are internationalised, and in 2017 it maintained a high level of commitments. The resources volume approved by FIEX during 2017 has amounted to €170.30m and 12 projects have been formalised for a volume of €162.26m, involving resources in countries such as Chile, United Kingdom, Indonesia, USA, Mexico, Italy and Pakistan. At the end of 2017 and with a revolving character, a total of 242 projects had been allocated to this Fund for a volume of €1,947.78m, with 133 projects for €882.34m of its committed investments portfolio.

With regard to the FONPYME fund, the volume of resources committed during 2017 amounted to €18.72m. Also, during this period, 31 projects with a volume of €16.09m were formalised under this fund. At the end of 2017, a total of 179 projects totalling €128.08m were charged to the Fund, leaving a committed investment portfolio of 107 projects worth €67.16m.

#### 3.2. Development Promotion Fund (FONPRODE)

FONPRODE is one of the main financial instruments of the Spanish Cooperation, whose main objective is to contribute to the eradication of poverty. FONPRODE is managed by the Spanish Agency for International Cooperation for Development (AECID) and is one of the main channels of Official Development Aid. FONPRODE came into force in 2011 and can finance non-reimbursable and reimbursable operations (debt or capital).

COFIDES began supporting AECID in the management of FONPRODE in October 2015. This support is limited to reimbursable cooperation operations whose goal is the social and economic development of partner countries, through investment or economic resource transfers of a reimbursable nature.



COFIDES takes part in the conference called: "Towards a more effective development cooperation. The necessary alliance of all actors"

COFIDES functions in support of its management include: supporting the planning of FONPRODE reimbursable activities, identifying operations that can be financed independently, providing support to the AECID, carrying out analysis of due diligence in financial, legal, environmental, social and development matters, support in operation formalisation, annual economic financial monitoring of the portfolio and the biannual performance reporting on the reimbursable operations charged to FONPRODE.

During 2017, COFIDES supported the preparation of seven profiles of financial terms, three operations' proposals and the formalisation of two operations. FONPRODE reimbursable portfolio (74 operations) was monitored and 11 missions were identified, analysed and monitored..

### 3.3. ICO Lines

During 2016, there was no adhesion or no formalisation of new financing lines with the ICO, although in the COFIDES portfolio there are two formalised operations under contract from the previous year for multi-currency Financing.

### 3.4. Multilateral and bilateral resources

#### 3.4.1. 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 six rounds of funding, the last signed in 2017, amounting to an additional €201m. In the sixth round of funding, EFP extends its geographical scope of activity to finance projects in countries included in the Official Development Assistance (ODA) recipients list of the OECD. So far, EFP had exclusively funded projects in ACP countries (Africa, Caribbean, Pacific). COFIDES has contributed with a total of €45m structured through its own resources and FIEX.

This financing scheme promoted jointly by the European Investment Bank (EIB) and the European Development Finance Institution, both COFIDES counterparts, had committed, as at 31<sup>st</sup> December 2017, a total of €476.86m in 36 projects located in 14 different countries. The combined FIEX/COFIDES resources invested in these projects by the end of 2017, resulted in a commitment volume of €16.88m, in 27 projects in 12 different countries, 10 of them belonging to Sub-Saharan Africa.

On the other hand, the investment facility Interact Climate Change Facility (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 the mitigation of climate change and the promotion of energy efficiency in countries receiving ODA. ICCF had committed, as of 31<sup>st</sup> December 2017, a total of €348.87m in 22 projects located in 12 different countries. In late 2017, COFIDES had committed a total of €11.23m in 22 ICCF projects in 11 different countries, all countries receiving Official Development Assistance.

### 3.4.2. Blending instruments

Throughout the year 2017, COFIDES consolidated its role as accredited entity for the indirect management of the union budget with respect to the EU by means of blending instruments, after officially submitting its first operation within the scope of the financing initiative AgriFI. Furthermore, it has continued working on deal sourcing, having regular communication with the European Commission to match its interest in preliminary phases of potential projects and requesting the inclusion of two of them in the pipeline. At the same time, COFIDES is also actively working with the Secretariat of State for Trade in order to identify and analyse operations which can be financed with funds taken from the Credit Line "FIEM-EU Facilities".



Visit from the Chairman of CAF (Development Bank of Latin America), Luis Carranza, to COFIDES

### 3.4.3. CAF (Development Bank of Latin America)

In 2016, CAF (Development Bank of Latin America) and COFIDES have jointly designed and implemented the non-reimbursable Technical Cooperation Facility for Cuba with the goal of supporting the training of Cuban-domiciled workers of Spanish or Cuban companies with Spanish business shareholding. The facility is endowed with \$500,000, provided by CAF to finance technical assistance activities and training.

Throughout 2017 COFIDES has expanded its operations both between companies that have expressed interest in receiving financial support from COFIDES for developing its projects in Cuba, and companies with potential investment interest in the country.

At the end of 2017, one operation was added to the Line for an amount of \$24,580 (for trade, technical and industrial training for Cuban staff). In addition, three approved and formalised operations by COFIDES are in the preparation phase of the Technical Assistance Report.

## 4. INSTITUTIONAL ACTION

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### 4.1. Activities with the EDFI framework and other Financial Institutions

In 2017 COFIDES was incorporated as a member to the EDFI Board of Directors, which is strategically relevant for the company as it positions them as a leading figure in taking decisions which guide the strategy of the Association of bilateral European Development Finance Institutions.

In the EDFI framework, COFIDES has participated throughout 2016 in the following working groups in order to standardise the practices of member institutions and to facilitate the joint funding of operations: Corporate Governance, Interact Lawyer Meeting, Development Effectiveness, Environmental and Social, Communication Strategy, EFC and ICCF working groups.

COFIDES has also attended workshops and courses organised by EDFI and other European bilateral financial institutions such as the EDFI seminar about mobilising institutional investments, the training schedules for new EDFI employees, the FDI workshop on Gender Equality and WEE, "E&S Workshop for Microfinance", as well as the SME Finance Forum. COFIDES also attended the event celebrating the 25<sup>th</sup> Anniversary of EDFI in the framework of annual meetings of the World Bank and International Monetary Fund in Washington.

Also regarding the World Bank Group, COFIDES participated as a sponsor and host of the 1<sup>st</sup> Global Conference for Financing Mobilisation, "Global Debt Mobilisation Conference" which the International Financing Corporation (IFC) held in Madrid on 20<sup>th</sup> and 21<sup>st</sup> September. This Conference is a global event which aims to bring together IFC partners from around the world to work together and move towards innovative financial solutions that expand opportunities in the markets of developing and emerging countries in a viable and cost-effective manner for investors.



Statements by the Chairman of COFIDES, Salvador Marín, and the Vice Chairman of IFC, Jingdong Hua, at the welcoming ceremony at the 1<sup>st</sup> IFC Global Debt Mobilisation Conference

## 4.2. Other activities with Financial Institutions

In September 2017, the European Union approved the European External Investment Plan, which aims to increase investments (especially those coming from the private sector) in African member countries and the neighbouring regions through the creation of a European Sustainable Development Fund. This fund will use, among other instruments, the opportunity to issue guarantees amounting to up to €1,500 million. The objective of the Plan is to encourage inclusive growth and create employment, contributing to dealing with the profound causes of irregular immigration. Five investment opportunities have currently been identified (sustainable energy and connectivity; financing micro, small and medium-sized businesses (MiSME); digitalisation for development; sustainable cities; agriculture and agro-industry) within which the accredited entities can introduce investment programmes. In this regard, COFIDES forms part of a work group led by the Secretary of State for Trade and which includes all the figures of the Spanish government that have interest in the Plan, among those that stand out are AECID, Treasury Main Office, ICO, CESCE and ICEX. During 2017, COFIDES actively worked on the proposal for the renewable energy opportunity and collaborated with AECID on the proposal for the MiSME financing opportunity.

Likewise, in 2017 the accreditation process facing the Green Climate Fund (GCF) progressed. The GCF is an organisation of the United Nations Framework Convention on Climate Change (UNFCCC) which finances projects on mitigating and adapting to climate change. In 2017 COFIDES completed the first phase of the accreditation process and the external auditors of the GCF analysed COFIDES in order to finish its report and accelerate the completion of the second phase of the accreditation process. During 2018 it is expected that COFIDES' candidacy will be put forward for consideration before the Board of Directors of the GCF.

## 4.3. Signing of cooperation agreements

In 2017, COFIDES reinforced its approach strategy to financial institutions in third countries with the objective of making the financial and non-financial support that these entities can offer in cooperation with COFIDES available to Spanish companies. In this regard, cooperation agreements with Banco Provincia de Buenos Aires (Argentina), Bancomext (Mexico) and NAFINSA (Mexico) were signed.



Signing collaboration agreements with NAFINSA (left) and Bancomext (right)



Signing collaboration agreements with BID (left) and FEIQUE (right)

In domestic terms, COFIDES reached similar agreements with the Spanish Business Federation of the Chemical Industry (FEIQUE) and with the Andalusian promotional body, EXTENDA.

Finally, the International Financial Institutions (IFI) have also developed their institutional cooperation, aimed fundamentally at obtaining non-refundable financial resources. A collaboration and co-financing agreement with BID INVEST (BID Group) was signed in October 2017 under this premise.

It is important to highlight that, in line with the strategy indicated in 2016, once COFIDES completes the accreditation process for managing the EU budget, all of these agreements and partnerships include a clause referring specifically to the opportunity of collaborating in the EU Blending field.

## 5. COMMERCIAL ACTIVITY

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COFIDES Business Action Plan for 2017 followed the guidelines of the 2016-2019 COFIDES Strategic Plan, as well as the 2016-2019 Optimal Portfolio Proposal.

The development and promotion of labour and commercial activity conducted directly with companies open to receiving financial support from COFIDES had two fundamental pillars by which the developed commercial activity has been supported.

In relation to the first, COFIDES has maintained an outstanding institutional presence in conferences and seminars on financing and internationalisation where it has extensively spread its financial offer and support for the internationalisation of Spanish companies, as well as for the development of the countries receiving investment.

Among the activities conducted within the framework of the agreements signed with Promotion Agencies for Autonomous Communities, multiple conferences and seminars have been organised for companies to which COFIDES has exhibited its financial offerings (AREX, ADE, INFO, IDEPA, IPEX, INFO, EXTENDA). Besides these, COFIDES has worked closely with other representative institutions such as Banco Sabadell through their participation

in various events organised throughout the year, the programme Exportar para Crecer (Export to Grow)-, Banco Santander -within the Exporta Plan; CAJAMAR, within the CAJAMAR International Platform; Exporters Club; Chamber of Commerce of Spain; CEOE and CEPYME (in different business meetings, reverse missions and other types of conferences), as well as business associations (AMRE and TECNIBERIA, among others).

Internationally, it has been able to highlight the development of the relationships with several multilateral and bilateral development entities and institutions such as IFC, BID, CAF, EDFI, TCX and business promotion institutions like Procolombia, IFE (Angola) and Baiterek (Kazakhstan).

In 2017, COFIDES proceeded to set up a series of agreements with a number of commercial collaborators in several regions of Spain with the aim of increasing the commercial activity throughout Spain, thereby contributing to spreading the financial offer of COFIDES.

The commercial activity developed in 2017 continues to be characterised by its intensity. It has maintained a high number of contacts with potential clients with internationalisation projects, 749 contacts, a similar figure to 2016 when the highest number of contacts in COFIDES' history was reached. It also managed to highlight the drive to proactively identify target countries (63% of the contacts maintained in 2017 were proactive, compared to 56% in 2016). By type of company, 56% of the contacts maintained were SMEs. Similarly, highlighting that within the Annual Visiting Schedule, it has maintained meetings with potential clients, both in its offices and in COFIDES offices, with 343 companies (which is an increase of 27% from 2016).

Regarding the creation of new products, in 2017 COFIDES designed, launched and implemented a product jointly with NAFINSA which will increase the development of investment projects in Mexico, promoted by both SMEs and large Spanish companies. Moreover, in 2017 the design of a product for encouraging the growth of companies through internationalisation has been completed, which will be launched and commercialised in 2018.



COFIDES was part of the international panel at the 2017 INVESTructuras Congress



Conference Exportar para Crecer (Export for Growth): "Destination India. A country of opportunities"

COFIDES continues its longstanding collaboration with ICEX Spain Trade and Investment under the sponsorship of COFIDES in the Forums and Business Meetings organised by ICEX Export Trade and Investments. In 2017, in addition to this sponsorship, COFIDES actively took part in the Forums and Business Meetings held in China, Brazil and USA.



Statement from the COFIDES Chairman at the Spain-Brazil Business Meeting



Presentation of the study 'Foreign direct investment of Spanish companies. Effects on the destination and the origin: five case studies in developing countries and economies'

All this promotional activity and business development focus have contributed to the fact that in the course of 2017, 64 new customers passed straight into the Area of Operations for analysis and for volumes exceeding €229 million.

## 6. PROJECT MONITORING

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With regard to monitoring activities, the rating of the total risk managed, of the portfolio level aggregate between FIEX, FONPYME and COFIDES has been revised and updated to 96% in 2017. This figure will rise to 100% in the first quarter of 2018.

In 2017, a more intensive monitoring mechanism was undertaken for those operations requiring special monitoring, applying new risk levels according to the financial conditions of those viable operations, in order to protect the interests of COFIDES, FIEX and FONPYME. In line with the above, last year resulted in a significant recovery of several dubious operations.

Finally, in 2017 there was divestment of 4 capital transactions, recovering the total amount invested and its interest.

## 7. COFIDES FINANCIAL POSITION ON 31<sup>st</sup> DECEMBER 2017

For the fifth year in a row, the company has comfortably exceeded a €20 million turnover, reaching €24.83 million in 2017, which is a solid growth in turnover of 14.2% compared to the previous year. This led to an operating profit of around €13.27 million, that is 15.4% higher than in 2016.

Regarding operational expenses as exterior services, they were not only significantly lower than the budgeted amount (approximately €676,000), but they were even slightly lower than the previous year.

As a result of the above, in 2017 the turnover before tax increased to €12.39 million, an increase of 7.3% compared to the previous year, improving the financial stability and solvency of the company and its position as a benchmark in the field of financing the internationalisation of the Spanish economy.



Presentation of the association of former grant holders ICEX Alumni, which collaborates with COFIDES

The image features a blurred cityscape in the background, with various buildings and structures. A large, semi-transparent white shape, resembling a stylized letter 'L' or a large bracket, is overlaid on the left side of the image. In the center of this white shape, the number '11' is displayed in a bold, dark grey font.

11

# Financial Statements



## Report from the Auditors

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

Financial Statements  
at 31<sup>st</sup> December 2017

Informe de Auditoría de Cuentas Anuales  
emitido por un Auditor Independiente

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO.  
COFIDES, S.A., S.M.E.  
Cuentas Anuales e Informe de Gestión  
correspondientes al ejercicio anual terminado  
el 31 de diciembre de 2017

## INFORME DE AUDITORÍA DE CUENTAS ANUALES EMITIDO POR UN AUDITOR INDEPENDIENTE

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

### Opinión

Hemos auditado las cuentas anuales de Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (la Sociedad), que comprenden el balance a 31 de diciembre de 2017, 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.

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de la Sociedad a 31 de diciembre de 2017, así como de sus resultados y flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación (que se identifica en la Nota 2 de la memoria) y, en particular, con los principios y criterios contables contenidos en el mismo.

### Fundamento de la opinión

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

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

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

### Aspectos más relevantes de la auditoría

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

## **Estimación de las pérdidas por deterioro por riesgos de crédito de la cartera de préstamos y partidas a cobrar**

### *Descripción*

La estimación de las pérdidas por deterioro por riesgo de crédito es una de las áreas más significativas y complejas en el proceso de elaboración de la información financiera de la Sociedad. En la Nota 4.6.6 de la memoria adjunta, se detallan los principios y criterios relevantes aplicados por la Sociedad.

El proceso de estimación de las pérdidas por deterioro por riesgo de crédito se basa en el análisis singularizado de cada una de las operaciones cuyas conclusiones se concretan en la asignación individualizada de un determinado nivel de rating interno, salvo en el caso de las operaciones dudosas por morosidad en las que la variable a considerar es la antigüedad de la deuda. Las estimaciones de estas pérdidas tiene en consideración, fundamentalmente y, entre otros factores, la identificación y clasificación de exposiciones deterioradas, la estimación de las evoluciones futuras de los negocios de los deudores (descuento de flujos de efectivo futuros) y, en su caso, la estimación del valor realizable de las garantías asociadas.

Por todo ello, la estimación de las pérdidas por deterioro por riesgo de crédito de la cartera de préstamos y partidas a cobrar ha sido considerada como una cuestión clave de nuestra auditoría.

### *Respuesta*

Entre los procedimientos de auditoría que hemos realizado en esta área, hemos evaluado y comprobado el control interno y llevado a cabo pruebas sustantivas tanto sobre las pérdidas por deterioro calculadas en base al rating interno asignado de forma individual como a los deudores, así como sobre las operaciones dudosas por morosidad.

Respecto al sistema de control interno, nuestras pruebas se han centrado en:

- La verificación de la adecuación de las distintas políticas y procedimientos establecidos por la Sociedad, así como su aplicación efectiva.
- Comprobación de la fiabilidad y coherencia de las fuentes de datos utilizadas en los cálculos.
- La revisión, en el proceso de concesión, de los procedimientos establecidos por la Sociedad para evaluar el cobro de las operaciones en base al análisis de flujos de caja futuros e información financiera del acreditado.
- La evaluación de que el proceso de revisión periódico de expedientes de acreditados para la actualización de su rating interno (seguimiento de su clasificación) se realiza de forma adecuada.
- La comprobación de los criterios de clasificación de las exposiciones en función de la antigüedad de los impagos, condiciones de la operación, incluyendo refinanciaciones o reestructuraciones, así como de los controles de seguimiento establecidos.
- La evaluación del diseño de los controles relevantes establecidos para la gestión y valoración de las garantías asociadas a las operaciones crediticias.

Adicionalmente, hemos realizado procedimientos consistentes principalmente, en:

- Evaluar las hipótesis utilizadas por la Sociedad para identificar y cuantificar las pérdidas por deterioro, seleccionando una muestra de expedientes para evaluar la adecuación del deterioro registrado.
- Evaluar la segmentación y correcta clasificación de los préstamos, así como el valor realizable de las garantías, verificando el cálculo.
- Evaluar los procedimientos de contraste que realiza la Sociedad como parte del proceso de estimación de las pérdidas por deterioro por riesgo de crédito, mediante la comparación de los riesgos asignados por la misma en base a su política con la experiencia en el sector bancario español.

#### **Otra información: Informe de gestión**

La otra información comprende exclusivamente el informe de gestión del ejercicio 2017, cuya formulación es responsabilidad de los administradores de la Sociedad y no forma parte integrante de las cuentas anuales.

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

Sobre la base del trabajo realizado, según lo descrito en el párrafo anterior, la información que contiene el informe de gestión concuerda con la de las cuentas anuales del ejercicio 2017 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

#### **Responsabilidad de los administradores en relación con las cuentas anuales**

Los administradores son responsables de formular las cuentas anuales adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados de la Sociedad, de conformidad con el marco normativo de información financiera aplicable a la entidad en España, que se identifica en la Nota 2 de la memoria adjunta, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

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

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

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

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

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

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

- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales, incluida la información revelada, y si las cuentas anuales representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

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

Entre los riesgos significativos que han sido objeto de comunicación a los administradores de la Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E., determinamos los que han sido de la mayor significatividad en la auditoría de las cuentas anuales del ejercicio 2017 y que son, en consecuencia, los riesgos considerados más significativos.

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

6 de abril de 2018.

**AUDITORES**  
MEMBER OF THE ERNST & YOUNG GLOBAL ORGANIZATION

ERNST & YOUNG, S.L.

Año 2018 N° 01/18/06926  
MILLAS EXPONENCIALES 96,00- EMI

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ERNST & YOUNG, S.L.  
(Inscrita en el Registro Oficial de Auditores  
de Cuentas con el N° 30530)

José Luis Ruiz  
(Inscrito en el Registro Oficial de Auditores  
de Cuentas con el N° 5217)

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

Balance sheet on 31<sup>st</sup> December 2017

(Figures in thousands of €)

ASSETS	Notes	2017	2016
<b>NON-CURRENT ASSETS</b>		<b>70,116</b>	<b>69,078</b>
<b>Intangible assets</b>	<b>5</b>	<b>58</b>	<b>77</b>
Software		28	62
Advances on software		30	15
<b>Tangible assets</b>	<b>6</b>	<b>935</b>	<b>1,023</b>
Other facilities		624	702
Furnishing		200	224
Hardware		110	95
Transport		1	2
<b>Long-term financial investments</b>		<b>69,123</b>	<b>67,978</b>
Equity instruments	10	1,399	295
Loans to companies	11	58,009	59,616
Other financial assets	11	115	117
Accounts receivable, Funds	11	9,600	7,950
<b>CURRENT ASSETS</b>		<b>58,444</b>	<b>50,916</b>
<b>Non-current assets held for sale</b>	<b>7</b>	<b>725</b>	<b>725</b>
<b>Trade debtors and other receivables</b>	<b>11</b>	<b>12,017</b>	<b>7,694</b>
Accounts receivable		2,907	1,555
Accounts receivable, Funds		9,110	6,139
<b>Short-term financial investments</b>	<b>11</b>	<b>15,321</b>	<b>13,867</b>
Loans to companies		14,969	13,426
Interest outstanding on loans to companies		352	441
<b>Short-term accrual accounts</b>		<b>19</b>	<b>24</b>
<b>Cash and other equivalent liquid assets</b>	<b>12</b>	<b>30,363</b>	<b>28,606</b>
Treasury		19,863	28,606
Other Cash Equivalents		10,500	-
<b>TOTAL ASSETS</b>		<b>128,561</b>	<b>119,994</b>

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

Balance sheet on 31<sup>st</sup> December 2017

(Figures in thousands of €)

EQUITY AND LIABILITIES	Notes	2017	2016
<b>NET EQUITY</b>		<b>124,959</b>	<b>117,464</b>
Issued capital	13	39,396	39,396
Reserves		76,757	69,563
Legal and statutory reserves		7,879	7,879
Other Reserves		68,878	61,684
Yearly earnings	3	8,806	8,505
<b>NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>215</b>
Long-term debt	15	-	215
Debts with financial institutions	-	-	215
<b>CURRENT LIABILITIES</b>		<b>3,602</b>	<b>2,315</b>
Liabilities associated with non-current assets held for sale	7	40	40
Short-term debt	15	216	430
Debts with financial institutions		216	430
Trade creditors and other payables		1,415	1,298
Sundry creditors	15	350	506
Staff (remuneration outstanding)	15	266	265
Current tax liabilities	17	478	220
Other payables to Public Authorities	17	321	307
Short-term accrual accounts	16	1,931	547
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128,561</b>	<b>119,994</b>

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

Profit and Loss Statement on 31<sup>st</sup> December 2017

(Figures in thousands of €)

ON-GOING OPERATIONS	Notes	2017	2016
<b>Net turnover</b>	19.1	24.837	21.742
<b>Employee costs</b>	19.2	(5.667)	(5.306)
Wages and salaries		(4.329)	(4.097)
Employee welfare		(1.338)	(1.209)
<b>Other operating costs</b>		(5.840)	(4.903)
Consulting	19.3	(3.101)	(3.133)
Taxes	19.3	(112)	(104)
Loss and write-downs in provisions for trade operations	11.1 & 11.2	(2.627)	(1.666)
<b>Depreciation of non-current assets</b>	5, 6	(188)	(184)
<b>Impairment losses and gains on disposals of assets</b>		(73)	-
Impairment losses of assets	10	(73)	-
<b>Impairment losses and gains on disposals of non-current assets</b>	5, 6 & 7	(1)	(1)
Gains on disposals and others		(1)	(1)
<b>Other Results</b>		168	122
<b>OPERATING INCOME</b>		13,237	11,470
<b>Revenues</b>	19.4	3	6
Marketable securities and other financial instruments			
Third-party		3	6
<b>Financial expenses</b>		(93)	(98)
Payable to financial institutions		(9)	(15)
Other third-party payables		(84)	(83)
<b>Exchange rate differences</b>		(758)	165
<b>FINANCIAL INCOME</b>		(848)	73
<b>INCOME BEFORE TAX</b>		12,389	11,543
Income Tax	17	(3,583)	(3,038)
<b>PROFIT FOR THE YEAR</b>	3	8,806	8,505

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

Statement of Changes in Shareholder Equity on 31<sup>st</sup> December 2017

(Figures in thousands of €)

A) Statement of Income and Expenditure for the year ending 31<sup>st</sup> December 2017

	Notes	2017	2016
Balance of the profit and loss account	3	8,806	8,505
<b>TOTAL INCOME AND EXPENDITURE</b>		<b>8,806</b>	<b>8,505</b>

B) Statement of Total Changes in Shareholder Equity for year ending 31<sup>st</sup> December 2017

	Share Capital (Note 13.1)	Legal Reserve (Note 13.2)	Voluntary Reserve (Note 13.3)	Profit for the year (Note 3)	Dividends (Note 3.1)	Total
<b>BALANCE ON 31<sup>st</sup> DECEMBER 2015</b>	<b>39,396</b>	<b>7,879</b>	<b>51,232</b>	<b>12,321</b>	<b>-</b>	<b>110,828</b>
Total income and expenditure in 2016	-	-	-	8,505	-	8,505
Distribution of 2015 profit:						
Reserves	-	-	10,452	(10,452)	(1,869)	(1,869)
Dividends	-	-	-	(1,869)	1,869	-
<b>BALANCE ON 31<sup>st</sup> DECEMBER 2016</b>	<b>39,396</b>	<b>7,879</b>	<b>61,684</b>	<b>8,505</b>	<b>-</b>	<b>117,464</b>
Total income and expenditure in 2017	-	-	-	8,806	-	8,806
Distribution of 2016 profit:						
Reserves	-	-	7,194	(7,194)	(1,311)	(1,311)
Dividends	-	-	-	(1,311)	1,311	-
<b>BALANCE ON 31<sup>st</sup> DECEMBER 2017</b>	<b>39,396</b>	<b>7,879</b>	<b>68,878</b>	<b>8,806</b>	<b>-</b>	<b>124,959</b>

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

Statement of Cash Flow on 31<sup>st</sup> December 2017

(Figures in thousands of €)

	Notes	2017	2016
<b>OPERATING CASH FLOW</b>			
<b>Earnings before tax</b>		<b>12,389</b>	<b>11,543</b>
<b>Adjustments</b>		<b>2,832</b>	<b>1,857</b>
Depreciation of non-current assets (+)	5, 6	188	184
Impairment losses adjustments (+/-)	10	(73)	-
Variation in provisions (+/-)	11.1 & 11.2	2,627	1,666
Results for retirements and disposals of non-current assets (+/-)		-	(85)
Financial revenues (-)		(3)	(6)
Financial expenses (+)		93	98
<b>Change in working capital</b>		<b>(8,986)</b>	<b>93</b>
(Increase)/Decrease in Debtors and other receivables		(4,323)	(599)
(Increase)/Decrease in other current liabilities		(1,655)	1,813
Increase/(Decrease) in Creditors and other payables		(141)	132
Increase/(Decrease) in other current liabilities		1,384	(769)
Other non-current assets (+/-)		(4,251)	(484)
<b>Other cash flows from operating activities</b>		<b>(3,415)</b>	<b>(3,680)</b>
Interest paid (-)		(93)	(98)
Interest received (+)		3	6
Receipts from (payment of) corporation tax (+/-)		(3,325)	(3,588)
<b>Operating cash flow</b>		<b>2,820</b>	<b>9,813</b>
<b>CASH FLOWS FOR INVESTMENT ACTIVITIES</b>			
<b>Payments on investments (-)</b>		<b>(82)</b>	<b>(51)</b>
Intangible assets	5	(15)	(1)
Tangible assets	6	(67)	(50)
<b>Revenues for divestments (+)</b>		<b>-</b>	<b>632</b>
Other financial assets		-	632
<b>Cash flows for investment activities</b>		<b>(82)</b>	<b>581</b>

	Notes	2017	2016
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Receivables and payments for equity instruments		-	-
Receivables and payments for liability instruments		(429)	(304)
Issues		-	-
Return and repayment of		(429)	(304)
Bank loans (-)		(429)	(304)
Payments on dividends and earnings on other equity instruments	3.1	(1,311)	(1,869)
Dividends		(1,311)	(1,869)
Financial cash flow from financing activities		(1,740)	(2,173)
<b>EFFECT OF EXCHANGE RATE VARIATIONS</b>			
		758	(165)
<b>NET INCREASE/(DECLINE) IN CASH OR CASH EQUIVALENTS</b>			
		1,756	8,056
Cash and cash equivalents at beginning of year	12	28,607	20,551
Cash and cash equivalents at year end	12	30,363	28,607

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

Consolidated Financial Statements for year ending 31<sup>st</sup> December 2017

### 1. Nature, Business Activity and Composition of the Group

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Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereafter the Company or COFIDES), is a state-owned trading company whose corporate function is to provide financial support for private, direct investment projects with a Spanish interest and which are carried out in developing or emerging countries.

In order to fulfil its corporate purpose, the Company has, as well as its own resources, several signed financing agreements with other public or multilateral financial entities.

Pursuant to Act 66/1997 of 30<sup>th</sup> December, COFIDES manages the Fund for Foreign Investment (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 as well as on behalf of such funds. In addition, fund activities and operations are governed by Royal Decree 1226/2006 of 27<sup>th</sup> October, which supersedes previous legislation, which in turn has also been amended by Royal Decree 321/2015 on 24<sup>th</sup> April. 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.

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

The Act was amended by Final Provision Two of the 8/2014 Act, of 22<sup>nd</sup> April, and contemplates State coverage of the internationalisation risks to the Spanish economy and also that the FONPRODE management, including analysis, planning, negotiation and monitoring of aid under the Fund, would be the responsibility of the Ministry of Foreign Affairs and Cooperation, through the Secretary of State responsible for international development cooperation and the Spanish Agency for International Development Cooperation, supported by the Compañía Española de Financiación del Desarrollo (COFIDES). The approval of this Act implies acknowledgement that COFIDES is a Spanish Development Finance Institution as well as having a role within the bilateral Association of European Development Finance Institutions (EDFI). The approval of the Regulations defines COFIDES tasks in the support of the management of FONPRODE, regulated in Article 8 of Royal Decree 597/2015 on 3<sup>rd</sup> July where the Regulations of the Promotion of the Development Fund was approved.

Since May 2016 the Company has been an accredited entity of the European Union (EU), which allows it to indirectly manage the community budget. Therefore, COFIDES may assume the role of main co-financer in Blending operations, a financing instrument of the European Union which is articulated through the combination of EU grants with loans or equity from accredited public and private financiers.

The company's registered office for business and tax purposes is located at Paseo de la Castellana, 278, 3<sup>rd</sup> floor, Madrid, Spain.

## 2. Basis of Presentation

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The annual accounts have been prepared in accordance with the General Accounting Plan approved by Royal Decree 1514/2007 of 16<sup>th</sup> November, which was modified by Royal Decree 602/2016 of 2<sup>nd</sup> December 2016, along with the rest of the current commercial legislation.

The annual accounts have been prepared by the Company Directors for submission for approval of the General Shareholders' Meeting, and it is estimated that they will be approved without any modification.

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

### 2.1 True and accurate view

The financial statements were drawn up from COFIDES financial records. The 2017 financial statements were prepared according to the commercial legislation in force and in accordance with the standards established by the Spanish General Accounting Plan to provide a true image of the assets and the financial situation as of December 31, 2017 and of the results of its operations, the changes in equity and cash flows corresponding to the year ending on that date.

The Company's Directors deem that the financial statements for 2017 will be approved by the General Meeting of Shareholders with no amendments whatsoever.

### 2.2 Data comparability

The annual accounts show, for each of the items in the balance sheet, the profit and loss account statement, equity changes statement, cash flow statement and the report, as well as the figures for 2017, those corresponding to the previous year, that were part of the annual accounts for 2016, approved by the General Shareholders' Meeting on 26<sup>th</sup> May 2017.

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

The preparation of the annual accounts requires the application of relevant accounting estimates and the making of judgments, estimates and hypotheses in the process of applying the Company's accounting policies. The following is a summary of the factors that have implications for discretion or complexity or in which the assumptions and estimates have a significant impact on the preparation of the financial statements.

### Impairment losses adjustments

One of the specific tasks of the Company's Investment & Portfolio Management Division and Risk Division is to supervise and manage the risks involved in its commercial financial operations as well as to analyse the impairment of such financial assets 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, rounded to the nearest thousand, with this being the functional and reporting currency of the Company.

## 3. Distribution of earnings

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### 3.1 Distribution of Earnings

The distribution of earnings for the year ending on 31<sup>st</sup> December 2016, proposed by the Directors and approved by the General Meeting of Shareholders on 27<sup>th</sup> May 2017, was as itemised below:

	2016
	<i>Euros</i>
<b>Basis for distribution</b>	
Yearly earnings	8,504,998.65
<b>Distribution</b>	
Dividend distribution	1,311,000.00
Legal Reserve	-
Capital Reserve (*)	1,045,261.46
Voluntary Reserve	6,148,737.19
<b>TOTAL</b>	<b>8,504,998.65</b>

The proposal for profit distribution for the year ended 31<sup>st</sup> December 2017, prepared by the Directors and pending approval by the General Meeting of Shareholders, consists of:

2017	
<i>Euros</i>	
<b>Basis for distribution</b>	
Yearly earnings	8,805,586.72
<b>Distribution</b>	
Dividend distribution	1,311,000.00
Legal Reserve	-
Capital Reserve (*)	719,400.00
Voluntary Reserve	6,775,186.72
<b>TOTAL</b>	<b>8,805,586.72</b>

(\*) In compliance with the requirements of Article 25 of Law 27/2014, of 27<sup>th</sup> November, related to corporate income tax and with regard to the capital reserve, as part of the profit distribution for 2017, an allocation from the positive results for the year amounting to €719,400 (€1,045,261.46 in 2016) to the Capital Reserve is proposed (Note 17).

### 3.2 Limitations on dividend payments

10% of the 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 the 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. To this effect, 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. Valuation Standards

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The valuation standards 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, this being the acquisition price or the production cost.

After the initial valuation, the intangible assets are valued at its cost less any accumulated depreciation and any accumulated impairment losses.

The useful lives of intangible assets are assessed individually to be either finite or indefinite.

#### ■ 4.1.1 Commercial Property

This entry allocates the corresponding amount to the name or trade name of the Company.

#### ■ 4.1.2 Software

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

#### ■ 4.1.3 Service life and amortisation

Intangible assets are amortised by systematically allocating the amortisable amount evenly across the service life by applying the following criteria:

	Amortisation Method	Estimated service life (years)
Commercial Property	Straight-line	10
Software	Straight-line	4

For all purposes, the amortisation amount is the cost of acquisition less, if applicable, the residual value.

The Company reviews the residual value, service life and amortisation method of intangible assets at least yearly, at the end of the financial year. Any amendments in the criteria, if any, once established are recognised as a change in the estimate.

#### ■ 4.1.4 Impairment of non-current assets

The Company assesses and corrects intangible assets and reversal of impairment losses on intangible assets in accordance with the criteria set out in Note 4.3.

## 4.2 Tangible assets

#### ■ 4.2.1 Initial recognition

Tangible assets are stated at their acquisition price or cost of production and are carried on the balance sheet at that value less depreciation and, if applicable, any accumulated impairment losses.

#### ■ 4.2.2 Amortisation

Non-current tangible assets are amortised by distributing the amortisable amount in a systematic way throughout its service life. For these purposes, the amortisable amount is the cost of acquisition less its residual value. The Company determines the amortisation costs for each asset.

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

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

The Company reviews the residual value, service life and depreciation method for tangible assets at the end of each reporting period. Amendments in the initially established criteria are recognised as a change of estimate.

#### ■ 4.2.3 Subsequent costs

After initial recognition of the 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 and reversal of impairment 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 follows the criterion of evaluating the existence of indications that might denote potential impairment of the value of non-financial assets subject to amortisation or depreciation, in order to verify whether the carrying value of the aforementioned assets exceeds their recoverable value, understood as the higher of their fair value, less selling costs and value-in-use.

Once the impairment loss valuation or its reversal is recognised, the depreciation of the following years is adjusted taking into consideration the new book value.

Nevertheless, if specific circumstances of any given asset reveal an irreversible loss, such loss is directly recognised in losses on non-current assets and shown as such on the profit and losses account.

Impairment losses are entered in the profit and loss account.

### 4.4 Non-current assets held for sale

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

- › The assets are available for immediate sale in their present condition subject only to usual and customary terms for their sale.
- › Their sale is highly likely.

Non-current assets held for sale are valued at their lower book value and their fair value less cost of sale, except for 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 cost of sale.

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

### 4.5 Leases

Leases in which the contract essentially transfers all risks and benefits inherent in the legal ownership of the asset are classified as financial leases; all others are classified as operational leases.

#### ■ 4.5.1 Lessor accounting

Revenues from operational leases are registered in the profit and loss account upon accrual. The direct costs attributable to the lease are included as an increase in the value of the leased asset and posted as an expense during the term of the lease, applying the same criteria used for the recognition of rental income.

#### ■ 4.5.2 Lessee accounting

The Company has leased to third parties, under operating lease agreements, the premises where it carries out its usual activity (head offices and representative office), as well as a vehicle used by the staff.

The fees resulting from operating leases, net of incentives received, are recognised as expenses on a straight-line basis over the lease term.

### 4.6 Financial instruments

#### Classification and separation of financial instruments

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic substance of the contractual agreement and the financial asset definitions, financial liability or 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 are composed of trade and non-trade operations loans with fixed or determinable receivables that are not listed on an active market. 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 under one year or whose 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, fixed or determinable receivables, which are traded on an active market and which the Company fully intends and has enough capacity to hold to maturity other than those classified in other categories. The valuation criteria applicable to financial instruments classified in this category are those applicable to loans and receivables.

#### ■ 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 given 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 support 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 are their management, which is not incumbent upon the company, integrated in COFIDES' overall strategy.

#### ■ 4.6.4 Interest

Interest is recognised by the effective interest rate method and dividends when the right to receive them is established.

#### ■ 4.6.5 Derecognition of financial assets

Financial assets are subject to derecognition from the books when the rights to receive related cash flows thereto have expired or have been transferred and the Company has substantially transferred the risks and benefits derived from its 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 asset or group of financial assets becomes impaired, generating a loss, if objective evidence of impairment is forthcoming as a result of one or more events that have occurred after the initial recognition of the asset and that event or events causing the impairment to have an impact on the estimated future cash flows of the asset or group of financial assets, which can be accurately estimated.

On 28<sup>th</sup> June 2017 the Board of Directors approved an update of the hedging risk coverage policy, which is based on the principles of the Bank of Spain. The implementation of this new policy resulted in the following new operating line:

- › The coverage of impairment risk is applicable to all operations with the only exception being open price operations so that, in accordance with the accounting plan, the impairment of these operations is determined by the difference between the cost of acquisition and the value of the share which, in the absence of a reliable market rate, will be similar to the net book value of the company involved.
- › This policy is based on the targeted risk analysis of every operation whose conclusions are limited by assigning a set level of internal rating, except in the case of doubtful operations for late payment where the variable

to consider is the age of the debt. Once qualified, the level of impairment is collectively estimated for each category of internal rating -internal rating of the operation before considering guarantees- and is presented on a chart which assigns a level of impairment for each rating category.

The impairment risk coverage in doubtful assets follows a general treatment distinguishing between debts of 3 to 6 months, 6 to 9 months, 9 to 12 months and over 12 months by applying percentages of 25%, 50%, 75% and 100% to each of these scales respectively.

In the event of country risk operations, the depreciation of value will be maintained according to its solvency as long as it is the same or higher than that which would correspond to the risk country.

- › The policy also provides the possibility to estimate the amount of impairment individually (individual risk estimation) for the portfolio operations classified as Special Surveillance and Doubtful. Under this assumption, the impairment of the applicable value will be determined based on the specific report issued and supported by the Investment & Portfolio Management division and/or the General Secretariat.
- › 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 lessened by the value of the guarantee.

Rating	Percentage employed in 2016	Percentage employed in 2017
A	0%	0.20%
B+	0.75%	0.20%
B	1.88%	0.20%
B-	2.25%	0.20%
C+	4%	4%
C	10%	10%
C-	20%	20%
DM3	25%	30%
DM6	50%	70%
DM9	75%	80%
DM12	100%	90%
DM15	100%	95%
DM18	100%	100%

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 thereto.

After the initial post, these financial liabilities are valued at their amortised cost. The interest accrued 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 established as a result of leases, are 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.

#### 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 payments

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

In accordance with current labour legislation, the Company is required to pay compensation to those employees with whom, under certain conditions, their employment relationships are terminated. Severance payment that can be reliably quantified is expensed in the year in which the company creates 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.

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 detail and movements of the various items that make up intangible assets are as follows:

Euros ('000)	2017			
	Commercial Property	Software	Advance on computer software	Total
<b>Cost on 1<sup>st</sup> January 2017</b>	-	851	15	866
Acquisitions	-	-	15	15
Retirements	-	-	-	-
Transfers	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2017</b>	-	851	30	881
<b>Accumulated depreciation on 1<sup>st</sup> January 2017</b>	-	(789)	-	(789)
Acquisitions	-	(34)	0.00	(34)
Retirements	-	-	0.00	-
Transfers	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> January 2017</b>	-	(823)	-	(823)
<b>Net carrying value on 31<sup>st</sup> December 2017</b>	-	28	30	58

Euros ('000)	2016			
	Commercial Property	Software	Advances on computer software	Total
<b>Cost on 1<sup>st</sup> January 2016</b>	-	1,234	15	1,249
Acquisitions	-	1	-	1
Retirements	-	(384)	-	(384)
Transfers	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2016</b>	-	851	15	866
<b>Accumulated depreciation on 1<sup>st</sup> January 2016</b>	-	(39)	-	(39)
Acquisitions	-	384	-	384
Retirements	-	-	-	-
Transfers	-	(789)	-	(789)
<b>Accumulated depreciation on 31<sup>st</sup> January 2016</b>	-	62	15	77
<b>Net carrying value on 31<sup>st</sup> December 2016</b>	-	62	15	77

## 5.1 Total depreciated assets

The cost of intangible assets that are fully depreciated and still in use at 31<sup>st</sup> December is as follows:

<i>Euros ('000)</i>	2017	2016
Software	725	700
TOTAL	725	700

## 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 considered sufficient.

## 5.3 Other information

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

At 31<sup>st</sup> December 2017, there were no commitments related to intangible assets. The same state existed at 31<sup>st</sup> December 2016.

## 6. Tangible Assets

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

2017					
<i>Euros ('000)</i>	Other facilities	Furnishing	Computer hardware	Transport	Total
<b>Cost on 1<sup>st</sup> January 2017</b>	<b>836</b>	<b>359</b>	<b>232</b>	<b>2</b>	<b>1,429</b>
Acquisitions	3	3	54	-	60
Retirements	(18)	(9)	(24)	-	(51)
Transfers	-	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2017</b>	<b>821</b>	<b>353</b>	<b>262</b>	<b>2</b>	<b>1,438</b>
<b>Accumulated depreciation on 1<sup>st</sup> January 2017</b>	<b>(135)</b>	<b>(134)</b>	<b>(136)</b>	<b>-</b>	<b>(405)</b>
Acquisitions	(80)	(30)	(43)	(1)	(154)
Retirements	18	11	27	-	56
Transfers	-	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> January 2017</b>	<b>(197)</b>	<b>(153)</b>	<b>(152)</b>	<b>(1)</b>	<b>(503)</b>
<b>Net carrying value on 31<sup>st</sup> December 2017</b>	<b>624</b>	<b>200</b>	<b>110</b>	<b>1</b>	<b>935</b>

2016					
<i>Euros ('000)</i>	Other facilities	Furnishing	Computer hardware	Transport	Total
<b>Cost on 1<sup>st</sup> January 2016</b>	<b>826</b>	<b>354</b>	<b>313</b>	<b>2</b>	<b>1,495</b>
Acquisitions	19	4	34	-	57
Retirements	(8)	(0)	(116)	-	(124)
Transfers	-	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2016</b>	<b>837</b>	<b>358</b>	<b>231</b>	<b>2</b>	<b>1,428</b>
<b>Accumulated depreciation on 1<sup>st</sup> January 2016</b>	<b>(54)</b>	<b>(103)</b>	<b>(220)</b>	<b>-</b>	<b>(377)</b>
Acquisitions	(81)	(31)	(32)	-	(144)
Retirements	-	-	116	-	116
Transfers	-	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> January 2016</b>	<b>(135)</b>	<b>(134)</b>	<b>(136)</b>	<b>-</b>	<b>(405)</b>
<b>Net carrying value on 31<sup>st</sup> December 2016</b>	<b>702</b>	<b>224</b>	<b>95</b>	<b>2</b>	<b>1,023</b>

## 6.1 Totally depreciated assets

The cost of intangible assets that are fully depreciated and still in use at 31<sup>st</sup> December is as follows:

Euros ('000)	2017	2016
Other facilities	30	20
Furnishing	66	69
Computer hardware	65	84
<b>TOTAL</b>	<b>161</b>	<b>173</b>

## 6.2 Insurance

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

## 6.3 Other information

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

At 31<sup>st</sup> December 2017 and 2016, the Company had no commitments to purchase tangible assets.

## 7. Non-current assets held for sale

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On 28<sup>th</sup> 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 leased to third parties.

On 19<sup>th</sup> 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<sup>st</sup> December 2017.

The estimated sale cost related to this asset, amounting to €140,000 is listed on the balance sheet under the item Liabilities associated with non-current assets held for sale, being the amount detailed at 31<sup>st</sup> December 2017 €40,000 (€40,000 in 2016).

On 31<sup>st</sup> December 2015, the Company considered, due to a new land valuation commissioned from a specialist company, that the valuation of the property had been reduced to €725,000 and therefore applied an impairment loss amounting to €50,000.

On 31<sup>st</sup> December 2017, the Company considered that the valuation of the property amounting to €725,000 was reasonable.

## 8. Risk policy and management

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### 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 Investment & Portfolio Management team as well as its Risk management team, in accordance with the policies approved by the Board of Directors and more specifically its Operating Criteria and the 2016-2019 Strategic Plan including the recent revisions, and this has greatly strengthened its control mechanisms, reporting and monitoring of financial risk. The Investment & Portfolio Management team identifies, evaluates and details the financial risks of new operations proposed to the Company and manages financial risks of current operations to be able to better manage future mitigation. The Risk team manages the portfolio risk and monitors each company's compliance with their own internal risk criteria, both individually and globally. All of the above and for accounting purposes, in accordance with the provisions of section 4.6.6.

#### ■ 8.1.1 Credit risk

The Company, in accordance with its own Operating Criteria, has not incurred any significant burden of credit risk. The Company has policies to properly evaluate that its financing operations are carried out with clients with an adequate 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 the US 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 US dollars with the Official Credit Institute (Instituto de Crédito Oficial), 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.

## 8.2 Operational risk factors

Operational risk is one form of risk that can cause losses due to human error, inadequate or defective internal processes and system failures and as a consequence of external events. This definition includes legal risk, but excludes strategic risk and/or business risk, and the reputational risk for the Company.

Operational risk is inherent in all activities, products, systems and processes, and its origins are varied (processes, internal and external fraud, technology, human resources, business/commercial practices, suppliers). The operational risk management is integrated into the structure of global risk management of the Company.

In this sense, the Company has an integrated methodology of internal control with policies that cover personnel management and training, investment in information technologies and policies for monitoring credit operations, a methodology developed by the different departments of the Company with the drive of the Division of Control, Internal Audit and Quality and Presidency, of which it depends. This division performs monitoring and periodic internal audits of these policies and established processes. In addition, it ensures regulatory compliance and adoption of best practice in Compliance, mainly in cooperation with the General Secretariat, who guards the legal aspects of the Company.

## 9. Operational leases - lessee

The Company has leased to third parties, under operating lease agreements, the premises where it conducts its usual business (head offices and representative office), as well as a vehicle used by its staff.

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

<i>Euros ('000)</i>	2017	2016
Buildings	846	843
Vehicles	8	9
Others	27	27
<b>TOTAL</b>	<b>881</b>	<b>879</b>

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

<i>Euros ('000)</i>	2017	2016
Up to one year	687	687
Between one to five years	2.748	2.748
Over five years	-	687
<b>TOTAL</b>	<b>3.435</b>	<b>4.122</b>

## 10. Equity instruments 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:

<i>Euros ('000)</i>			2017			
Company	Country	Business	% Holding	Cost	Impairment	Net carrying value on holding
European Financing Partners	Luxembourg	(i)	15.38	6	-	6
Interact Climate Change Facility, S.A.	Luxembourg	(ii)	7.69	6	-	6
AURICA III FCR	Spain	(iii)	3.14	1,105	(51)	1,054
SOCIEDAD MERCANTIL ESTATAL COFIDES Capital Riesgo SGEIC, S.A	Spain	(iv)	100	150	-	150
AUTOPISTA DEL NORDESTE, S.A.S.	Colombia	(v)	0.07	205	(22)	183
			<b>TOTAL</b>	<b>1,472</b>	<b>(73)</b>	<b>1,399</b>

(i) Financial intermediation to Asian, Caribbean and Pacific countries

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

(iii) Financial intermediation of projects with a profile oriented towards its international expansion

(iv) Investment management of one or more equity capital entities

(v) Infrastructure, transport

Euros ('000)		2016				
Company	Country	Business	% Holding	Cost	Impairment	Net carrying value on holding
European Financing Partners	Luxembourg	(i)	15,38	6	-	6
Interact Climate Change Facility, S.A.	Luxembourg	(ii)	7,69	6	-	6
AURICA III FCR	Spain	(iii)	15	133	-	133
SOCIEDAD MERCANTIL ESTATAL COFIDES Capital Riesgo SGEIC, S.A	Spain	(iv)	100	150	-	150
TOTAL				295	-	295

(i) Financial intermediation to Asian, Caribbean and Pacific countries

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

(iii) Financial intermediation of projects with a profile oriented towards its international expansion

(iv) Investment management of one or more equity capital entities

The equity instruments listed in the above tables for 2017 and 2016 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.

The functional currency of the shares abroad is the currency of the countries in which they are domiciled. Likewise, the net investment in holdings concurs with the book value of the investment.

The Company has signed funding agreements with other European development institutions:

### ■ EUROPEAN FINANCING PARTNERS, S.A. (EFP)

This is a company formed by the Development Finance Institutions associated to EDFI including COFIDES, together with the European Investment Bank (EIB) with the aim of promoting sustainable development of the private sector and the strengthening of the cooperation of EDFIs and the EIB. In 2016, the European Financing Partners (EFP) expanded its geographical scope of activity to finance projects in countries included in the list of OECD Official Development Assistance (ODA) recipients. To date, the EFP has exclusively funded projects in ACP countries (Africa, Caribbean, Pacific). In the group of rounds, COFIDES contributed a total of 45 million Euros through its own resources and the FIEX Fund.

At 31<sup>st</sup> December 2017, the EFP funding scheme, driven collectively between the European Investment Bank (EIB) and the bilateral European Development Finance Institutions equivalents of COFIDES, committed a total of €476.86 million in 36 projects located in 14 different countries. The participation of COFIDES and FIEX resources in these projects at the end of 2017 translated into a commitment volume of €16.88 million in 27 operations in 12 different countries, 10 of which belong to the geographical area of sub-Saharan Africa.

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

During 2011, the Company, together 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 ODA (Official Development Assistance) countries.

At 31<sup>st</sup> December 2017 ICCF had committed a total of €348.87 million in 22 projects in 12 different countries. By the end of 2017, COFIDES had committed a total of €11.23 million to ICCF projects in 22 operations in 11 different countries, all of which are countries receiving Official Development Assistance.

### ■ AURICA III FCR

Aurica III FCR is an investment in a newly created fund to provide financing through capital expansion for Spanish companies with a profile oriented towards international expansion. The duration of the fund is ten years.

The fund was founded in June 2016, and during 2017 it has completed two investments and has approved a third-party pending formalisation.

### ■ COFIDES CAPITAL RIESGO SGEIC, S.A.

A public limited company of Spanish nationality has been constituted with the title, SOCIEDAD MERCANTIL ESTATAL COFIDES CAPITAL RIESGO, SGEIC, S.A.

The Company's main corporate purpose is investment management of one or more risk capital companies (RCCs), as well as for the control and management of their risk. In addition, the Company will carry out duties described in article 42.4 of the LECR. As a supplementary activity, it will be able to perform advisory tasks to non-financial companies defined in accordance with Article 7 of the LECR.

This Company has a share capital of €150,000, following an initial contribution of €125,000 and a subsequent capital increase of €25,000.

### ■ AUTOPISTA DEL NORDESTE, S.A.S.

Ortiz Construcciones y Proyectos is the parent company of a multinational business group whose business focuses on the construction sector (civil engineering, construction, EPC energy), although in recent years they have started a strategic operation based on the internationalisation and diversification of their business mix.

A concession agreement granted in 2014 as part of the bidding process of the first wave of 4G pathways in Colombia (4G Programme).

The term of the concession is 25 years, with the option of extending it for another four years if the revenue expected and stipulated in the concession agreement is not reached. The term for construction is 5-6 years.

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

The operation consists of providing financial support to the Ortiz Group by contributing funds to the concessionary company Autopistas del Noreste in the form of capital, subordinated debt and counter guarantees of capital and subordinated debt.

COFIDES/FIEX acquired shareholder positions in the concessionary company in July 2017, when the trading and payment of shares took place.

The changes in the amount of impairment losses on loans at 31<sup>st</sup> December are as follows:

<i>Euros ('000)</i>	2017	2016
Cost	1,472	295
Net Impairment Losses	(73)	-
Net carrying value	1,399	295
Changes in impairment losses	(73)	-

<i>Euros ('000)</i>	2017	2016
	Non-current	Non-current
<b>Impairment loss at 1<sup>st</sup> January</b>	-	-
Net increases	-	-
Net decreases	(73)	-
Pay offs	-	-
Transfers to debtors	-	-
<b>Accumulated impairment loss at 31<sup>st</sup> December</b>	<b>(73)</b>	<b>-</b>

## 11. Financial Assets

The composition of the Company's "Financial Assets" on 31<sup>st</sup> December was as follows:

Euros ('000)	Equity instruments (Note 10)		Debit securities		Loans, derivatives and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 2017:								
Loans and accounts receivable	1,399	-	58,009	14,969	9,715	22,869	69,123	37,838
Investments held through maturity	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,399</b>	<b>-</b>	<b>58,009</b>	<b>14,969</b>	<b>9,715</b>	<b>22,869</b>	<b>69,123</b>	<b>37,838</b>
Financial year 2016:								
Loans and accounts receivable	295	-	59,616	13,426	8,067	8,135	67,978	21,561
Investments held through maturity	-	-	-	-	-	-	-	-
<b>Total</b>	<b>295</b>	<b>-</b>	<b>59,616</b>	<b>13,426</b>	<b>8,067</b>	<b>8,135</b>	<b>67,978</b>	<b>21,561</b>

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

Euros ('000)	Equity instruments (Note 10)		Debt securities		Loans, derivatives and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Financial year 017:								
<b>Long-term financial investments</b>								
Equity instruments	1,399	-	-	-	-	-	1,399	-
Loans to companies	-	-	58,009	-	-	-	58,009	-
Other financial instruments	-	-	-	-	115	-	115	-
Accounts receivable, Funds	-	-	-	-	9,600	-	9,600	-
<b>Trade and other receivables</b>								
Accounts receivable	-	-	-	-	-	2,907	-	2,907
Accounts receivable, Funds	-	-	-	-	-	9,110	-	9,110
<b>Short-term financial investments</b>								
Loans to companies	-	-	-	14,969	-	-	-	14,969
Interest accruing on loans to companies	-	-	-	-	-	352	-	352
Other financial instruments	-	-	-	-	-	10,500	-	10,500
Interest accruing on other financial assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,399</b>	<b>-</b>	<b>58,009</b>	<b>14,969</b>	<b>9,715</b>	<b>22,869</b>	<b>69,123</b>	<b>37,838</b>

## 11.1 Debt securities

### ■ 11.1.1 Loans and accounts receivables

Loans are granted under financing agreements concluded with third parties to further private projects involving Spanish interest and carried out 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:

Euros ('000)	2017		2016	
	Non-current	Current	Non-current	Current
Cost on 1 <sup>st</sup> January	63,867	14,104	63,572	16,635
Increases	21,697	-	16,911	-
Decreases	(4,832)	(14,104)	(2,512)	(16,635)
Transfer to short-term	(15,537)	15,537	(14,104)	14,104
Cost on 31 <sup>st</sup> December	65,195	15,537	63,867	14,104
Accumulated impairment loss on 31 <sup>st</sup> December	(7,186)	(568)	(4,251)	(678)
Net book value on 31 <sup>st</sup> December	58,009	14,969	59,616	13,426

At year-end 2017, the loans granted and outstanding amounted to €21,697,000 (€18,373,000 at year-end 2016).

Some of these debt instruments are formalised through the acquisition of shares in the companies that COFIDES finances. Notwithstanding the above, given the repurchase conditions which are established, these operations are deemed debt instruments and not equity instruments. The loans formalised under this classification are detailed in the following:

Euros ('000)	2017						
	Company	Country	Business	% Holding	Cost	Impairment	Net carrying value on holding
	Electrón Investment S.A.	Panama	(i)	2.67%	3,557	(142)	3,415
	South East U.P. Power Transmission Company Ltd.	India	(ii)	2.59%	4,053	(3,648)	405
	Globalvia Chile SPA	Chile	(iii)	8.17%	5,027	(201)	4,826
				TOTAL	12,637	(3,991)	8,646

(i) Construction, operation and maintenance of two electric power plants

(ii) Construction

(iii) Infrastructure, transport

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

<i>Euros ('000)</i>	2017	2016
Year 2017	-	14,104
Year 2018	15,537	15,005
Year 2019	15,222	13,583
Year 2020	13,365	10,975
Year 2021	8,333	24,304
Year 2022 subsequent years	28,275	-
<b>Total</b>	<b>80,732</b>	<b>77,971</b>

Generally, 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 2017 and 2016 was as follows:

<i>Euros ('000)</i>	2017	2016
Income accrued (Note 19.1)	2,276	2,253
Interest accrued on outstanding receipt (Note 11.2)	352	441

The changes in the amount of impairment losses on loans as of 31<sup>st</sup> December are as follows:

<i>Euros ('000)</i>	2017	
	Non-current	Current
<b>Impairment loss on 1<sup>st</sup> January</b>	<b>(4,251)</b>	<b>(678)</b>
Net increases	(2,935)	110
Net decreases	-	-
Payoffs	-	-
Transfers	-	-
Inactive provisions	-	-
Transfer to short-term/long-term	-	-
<b>Accumulated impairment loss on 31<sup>st</sup> December</b>	<b>(7,186)</b>	<b>(568)</b>

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

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

The items under this heading on 31<sup>st</sup> December were as follows:

<i>Euros ('000)</i>	2017		2016	
	Non-current	Current	Non-current	Current
<b>Trade accounts receivable</b>	<b>9,600</b>	<b>12,017</b>	<b>7,950</b>	<b>7,694</b>
<b>Other financial investments:</b>				
Interest accruing on loans to companies (Note 11.1.1)	-	352	-	441
Other financial instruments	115	10,500	117	-
Interest accruing on other financial assets	-	-	-	-
<b>Total</b>	<b>9,715</b>	<b>22,869</b>	<b>8,067</b>	<b>8,135</b>

### ■ 11.2.1 Trade accounts receivable

The breakdown for trade accounts receivable is given below:

<i>Euros ('000)</i>	2017		2016	
	Non-current	Current	Non-current	Current
Accounts receivable	-	6,035	-	5,647
Accounts receivable, Funds	11,087	9,110	9,951	6,139
Other receivables	-	2,169	-	1,301
<b>Total</b>	<b>11,087</b>	<b>17,314</b>	<b>9,951</b>	<b>13,087</b>
Impairment, trade accounts receivable	(1,487)	(5,297)	(2,001)	(5,392)
<b>Total trade receivables</b>	<b>9,600</b>	<b>12,017</b>	<b>7,950</b>	<b>7,695</b>

The entries in 2017 and 2016 in "Impairment of trade accounts receivable" are summarised below:

<i>Euros ('000)</i>	2017		2016	
	Non-current	Current	Non-current	Current
<b>Balance on 1<sup>st</sup> January</b>	<b>(2,001)</b>	<b>(5,392)</b>	<b>(1,607)</b>	<b>(4,720)</b>
Net endowments	514	(316)	(394)	(677)
Transfers	-	-	-	-
Inactive provisions	-	-	-	-
Applications	-	411	-	5
<b>Balance on 31<sup>st</sup> December</b>	<b>(1,487)</b>	<b>(5,297)</b>	<b>(2,001)</b>	<b>(5,392)</b>

"Accounts receivable" refers primarily to the sums due and outstanding receipts on third party loans, related to 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 assets

Euros ('000)	2017		2016	
	Non-current	Current	Non-current	Current
<b>Other financial assets</b>				
Guarantees	115	-	117	-
Deposits	-	10,500	-	-
<b>Total</b>	<b>115</b>	<b>10,500</b>	<b>117</b>	<b>-</b>

#### Non-current:

Other (non-current) financial instruments, includes €115,000 at year end 2017 (€117,000 at year-end 2016), consisting primarily of security deposits established in connection with the Company's leases, as specified in Note 9.

#### Current:

At year-end 2016, there were no bank charges for period of less than one year. In 2017, the detail was as follows:

Type	Yearly interest rate	Date formalised	Maturity date	Certificates of deposits (Euros ('000))	Interest accrued and outstanding (Euros ('000))
<b>Financial Year 2017</b>					
Time deposit Banco Sabadell	0.12%	26/10/2017	26/04/2018	5,000	-
Time deposit Banco Sabadell	0.1%	28/11/2017	28/02/2018	5,500	-
<b>Totals</b>				<b>10,500</b>	<b>-</b>

### 11.3 Sums denominated in foreign currency

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

<i>Euros ('000)</i>	2017	2016
Long-term financial investments:		
Loans to companies	3,816	4,838
<b>Total non-current assets</b>	<b>3,816</b>	<b>4,838</b>
Short-term trade and other receivables:		
Accounts receivable	689	640
Short-term financial investments:		
Loans to companies	625	766
Interest accruing on loans to companies	38	69
Cash and other cash equivalent assets		
Cash in bank	12	220
<b>Total current assets</b>	<b>1,364</b>	<b>1,695</b>
<b>Total financial instruments in foreign currency</b>	<b>5,180</b>	<b>6,533</b>

EUR/USD exchange rate at year-end 2017 and 2016 was:

	2017	2016
Exchange rate	1.194	1.054

## 12. Cash and Other Cash - Equivalent Liquid Assets

The cash and other cash-equivalent liquid assets at 31<sup>st</sup> December are as detailed below:

<i>Euros ('000)</i>	2017	2016
Commercial and savings banks	19,863	28,606
Liquid short-term investments	10,500	-
<b>Total</b>	<b>30,363</b>	<b>28,606</b>

## 13. Shareholder's Equity

The composition and entries in "Shareholder's equity" are given in the statement on changes in equity.

### 13.1 Share Capital

The Company's share capital on 31<sup>st</sup> December 2017 and 2016 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 España Exportación e Inversiones	25.74%	10,139
Instituto de Crédito Oficial	20.31%	7,999
Banco Bilbao Vizcaya Argentaria, S.A.	16.68%	6,569
Banco Santander, S.A.	11.83%	4,664
Banco Popular	8.34%	3,288
Banco Sabadell, S.A.	8.33%	3,281
Empresa Nacional de Innovación, S.A.	7.63%	3,005
Corporación Andina de Fomento	1.14%	451
Total	100%	39,396

### 13.2 Legal reserve

Pursuant to Article 274 of the Spanish Corporate Enterprises Act, 10% of 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<sup>st</sup> December 2017, the Company had not funded this reserve to the ceiling established by law. Notwithstanding the above, the proposed distribution of profits for 2016 prepared by the directors (Note 3) has not been considered for distribution to the Legal Reserve.

### 13.3 Voluntary reserve

Voluntary reserves may be drawn on freely.

### 13.4 Capital reserve

At 31<sup>st</sup> December 2017 the Company had funded a capital reserve to a value of €1,575,000 (€530,000 in 2016). A breakdown of this €1,045,000 increase can be seen in Note 3 of this Report.

### 13.5 Information regarding the right of partner separation caused by the lack of dividend distribution (article 348 bis of the consolidated text of the Companies Capital Act)

During the last five years, dividends have been distributed in the range of 15% to 20% of the result of each of them, except in 2011 where there was no distribution. Also, in 2017, the Company proposed to share a dividend of €1,311,000 (Note 3).

At the annual general shareholders' meeting held on 29<sup>th</sup> March 2017, the proposal for the application of the profit for the year 2016 was approved, in which the distribution of dividends was approved, and no shareholder voted against such proposal.

## 14. Contingent Assets and Liabilities

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The Company, together 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<sup>st</sup> December 2017 and 2016 under impairment of receivables.

## 15. Financial Liabilities

The composition of the Company's financial liabilities on 31<sup>st</sup> December was as detailed below:

Euros ('000)	Debts with financial institutions		Derivatives and others		Total	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>Financial year 2017:</b>						
Loans and accounts receivable	-	216	-	616	-	832
<b>Total</b>	<b>-</b>	<b>216</b>	<b>-</b>	<b>616</b>	<b>-</b>	<b>832</b>
<b>Financial year 2016:</b>						
Loans and accounts receivable	215	430	-	771	215	1,201
<b>Total</b>	<b>215</b>	<b>430</b>	<b>-</b>	<b>771</b>	<b>215</b>	<b>1,201</b>

### 15.1 Bank borrowings

The breakdown of accounts payable to financial institutions on 31<sup>st</sup> December is given below:

Euros ('000)	2017		2016	
	Non-current	Current	Non-current	Current
CAF agreement	-	69	-	47
ICO Line	-	146	215	382
Accrued interest payable	-	1	-	2
<b>Total</b>	<b>-</b>	<b>216</b>	<b>215</b>	<b>431</b>

#### ■ ICO

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

On 23<sup>rd</sup> July 2010, the Official Credit Institute (ICO) and COFIDES signed a Multi-Currency Financing Agreement with a € 4 million ceiling. The deadline for drawing on this facility was 22<sup>nd</sup> July 2011.

A Master Agreement on General Financing Conditions for “2011 ICO Lines” was signed on 13<sup>th</sup> January 2011 between Spain's Official Credit Institute (ICO) and COFIDES, with COFIDES signing up to, on the same date, the “Special Conditions” for the “ICO International Investment 2011” line. This line of financing was in force until the end of 2011.

A Master Agreement on General Financing Conditions for “2012 ICO Lines” was signed on 2<sup>nd</sup> January 2012 between Spain's Official Credit Institute (ICO) and COFIDES with COFIDES joining, on the same date, to the “Special Conditions” for the “ICO International Investment 2012” line. This line of financing was in force until the end of 2012. For 2014 this line was not renewed.

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<sup>st</sup> December of the target year are listed below:

Multi-currency agreement	Draw deadline	Grace period ends	Agreement expires	Year	31 <sup>st</sup> December 2017			Reference interest rate	Differential (%)
					Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))		
2009 Agreement	14/06/2009	-	14/12/2018	2009	368	368	-	LIBOR 6M	0.8
2010 Agreement	25/05/2011	24/04/2013	24/04/2018	2010	1,360	1,360	146	LIBOR 6M	2.5
<b>Total in foreign currency (USD)</b>					<b>1,728</b>	<b>1,728</b>	<b>146</b>		
<b>Total ICO loans</b>					<b>1,728</b>	<b>1,728</b>	<b>146</b>		

Multi-currency agreement	Draw deadline	Grace period ends	Agreement expires	Year	31 <sup>st</sup> December 2016			Reference interest rate	Differential (%)
					Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))		
2009 Agreement	14/06/2009	-	14/12/2018	2009	368	368	98	LIBOR 6M	0.8
2010 Agreement	25/05/2011	24/04/2013	24/04/2018	2010	1,360	1,360	501	LIBOR 6M	2.5
<b>Total in foreign currency (USD)</b>					<b>1,728</b>	<b>1,728</b>	<b>599</b>		
<b>Total ICO loans</b>					<b>1,728</b>	<b>1,728</b>	<b>599</b>		

The financial expenses and accrued interest outstanding for these loans during the years 2017 and 2016 were as follows:

<i>Euros ('000)</i>	2017	2016
Accrued Costs (Note 20.1)	9	15
Accrued Interest (awaiting payment) (Note 15.1)	1	2

### ■ Sums denominated in foreign currency

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

<i>Euros ('000)</i>	2017		2016	
	Non-current	Current	Non-current	Current
ICO Line	-	146	215	384
Total	-	146	215	384

## 15.2 Derivatives and others - Loans and accounts payable

<i>Euros ('000)</i>	2017		2016	
	Non-current	Current	Non-current	Current
Sundry accounts	-	350	-	506
Staff (remuneration outstanding)	-	266	-	265
Other financial assets	-	-	-	-
Total	-	616	-	771

## 15.3 Information on average payment period to suppliers

The average payment period to suppliers during the year was 30.20 days (24.61 days in 2016).

## 15.4 Classification by maturity date

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

Euros ('000)	2017					Total
	2018	2019	2020	2021	Subsequent Years	
Bank borrowings	216	-	-	-	-	216
Trade accounts payable	350	-	-	-	-	350
Personnel	266	-	-	-	-	266
Other financial liabilities	-	-	-	-	-	-
<b>Total</b>	<b>832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>832</b>

Euros ('000)	2016					Total
	2017	2018	2019	2020	Subsequent Years	
Bank borrowings	431	215	-	-	-	646
Trade accounts payable	506	-	-	-	-	506
Personnel	265	-	-	-	-	265
Other financial liabilities	-	-	-	-	-	-
<b>Total</b>	<b>1,202</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,417</b>

## 16. Short-term Accrual Accounts

Current liabilities' Section on the balance sheets dated 31<sup>st</sup> December 2017 and 2016 included an adjustment entry for consultant fees charged to the Fund for Foreign Investment (FIEX), billed but not considered 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<sup>th</sup> July 1999<sup>1</sup>, also known as the "FIEX Rule".

"...If at the end of each financial year, the expenses incurred by the manager of the Fund for Foreign Investment 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 Situation

The breakdown of tax payables on 31<sup>st</sup> December is shown below:

Euros ('000)	2017		2016	
	Non-current	Current	Non-current	Current
<b>Assets</b>				
Current Tax assets	-	-	-	-
Retentions and Payments	-	-	-	-
Value added tax	-	-	-	-
Others	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Liabilities</b>				
Current Tax Liabilities	-	478	-	220
Social Security	-	97	-	93
Value added tax	-	115	-	-
Withholdings	-	109	-	214
<b>Total</b>	-	799	-	527

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., currently established in 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 operation.

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 significant way.

## 17.1 Tax on earnings

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

<i>Euros ('000)</i>	2017	2016
Earnings for the year	8,806	8,505
Corporation tax	3,583	3,038
Before tax earnings	12,389	11,543
Permanent differences	-	3
Temporary differences treated as permanent, limited to period depreciation (70%)	(16)	(15)
Capital reserve (*)	(719)	(1,045)
Temporary differences treated as permanent through losses, impairment and variations in operational provisions	2,677	1,666
Permanent differences for impairment of non-current assets held for sale	-	-
Temporary differences treated as permanent through losses, impairment and variations in operational provisions	2,677	1,666
Taxable Income (Fiscal Balance)	14,331	12,152
Tax of 25%	3,583	3,038
Previous Adjustments	-	-
Tax on overseas Earnings	8	14
Retentions	(8)	(14)
<b>Tax on earnings</b>	<b>3,583</b>	<b>3,038</b>

(\*) In compliance with the requirements of Article 25 of Law 27/2014 of 27<sup>th</sup> November, related to corporate income tax, with regard to capital reserve, as indicated in Note 3, a provision is proposed as part of the distribution of profit for the year 2017 charged to the positive results for the year amounting to 719,400.00 (1,045,261.46 euros in 2016) to the Capital Reserve. (Note 17).

The estimated corporation tax payable is given below:

<i>Euros ('000)</i>	2017	2016
Taxable Income (Fiscal Balance)	14,331	12,152
Corporate tax of 25%	3,583	3,038
Deductions	(8)	(14)
Payments	(2,902)	(2,583)
Retentions	(195)	(221)
Tax paid overseas	-	-
<b>Corporation tax payable</b>	<b>478</b>	<b>220</b>

## 18. Environmental Information

No significant assets were earmarked for environmental protection or improvement on 31<sup>st</sup> December 2017, nor were any relevant expenses incurred under that item during the year.

No environment-related subsidies were received in 2017 and 2016.

## 19. Revenues and Expenses

### 19.1 Current operating revenue and accessories

This heading 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 calculated for FIEX and FONPYME on the grounds of the provisions of the Order signed by the Minister of Economy and Finance on 28<sup>th</sup> July 1999 is set out in the table below:

Concept	Basis for calculation	Euros ('000)	
		2017	2016
COFIDES interest	Financial revenues from interest on loans to companies	2,276	2,253
	<b>Total Interest</b>	<b>2,276</b>	<b>2,253</b>
Analysis fees	1.65% of the investment proposal submitted to FIEX	2,526	992
Formalisation fees	1% on investments drawn from FIEX and 1.5% on FONPYME financed investments	1,862	1,812
Outlay fees	1% of the sums actually laid out by FONPYME	140	170
Management fees	1.25% of the value of the FIEX live investment portfolio	8,743	8,798
Performance fees	20% of the dividends and other returns actually received by the funds	4,939	3,914
Settlement fees	1.5% of the value of the investment laid out and actually repaid to FIEX	1,733	1,577
Other COFIDES fees	Fees other than the FIEX and FONPYME fund management fees	2,617	2,225
	<b>Total Fees</b>	<b>22,560</b>	<b>19,488</b>
	<b>Total</b>	<b>24,836</b>	<b>21,741</b>

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.

Therefore, the income of the Company according to this classification system is distributed as follows:

Concept	Euros ('000)	
	2017	2016
Recurring fees	21,194	19,410
Financial revenues from interest on loans to companies	2,276	2,253
<b>TOTAL RECURRING FEES</b>	<b>23,470</b>	<b>21,663</b>
Non-recurring fees	1,366	78
<b>TOTAL NON-RECURRING, ANTICIPATED FEES</b>	<b>1,366</b>	<b>78</b>
<b>TOTAL REVENUES</b>	<b>24,836</b>	<b>21,741</b>

## 19.2 Staff expenses

Staff expenses are itemised below:

Euros ('000)	2017	2016
Salaries and wages	4,229	3,995
Per diem paid to members of the Company's Board of Directors	100	103
Social security tax	949	882
Other personnel expenses	389	326
<b>Total</b>	<b>5,667</b>	<b>5,306</b>

### 19.3 External services and other taxes

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

<i>Euros ('000)</i>	2017	2016
Publicity, advertising and public relations	149	158
Leases	881	879
Repairs and upkeep	135	137
Independent professional services	1,047	1,075
Insurance premiums	42	65
Training costs	125	143
Travel expenses	229	276
Other expenses	493	400
<b>Total</b>	<b>3,101</b>	<b>3,133</b>
Taxes	112	104
<b>Total</b>	<b>112</b>	<b>104</b>
<b>Total</b>	<b>3,213</b>	<b>3,237</b>

Independent professional services, primarily covers external consultancy fees associated with projects implemented by the Company in 2017 and 2016.

### 19.4 Financial revenues

This account primarily covers financial income accrued in 2017 and 2016 in relation to the income obtained from the amounts kept in the Company's current accounts and the investments held to maturity by loans in Public Treasury Bills and promissory notes 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 2017		Financial year 2016	
	Nature of the relationship		Nature of the relationship
FIEX	Fund managed by the Company	FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company	FONPYME	Fund managed by the Company
Official Credit Institute (Instituto de Crédito Oficial)	Company shareholder	Official Credit Institute (Instituto de Crédito Oficial)	Company shareholder
Senior management:	Board members Chairman General Manager	Senior management:	Board members Chairman General Manager

### 20.1 Related institutions

The balance of the accounts with related institutions is shown below:

Euros ('000)	2017				
	Official Credit Institute (ICO)	FIEX	FONPYME	CAF	Total
<b>ASSETS:</b>					
<b>Long-term financial investments</b>					
Receivables Funds (Note 11.2.1)	-	10,794	293	-	11,087
<b>Trade and other receivables</b>					
Receivables Funds	-	8,881	229	-	9,110
<b>LIABILITIES:</b>					
<b>Long-term payables</b>					
<b>Short-term payables</b>					
Debts with financial institutions (Note 15.1)	147	-	-	69	216

2016					
<i>Euros ('000)</i>	Official Credit Institute (ICO)	FIEX	FONPYME	CAF	Total
<b>ASSETS:</b>					
<b>Long-term financial investments</b>					
Receivables Funds (Note 11.2.1)	-	9,685	266	-	9,951
<b>Trade and other receivables</b>					
Receivables Funds	-	992	91	-	1,083
<b>LIABILITIES:</b>					
<b>Long-term payables</b>					
Debts with financial institutions (Note 15.1)	215	-	-	-	215
<b>Short-term payables</b>					
Debts with financial institutions (Note 15.1)	384	-	-	47	431

The operations with related institutions are itemised below:

2017				
<i>Euros ('000)</i>	Official Credit Institute (ICO)	FIEX	FONPYME	TOTAL
<b>Net turnover</b>	-	19,290	654	19,944
<b>Financial expenses</b>				
Payable to financial institutions	(9)	-	-	(9)
	(9)	19,290	654	19,935

2016				
<i>Euros ('000)</i>	Official Credit Institute (ICO)	FIEX	FONPYME	TOTAL
<b>Net turnover</b>	-	16,557	706	17,263
<b>Financial expenses</b>				
Payable to financial institutions	(15)	-	-	(15)

## 20.2 Directors and senior management

During the year ending on 31<sup>st</sup> December 2017, the Company's directors received remuneration in the form of per diem for a total of €100,000 (€103,000 in 2016).

For the 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:

Euros ('000)	Salaries		Other remuneration		
	Financial year	Fixed	Variable	Benefits	Others
2017		218	59	-	-
2016		215	58	-	-

The books showed no advances or loans to any of its directors or managers on 31<sup>st</sup> December 2017 or 2016, 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 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:

	2017	2016
Directors	12	12
Senior + technical management	20	21
Technical team	49	47
Support staff	11	10
<b>Total</b>	<b>92</b>	<b>90</b>

\*In 2017, the new employment contracts were completed under the protection of the fifteenth additional provision of Law 3/2017, of 27<sup>th</sup> June of the General State Budget for 2017. On the one hand, temporary contracts, in exceptional circumstances and to cover urgent and pressing needs, as is considered in point 1.3. On the other hand, indefinite contracts with a restriction of 100% of the replacement fee in accordance with point 1.5. In all cases, the previous authorisation of the Ministry of the Treasury and Public Administration has been taken into account, through the State Ministry of Budgets, Expenses and Public Administration and the majority shareholder as is prescribed in the cited additional provision.

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

2017				
	Women	Men	Total	Average number of people with disabilities > 33%
Directors	2	10	12	-
Senior + technical management	11	9	20	-
Technical team	31	18	49	1
Support staff	9	2	11	-
Staff on temporary leave	-	-	-	-
<b>Total</b>	<b>53</b>	<b>39</b>	<b>92</b>	<b>1</b>

2016				
	Women	Men	Total	Average number of people with disabilities > 33%
Directors	2	10	12	-
Senior + technical management	11	10	21	-
Technical team	32	15	47	1
Support staff	8	2	10	-
Staff on temporary leave	-	-	-	-
<b>Total</b>	<b>53</b>	<b>37</b>	<b>90</b>	<b>1</b>

## 22. Auditors Fees

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

<i>Euros ('000)</i>	2017	2016
Auditing services	27.10	26.70
Other services	-	-
<b>Total</b>	<b>27.10</b>	<b>26.70</b>

## 23. Events After the Reporting Period

No event worth mentioning that would have any material effect on the present financial statements was forthcoming between 31<sup>st</sup> December 2016 and the date on which they were prepared by the Board of Directors.

### ANNEX I

#### Details of shareholdings and positions in other companies of the Company Directors at 31<sup>st</sup> December 2017

Directors	Company	No. of shares	Holdings (%)	Position and duties
Mr. Salvador Marín Hernández	Banco Santander, S.A.	766	< 0.005%	-
	CAM	825	< 0.005%	-
	Sabadell Garantía Extra 19 (Fondo Inversión)	436.89	< 0.005%	-
	Sabadell Garantía Extra 16 (Fondo Inversión)	500.89	< 0.005%	-
	Sabadell Plan Rend. Fijo 1001	519.9	< 0.005%	-
	Sabadell CAM - Partes Vinculadas	200	< 0.005%	-
Mr. Óscar Vélez de Mendizabal Castillo	BBVA	-	-	Director of Transformation
Mr. José Corral Vallespin	Banco Santander, S.A.	-	<0.005%	Head of SME Corporate & Institutional Banking Santander Spain
	Banco Santander, S.A.	-	<0.005%	
Mr. Miguel Darío Otero Romani		-	-	-
Mr. Juan Ignacio Moratinos Alonso		-	-	-
Mr. Pablo de la Torre Rodríguez		-	-	-
Mr. Javier Estévez Zurita	BBVA	-	-	Director of Solutions and Business Transformation
Mr. Borja Rengifo Llorens		-	-	-
Mrs. Amor Suárez Muñoz		-	-	-
Mrs. Rosario Casero Echeverri		-	-	-
Mr. Alberto Gómez Nicolau	Banco Santander, S.A	-	<0.0001%	Management systems responsible
Mr. David Noguera Ballús	Banco Sabadell	57.192	<0.005%	Assistant Manager Sabadell Corporate & Wholesale Banking
	Sabadell Corporate Finance, S.L.	-	-	Chairman

## ANNEX II

Details of shareholdings and positions in other companies of the Company Directors at 31<sup>st</sup> December 2016

Directors	Company	No. of shares	Holdings (%)	Position and duties
Mr. Antonio Bandrés Cajal (Representative of Instituto de Crédito Oficial ICO)	ICO	-	-	Head of Department for International Relations
	AXIS - Associated parties	-	-	Participated
	2020 European Fund fo Energy, C.Ch.and Infrastructure SICAU-FIS	-	-	Management Board
D <sup>a</sup> . Rosario Casero Echéverri	-	-	-	-
Mr. José Corral Vallespín	Banco Santander S.A.	-	< 0.005%	Deputy General Manager - Risk
	Banco Santander S.A. (Options & performance shares)	-	< 0.005%	-
	Banco Santander S.A. - Associated parties	-	< 0.005%	-
Mr. Javier Estévez Zurita	BBVA	-	-	Corporate and Institutional Finance Director
Mr. Alberto Gómez Nicolau	Banco de Santander S.A.	-	<0.0001%	Management control systems responsible
Mr. Roberto Pagán Díaz	BBVA	-	-	Business Director
Mr. David Noguera Ballús	-	-	-	-
Mr. Borja Rengifo Llorens	-	-	-	-
Mr. Pablo de la Torre Rodríguez	-	-	-	-
Mrs. Amor Suárez Muñoz	-	-	-	-
Mr. José Antonio Zamora Rodríguez	-	-	-	-
Mr. Salvador Marín Hernández	Banco Santander, S.A.	761	< 0.005%	-
	CAM	825	< 0.005%	-
	Sabadell Garantía Extra 19 (Investmen fund)	436.89	< 0.005%	-
	Sabadell Garantía Extra 16 (Investmen fund)	500.89	< 0.005%	-
	Sabadell Plan Rend. Fijo 1001	519.90	< 0.005%	-
	Sabadell CAM - Associated parties	200	< 0.005%	-



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