

# 2016 Activity Report

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

**COFIDES** 

Funding for your investment abroad

**COFIDES**   
Funding for your investment abroad

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# Foreword

COFIDES' mission is to promote the internationalisation of Spanish companies and the development of the recipient countries of the investment that it supports

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 Ministry of Economy, Industry and Competitiveness Policy facilities channelled 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 Export and Investments, the Official Credit Institute (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.

## Regarding private and public risk capital abroad

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

### COFIDES vision

The Company's vision 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 value

■ 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 sponsor's financial needs 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 the long-term economic development for local communities, awareness of the positive impact of investment on target country development, and the public circulation of information on 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.





## Experience

COFIDES has approved a total of 847 investment projects in over 86 countries, where it has committed resources amounting to over €2,788m, for a total investment of over €33,800m.

On 31<sup>st</sup> December 2016, the total committed portfolio of projects managed by COFIDES rose to €1,064.41m.

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COFIDES has approved 847 investment projects in 86 countries

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

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

- Share capital holdings of host country companies
- Shareholding in the Spanish companies for their international activities
- Medium and long-term, subordinated, mezzanine and joint venture loans for host country companies
- Medium and long-term loans for host country companies
- Medium and long-term loans for Spanish investors
- Multi-project loans

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Capital and quasi-capital products



COFIDES



## Letter from the Chairman

In this Activity Report, you will find comprehensive information on COFIDES' performance throughout 2016: its dynamism, strategic advances and growth opportunities reflect the strength of its business model.

Once again, we present this document with the satisfaction of having accomplished our goal. Following the 2012-2015 Strategic Plan's successful delivery, which boosted the Company's exponential growth in both number of operations and managed portfolio volume, COFIDES launched its new 2016-2019 Strategic Plan.

Throughout this year COFIDES has implemented this new plan, with which it aims to continue increasing the number of Spanish companies to support on their foreign investment and further expand the Company's optimal balance results.

Data shows that COFIDES' business model is solid and a year on it again continues to register record highs, achieving the largest committed investment portfolio since the creation of COFIDES with €1,064.41m, 5% more than the approved volume last year.

I would like to place special emphasis on the number of formalisations that register their annual maximum, demonstrating this way the high level of demand on the Company and the Spanish companies' dynamism in their direct foreign investment (FDI) projects.

Once again, the Company has maintained its firm commitment to small and medium-sized companies in order to promote their internationalisation and strengthen their business in Spain, consolidating their position and increasing their size. A reflection of this is that 58% of the projects approved by COFIDES in 2016 were SMEs. It should also be stressed that the Company has financed a larger number of companies and projects with a lower resource commitment, given that the average size of projects approved (€2.57m) and formalised (€3.57m) were significantly reduced compared to previous years.

Data shows that the COFIDES business model is solid and one year on it continues to record historical milestones

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COFIDES successfully combines the commitment to SMEs with support to large enterprises

This leads us to be able to say that COFIDES successfully combines the commitment with SMEs, with the support of large companies, so that whilst increasing operations with SMEs, they have maintained the high level of commitment to the FIEX fund.

Another fact that I would like to emphasise is that the Company is fulfilling its aspiration of becoming a benchmark of private-public risk capital in the FDI area. Indeed, in 2016 COFIDES maintained its effort to offer capital instruments to both large and small and medium-sized enterprises, that enabled 62% of the resources invested in formalised operations this year, were carried out through capital and quasi-equity instruments.

Along with all this we mustn't forget COFIDES' strong development drive, which was reinforced in 2016, by obtaining the accreditation to co-finance projects with the European Union within the Blending framework and its consolidation as a support entity to the Management of FONPRODE.

I would like to invite you to look into all these aspects in the following pages and see the great professionalism of the COFIDES team that has made these achievements possible along with the trust of the State Secretariat for Trade - Ministry of Economy, Industry and Competitiveness, our shareholders and customers. To all of them, my sincere thanks. With the participation of all of them, I am convinced that the Company is prepared to continue to grow and face new challenges.

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The Company is in line with its ambition to become a public-private risk capital benchmark within the FDI



Salvador Marín Hernández  
COFIDES Chairman and CEO

# Milestones of 2016



- **The committed investment portfolio** amounts to **€1,064.41m**, reaching the highest level since COFIDES was created. The committed investment portfolio amounts to the total portfolio plus the amount committed and not yet disbursed. The total portfolio is obtained from the difference between the amount actually disbursed and those already reimbursed.

- The **annual maximum number of formalisations by number of operations** is reached, with 67 operations formalised in 2016 equivalent to 57 projects. A single project funding can be structured in several operations.

- **62%** of the invested resources in formalised operations during 2016 are in the form of **capital and quasi-capital**.

- **58%** of projects approved in 2016 have been promoted by **SMEs**.

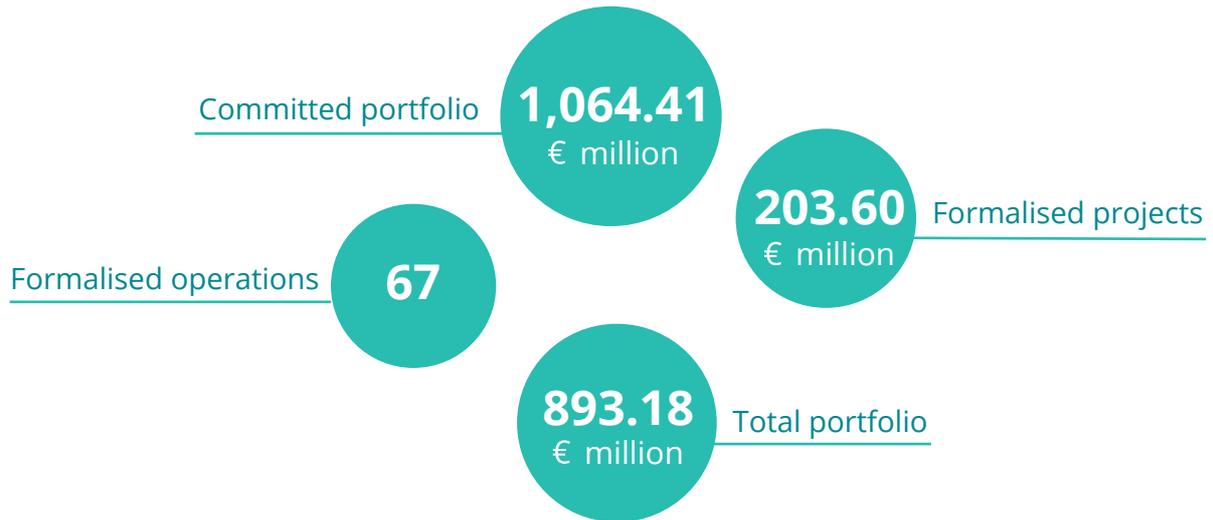
- The **average size of approved projects** (€2.57m) and formalised projects (€3.57m) is significantly reduced compared to previous years (€3.59m and €4.84m respectively in 2012), **managing to finance a greater number of companies and projects**.

- **COFIDES** is accredited as an **eligible entity for the indirect management of the European Union budget**. This accreditation allows COFIDES to co-finance projects with EU funding under the **Blending facilities framework**, through a combination of non-refundable finance (grants) from the European Union with COFIDES refundable financing (via capital or loan).

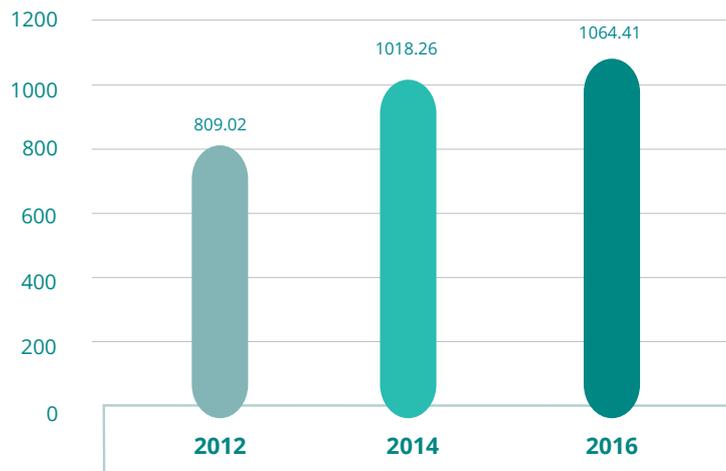
- Development and implementation of the **COFIDES 2016-2019 Strategic Plan** that has among its key objectives an increase in funding for projects promoted by SMEs, to increase the number of capital operations in order to intensify the relationship with COFIDES' European counterparts.

- Design, launch and start-up of the **Non-Reimbursable Technical Cooperation Facility for Cuba**, in cooperation with CAF, the Latin American Development Bank.

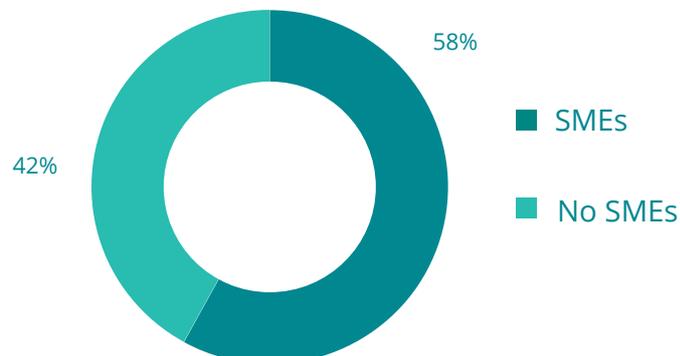
# 2016 Headline Figures



**COMMITTED PORTFOLIO GROWTH 2012-2016**  
(€ million)



**DISTRIBUTION OF APPROVED PROJECTS IN 2016**



# Board of Directors



## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Salvador Marín Hernández (appointed on the 6.02.2012)

## BOARD MEMBERS\*

Rosario Casero Echéverri (appointed on the 24.04.2013)  
José Corral Vallespín (appointed on the 29.05.2007)  
Javier Estévez Zurita (appointed on the 30.04.2012)  
Alberto Gómez Nicolau (appointed on the 29.04.2008)  
David Noguera Ballús (appointed on the 23.02.2017)  
Miguel Darío Otero Romaní (appointed on the 26.05.2017)  
Roberto Pagán Díaz (appointed on the 25.06.2014)  
Borja Rengifo Llorens (appointed on the 25.01.2017)  
Amor Suárez Muñoz (appointed on the 22.12.2016)  
Pablo de la Torre Rodríguez (appointed on the 30.11.2016)  
José Antonio Zamora Rodríguez (appointed on the 28.10.2015)

## SECRETARY, NON-MEMBER AND LEGAL COUNSEL

Ana Victoria Fernández Sáinz de la Maza

Invited to Board of Directors: CAF Representative, Guillermo Fernández de Soto

During 2016 the following people have resigned from the Board of Directors:

José Ángel Amor Atienza (Board member from 20.12.2013 to 30.11.2016)  
Mar Casanova Llorens (Board member from 29.09.2015 to 22.12.2016)  
Mónica Colomer de Selva (Board member from 24.09.2014 to 27.09.2016)  
Cristina Juarranz de la Fuente (Board member from 27.09.2016 to 25.01.2017)

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

Antonio Bandrés Cajal (Board member from 30.04.2014 to 25.04.2017)  
Xavier Puig Asensio (Board member from 27.06.2006 to 07.02.2017)

\*May 2017

# Steering Committee

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Chairman and Chief Executive Officer  
Salvador Marín Hernández

General Manager  
Luis de Fuentes Losada

General Counsel  
Ana Victoria Fernández Sáinz de la Maza

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

Deputy Manager, Commercial and Business Development  
Ana Cebrián Parrondo

Deputy Manager, Operations  
Miguel Ángel Ladero Santos

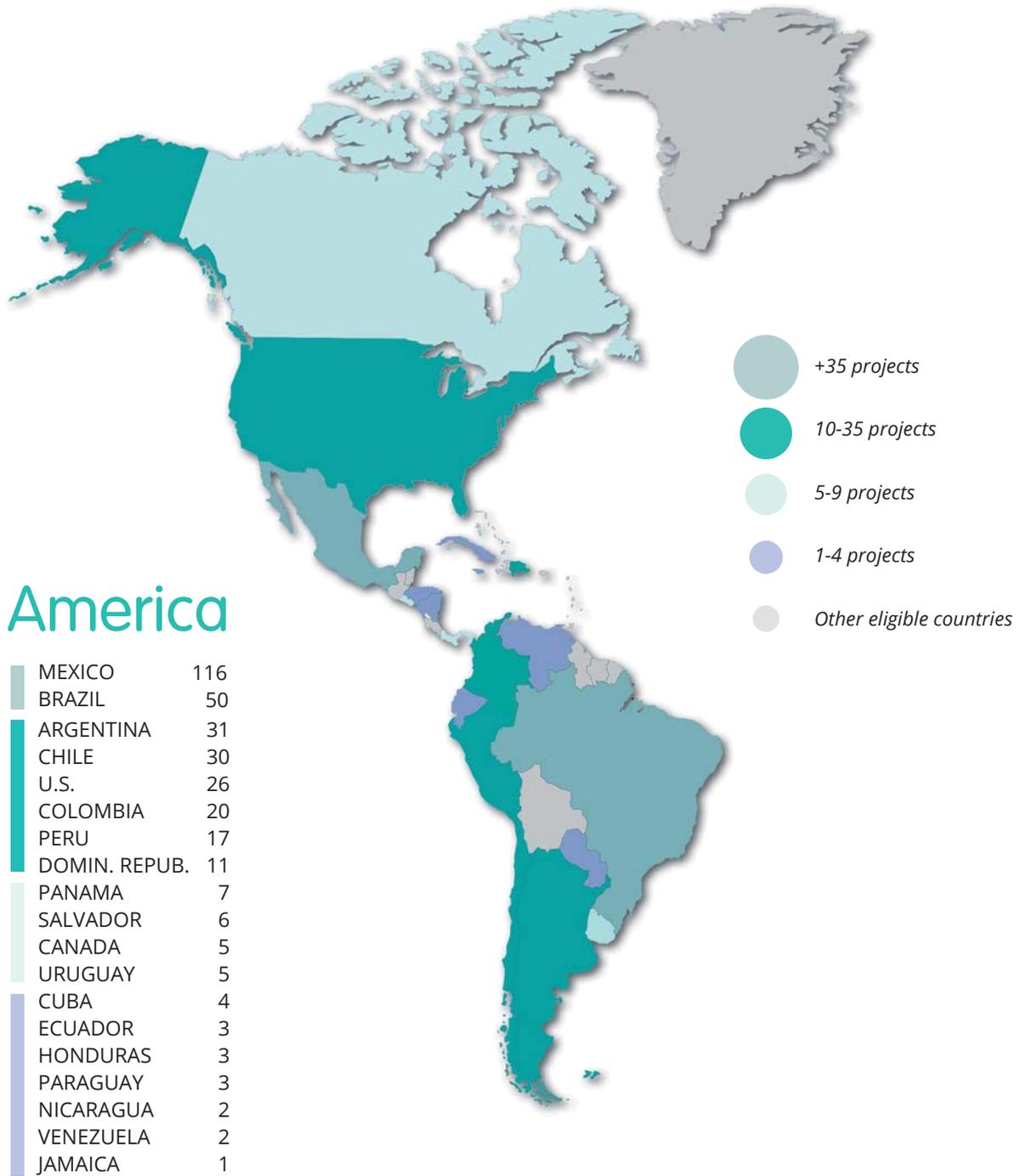
Deputy Manager, Risk  
Consuelo Díaz Martínez

Deputy Manager, Corporate and Sustainability  
Fernando Aceña Moreno

Deputy Manager, Economy and Finance  
Héctor Turiel Valdés

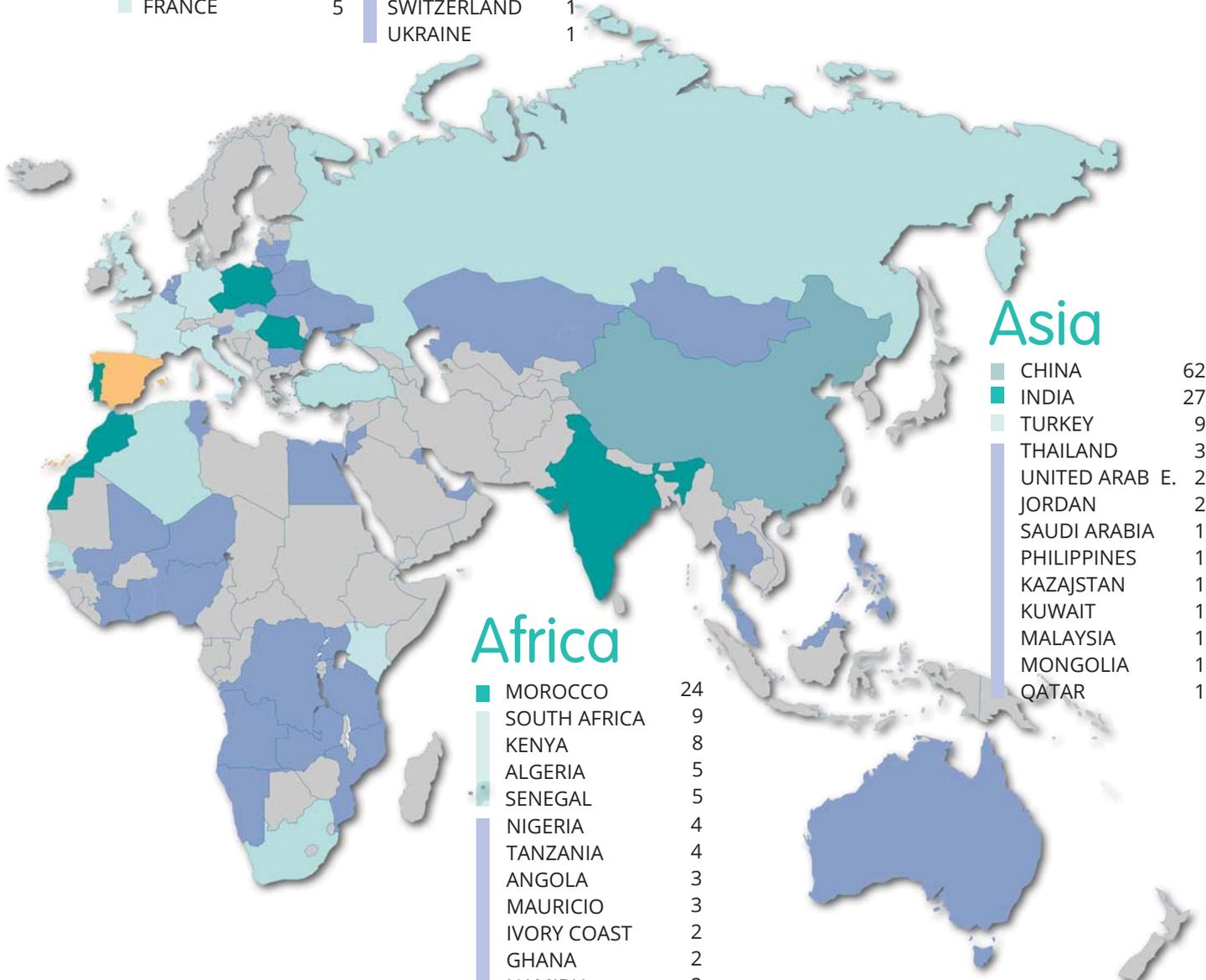
Deputy Manager, Financing for Development and European Management  
María Vidales Picazo

# Activity Map



# Europe

ROMANIA	18	SLOVAKIA	4
POLAND	16	NETHERLANDS	4
REP. CZECH	13	BULGARIA	2
PORTUGAL	11	BELGIUM	1
HUNGARY	9	BELARUS	1
UNITED KINGDOM	8	SLOVENIA	1
RUSSIA	7	LATVIA	1
GERMANY	6	LITHUANIA	1
ITALY	6	MONTENEGRO	1
FRANCE	5	SWITZERLAND	1
		UKRAINE	1



# Asia

CHINA	62
INDIA	27
TURKEY	9
THAILAND	3
UNITED ARAB E.	2
JORDAN	2
SAUDI ARABIA	1
PHILIPPINES	1
KAZAJSTAN	1
KUWAIT	1
MALAYSIA	1
MONGOLIA	1
QATAR	1

# Africa

MOROCCO	24
SOUTH AFRICA	9
KENYA	8
ALGERIA	5
SENEGAL	5
NIGERIA	4
TANZANIA	4
ANGOLA	3
MAURICIO	3
IVORY COAST	2
GHANA	2
NAMIBIA	2
TUNISIA	2
UGANDA	2
BENIN	1
EGYPT	1
GUINEA-BISSAU	1
MALI	1
MOZAMBIQUE	1
NIGER	1
CONGO	1
TOGO	1
ZAMBIA	1

# Oceania

AUSTRALIA	1
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# Portfolio of Investments

## AFRICA

COUNTRY	SECTOR	BUSINESS ACTIVITY
Angola	Engineering	Engineering services
Angola	Agri-food	Manufacture and distribution of snacks
Algeria	Engineering	Quality control centre
Algeria	Energy	Thermo-solar plant construction, operation and maintenance
Ivory Coast	Energy	Gas energy generation power station expansion
Egypt	Agri-food	Easy-open top manufacturing
Ghana	Finance	Strengthen the TIER II capital for the expansion of the Institution
Ghana	Energy	Capacity expansion of a thermal power plant
Mauritius	Services	Preventive health in workplaces
Mauritius	Agri-food	Processing and distribution of different commodities
Kenya	Finance	Senior debt financing for Financial Transactions
Kenya	Finance	Financing for SMEs and cooperatives
Kenya	Energy	Geothermal generation plant extension
Kenya	Energy	Construction of a 310 MW wind farm
Kenya	Energy	Geo-thermal electricity generation
Kenya	Finance	Sub regional multilateral development bank
Kenya	Energy	Electricity generation
Morocco	Environment	Chemical laboratories for environmental analysis
Morocco	Services	Online Marketing Consulting
Morocco	Capital goods	Manufacture of wires and cables for the automobile
Mozambique	Services	Private hospital
Niger	Telecommunications	Mobile telephone signal repeater towers
Nigeria	Finance	SME financing
Nigeria	Iron and Steel	Construction, operation and management of steel casting
Nigeria	Chemicals	Construction and operation of a fertilizer plant
Nigeria	Finance	Funds Provision to financial institution for its SMEs expansion
Congo	Telecommunications	Acquisition of 921 mobile repeater towers
Senegal	Chemicals	Cement production
South Africa	Construction materials	Export of PVC
South Africa	Iron and Steel	Quartz mine acquisition
Tanzania	Energy	Solar photovoltaic power generation for self consumption
Tanzania	Finance	SME and corporate client financing
Tanzania	Services	Airlines
Togo	Construction	Cement production
Uganda	Energy	Exploitation of a mini hydroelectric power station
Uganda	Energy	Construction and Exploitation of a mini hydroelectric plant
Zambia	Agri-food	Production and distribution of basic food
Regional	Finance	Financing of investment projects
Regional	Finance	Financing of projects related to mitigating climate change and energy efficiency

## LATIN AMERICA AND CARIBBEAN

COUNTRY	SECTOR	BUSINESS ACTIVITY
Argentina	Tourism	Hotel construction and management
Argentina	Finance	Venture capital fund for local SMEs
Brazil	Telecommunications	Development and licensing of digital media applications
Brazil	Capital goods	Manufacture of equipment for industry
Brazil	Energy	Power transmission

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Impulso Angola			●
LivenTico		●	
Inzamac Algeria		●	
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			●
EFP - Or Power IV Ltd (Olkaria IV)			●
Lake Turkana Wind Power Ltd. (LTWP)			●
OrPower4			●
PTA Bank			●
Rabai Power			●
AGQ Maroc		●	
Findasense Marruecos			●
Relats Maroc		●	
Maputo Private Hospital			●
EFP - Eaton Towers Niger Ltd			●
Africa Finance Corporation (AFC)			●
African Foundries Limited (AFL)			●
Indorama Eleme Fertilizar & Chemicals Ltd. (IEFCL)			●
Stanbic Bank			●
EFP - Helios Towers DRC Infraco S.R.L.			●
Les Cements du Sahel			●
Molecor S.A. Ltd.		●	
Silicon Smelters Proprietary Limited	●		
Mobisol GmbH	●	●	
NMB Tanzania			●
Precision Air Services		●	
Scancem International			●
África EMS Mpanga Ltd.			●
ICCF - África EMS Nyamwamba			●
Zambeef Products			●
European Financing Partners	●		
Interact Climate Change Facility	●		

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Pulitzer Maipú		●	
PYMAR	●		
Agile Contents Brasil		●	
ASSA Brasil		●	
ATE IV - Sao Mateus Transmisora de Energia	●		

**LATIN AMERICA AND CARIBBEAN (cont.)**

COUNTRY	SECTOR	BUSINESS ACTIVITY
Brazil	Consumer electronics	Manufacture and distribution of electrical products
Brazil	Services	Online marketing and big data analysis
Brazil	Engineering	Ventilated façade engineering
Brazil	Agri-food	Construction and operation of hen breeding farms
Brazil	Services	Customer support via contact centre
Brazil	Capital goods	Laminated structures manufacture and assembly of aero structures
Brazil	Construction materials	Commercialisation and rental of auxiliary construction machinery
Brazil	Environment	Wind farm power generation
Brazil	Transport infrastructure	Motorway expansion, operation, maintenance and management
Brazil	Automobile	Automobile components
Chile	Agri-food	Salmon farm
Chile	Agri-food	Metal containers and lids production
Chile	Finance	Fund for power generation plants by renewable source
Chile	Energy	Commercial deployment, installation and maintenance of solar structures
Chile	Agri-food	Canning industry
Chile	Construction materials	Formwork Systems
Colombia	Services	Climate electricity, control and security installation and assembly
Colombia	Services	Communications agency
Colombia	Transport infrastructure	Motorway expansion, operation, maintenance and management
Colombia	Transport infrastructure	Motorway expansion, operation, maintenance and management
Colombia	Transport infrastructure	Transport concession road 32 km
Colombia	Transport infrastructure	Transport concession road 49 km
Colombia	Services	Customer support via contact centre
Colombia	Others	Foreign exchange offices
Colombia	Services	Document management software
Colombia	Commerce	Eyewear and sunglasses
Colombia	Chemicals	Odontological implants and dental prostheses
Colombia	Capital goods	Machinery for horizontal and directional drilling
Colombia	Engineering	Engineering services, architecture and consulting
Colombia	Services	Bus transportation
Cuba	Agri-food	Food products manufacturing for hotels
Cuba	Electronic products	Assembly and distribution of electric equipment and wiring
Cuba	Construction	Design and commercialisation of light steel metallic structures
Ecuador	Agri-food	King prawns aquaculture
Honduras	Energy	Solar photovoltaic power plants
Honduras	Energy	Wind power farm
Jamaica	Energy	Electric power generation and distribution
Mexico	Metal Engineering	Manufacturing of metal components
Mexico	Metal Engineering	Manufacturing of metal components
Mexico	Consumer electronics	Urban and industrial power systems
Mexico	Transport infrastructure	Construction and management of concessions
Mexico	Transport infrastructure	Construction and operation of roads
Mexico	Engineering	Tubing prefabrication
Mexico	Commerce	Network Solutions and industrial networking
Mexico	Automobile	Tooling services for the automobile industry
Mexico	Automobile	Automobile components
Mexico	Construction	Concrete Formwork
Mexico	Hostelry	Gambling halls management
Mexico	Hostelry	Gambling halls management
Mexico	Services	Online marketing and big data analysis
Mexico	Hostelry	Construction and operation of a hotel

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
CESDE Indústria y Comercial de Electrodomésticos		●	
Findasense Brasil Serviços de Consultoria LTDA		●	
Inbove Empreendimentos		●	
Laboratórios Dr. Larrasa S.L.		●	
Red Line Contact Center e Tecnología		●	
SK10 Do Brasil Indústria Aeroespacial		●	
Ulma Andamies, Forma e Escoramentos		●	
Ventos do Sul Energía		●	
Viabahia Concessionaria de Rodovias		●	
Zanini do Brasil		●	
Acuinova Chile		●	
Auxiliar Conservera America S.A.		●	
Copihue Capital I Fondo de Inversión Privado	●		
Grupo Clavijo Chile Ltda		●	
Inmuebles Cataluña		●	●
Montajes Alsina Ltda		●	
Abantia Colombia S.A.S.		●	
Apple Tree Communications Colombia S.A.S.		●	
Autopistas del Noreste S.A. (Conexión Norte)		●	●
Concesión del Sisga S.A.S.		●	●
Concesionaria Nueva Vía al Mar S.A.S. (Mulaló)		●	●
Concesionaria Vial del Pacífico S.A.S. (Conexión Pacífico)		●	●
Econtact Col		●	
Globocambio Foreign Exchange S.A.S.			●
InDenova S.L.		●	
Opticalia Colombia S.A.S.		●	
Phibo CAD CAM Colombia S.A.S.		●	
Restitubo S.A.S Colombia			●
Seg Ingeniería SAS		●	
Transporte Trasloyola S.A.S.			●
Profood Service S.A.		●	
Promael Suministros Eléctricos S.L.		●	
Tecnología Constructiva S.A.		●	
Promarisco		●	
ICCF - 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 S.A. de C.V.		●	
CTC Technology México S.A. de C.V.		●	
Dover Tooling Mexico SA de C.V.		●	
Ecenario México SL de C.V.		●	
Encofrados Alsina México S de RL de C.V.		●	
Espectáculos Latinoamericanos Deportivos		●	
Espectáculos Latinoamericanos Deportivos SA de CV (PCI1 y PCI2)		●	
Findasense México S.A de C.V.		●	
Hotel Hoyo Uno	●		

**LATIN AMERICA AND CARIBBEAN (cont.)**

COUNTRY	SECTOR	BUSINESS ACTIVITY
Mexico	Automobile	Paint factory and logistics solutions
Mexico	Services	Logistics warehouse for textiles
Mexico	Automobile	Logistics project
Mexico	Textiles and footwear	Sportswear production
Mexico	Services	Business Management Software
Mexico	Automobile	Screw manufacture
Mexico	Chemicals	Commercial subsidiary of dental implants
Mexico	Automobile	Stamping, assembly and painting
Mexico	Agri-food	Production and commercialisation of food ingredients and additives
Mexico	Chemicals	Production plant for calcium carbonate
Mexico	Capital goods	Manufacture and sales of insulated and flexible tubing
Mexico	Agri-food	Meat factory equipment
Mexico	Leisure	Gambling halls management
Mexico	Capital goods	Irrigation systems
Mexico	Environment	Industrial waste management and treatment
Mexico	Automobile	Manufacture and sales of insulated and flexible tubing
Mexico	Services	Geotextile commercialisation for agriculture
Mexico	Construction	Auxiliary machinery for construction sector
Mexico	Automobile	Decorative plastic parts manufacturing
Nicaragua	Agri-food	Expanding shrimp farming and processing facilities
Panama	Services	Computers, electronics and telecommunications equipment commercialisation
Panama	Energy	Hydroelectric construction and operation
Panama	Energy	Hydroelectric construction and operation
Panama	Energy	Electricity generation and distribution
Panama	Construction	Precast reinforced concrete factory
Panama	Engineering	Design and development of infrastructures, topographic studies
Paraguay	Services	Aircraft Maintenance
Paraguay	Engineering	Design, measurement and technical assistance services in structural works
Peru	Services	Installation and maintenance of facilities
Peru	Transport infrastructure	Concession to build and operate a motorway
Peru	Services	Labour control services
Peru	Construction materials	Formwork Systems
Peru	Agri-food	Manufacture and marketing of canned vegetables
Peru	Services	Liquefied natural gas transportation
Perú	Energy	Hydropower plant
Perú	Engineering	Ventilated façade engineering
Perú	Services	Document management software
Perú	Consumer electronics	Manufacture of lamps and lighting
Perú	Services	Construction and management of telephony distribution centres
Dominican Republic	Hostelry	Hospitality training
Dominican Republic	Agri-food	Production and commercialisation of tropical fruits
Dominican Republic	Commerce	Traumatology and orthopaedics product for medical and paramedical use
Dominican Republic	Services	Debit and credit card processing
Dominican Republic	Services	Municipal services management
Uruguay	Plastics and Derivatives	Rubber products manufacture
Uruguay	Agri-food	Manufacture and marketing of artificial casings
Multicountry: El Salvador, Brazil	Chemicals	Oral hygiene products
Multicountry: Mexico, Turkey	Plastics and Derivatives	Manufacture and sale of thermoplastic geomembranes
Multicountry: Mexico, Ecuador	Engineering	Design and infrastructure development, topographic studies, etc.
Regional	Finance	Private equity fund for SMEs in Latam

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Itech Grupo		●	
Logisfashion México		●	●
Logística Sesé México S.A. de C.V.		●	
Lorpen México		●	
Nexis IT Group SA de C.V.		●	
Panelfisa México S.A. de C.V.		●	
Phibo Dental Solutions México S.A. de C.V.		●	
Pintura Estampado y Montaje, CIE Celaya, CIE MATIC		●	
Premium Ingredients México S.A. de C.V.		●	
Regio Mármol	●		
Relats Leon		●	●
Roser México S.A de C.V.		●	
Sabia Corporación S.A. de C.V./Fantastic León S.A. de C.V. (PCI3)		●	
Siberline México		●	
Sistemas Desarrollo Sustentables	●		
Systems & Manufacturing México		●	
Tejidos Técnicos Mallatex S.A. de C.V.		●	
Ulma Cimbras y Andamios de México S.A. de C.V.		●	
Walter Pack S.A. de C.V.		●	
Camanica, Camanica ZonaFranca, ZonaFranca Río Real		●	
Crambo Latinoamérica S.A.		●	
Electrón Investment S.A. (Proyecto 1)	●		
Electrón Investment S.A. (Proyecto 2)	●		
Hidroeléctrica San Lorenzo	●		
Pacadar Panamá			●
Sondeos, Estructuras y Geotecnia Panamá S.A.		●	
Air Nostrum Technic América S.A.		●	
Construcción Guamora Paraguay S.R.L.		●	
Abantia Perú		●	
Autopista del Norte	●		
Clever Tecnología Perú		●	
Encofrados Alsina del Perú S.A.C.		●	
Green Perú		●	
Ham Criogénica Perú S.A.C.		●	
ICCF - Andean Power SAC			●
Inbove Perú SAC			●
InDenova S.L.		●	
Josfel Iluminación		●	
Salesland Internacional		●	
C.S.H. del Mediterráneo, S.R.L. (CSHM)		●	
Eurofresh Dominicana S.R.L		●	
MCT República Dominicana S.R.L.		●	
ProceCard		●	●
Tecvasa Internacional		●	
Citrans			●
Viscofan Uruguay			●
Laboratorios Kin Centroamérica y Caribe			●
Atarfil México / Atarfil Turkey			●
SEG México S.A. de C.V. / SEG Sucursal Ecuador S.A, y Sodeseogy S.A.		●	
Aureos Latin American Fund	●		

## ASIA

COUNTRY	SECTOR	BUSINESS ACTIVITY
China	Automobile	Manufacture of motorcycle brake systems
China	Automobile	Automobile components
China	Automobile	Automobile components
China	Automobile	Cutting and stamping of components for automotive industry
China	Automobile	Cutting and stamping of components for automotive industry
China	Automobile	Large-scale stamping
China	Automobile	Roller bearing production
China	Extraction Industry	Manufacture of metal silicon
China	Construction	Amorphous silicon production
China	Services	Digital signage
China	Chemicals	Manufacture and marketing of laryngoscopes
China	Automobile	Industrial textile finishes and coating
China	Others	Production and printing of paper bags
China	Automobile	Manufacture of rubber components for automotive and appliances
China	Automobile	Machining of stainless steel parts
China	Automobile	Tyre production
Philippines	Construction	Concrete moulding
India	Plastics and Derivatives	Coat hanger production
India	Automobile	Automotive parts supply
India	Automobile	Manufacture of parts and accessories for motor vehicles
India	Agri-food	Goods for the food industry
India	Energy	Wind power farm of 80 MW
India	Agri-food	Production and commercialisation of food ingredients and additives
India	Energy	Thermal power plant
India	Energy	Construction and operation of a wind farm
India	Automobile	Manufacturing of metal components
India	Metal Engineering	Wind tower plant
India	Transport infrastructure	Construction and operation of roads
India	Energy	Construction and maintenance of transmission lines
India	Construction	Frits manufacture
India	Automobile	Decorative plastic part manufacturing
Mongolia	Energy	Wind power farm

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Ciju Control Systems			●
Fagor Ederlan Auto Parts		●	●
Ficosa International Taicang		●	
Gestamp Autocomponents (Dongguan)	●		
Gestamp Autocomponents (Shenyang)	●		
Gestamp Autocomponents Kungshan	●		
Jiaxing Fersa Bearing		●	
Mangshi Sinice Silicon Industry		●	
Onyx Solar Energy S.L.		●	
Playthe.net Hong Kong		●	
Prodol Meditec Limited		●	
Shanghai Coatex Technical Coating		●	
Toybe Easy Asia		●	
Wingroup Leisure and Sports Equipment			●
Yancheng Mingli Metal Products Co. Ltd.		●	
Zanini (Changzhou) Autoparts		●	●
Alsina Formwork Southeast Asia Corporation		●	
Erum Hangers		●	
Grupo Cosmos India Private Ltd.		●	
Industrias del Recambio India		●	
Inoxpa India			●
Panama Wind Energy Godaverri Private Limited			●
Premium Ingredients Food Services		●	
Rajasthan Sun Technique Energy			●
ReNew Wind Energy (Rajasthan 3)		●	
RPK India		●	
Shrenik Industries		●	
Soma Isolux NH1 Tollway		●	
South East U.P. Power Transmission Company	●		
Sterling Ceramics PVT Ltd		●	
Walter Pack Automotive Product India Pvt Ltd		●	
Mongolia Wind			●

**CENTRAL AND EASTERN EUROPE, MIDDLE EAST AND CIS**

COUNTRY	SECTOR	BUSINESS ACTIVITY
Saudi Arabia	Construction materials	Construction of prefabricated rings for underground lines 4, 5 and 6
United Arab Emirates	Chemicals	Plastics Manufacture
Slovakia	Automobile	Component stamping
Slovakia	Automobile	Plastic components for automobiles
Slovakia	Automobile	Metal castings for components and automotive industry
Jordan	Finance	Exchanging foreign currency
Montenegro	Energy	Development, construction and operation of a wind farm
Poland	Metal Engineering	Lighting Products
Poland	Capital goods	Manufacture and sale of appliances
Qatar	Services	Installation and Maintenance
Romania	Agri-food	Distillery construction
Romania	Consumer electronics	Bodywork and stamping
Romania	Timber	Wooden counter
Romania	Automobile	Manufacture of rubber and metal components
Romania	Automobile	Rubber products manufacture
Romania	Automobile	Motor vehicles manufacture
Russia	Automobile	Component stamping
Russia	Agri-food	Warehouse construction for food industry storage
Russia	Agri-food	Turkey meat production plant
Turkey	Energy	Financing of 10-20 MW renewable energy projects
Turkey	Services	Human Resources Consulting
Turkey	Sanitation	Food safety Analysis
Turkey	Energy	Design, construction and operation of a wind farm
Turkey	Metal Engineering	Manufacturing metal structures

**NORTH AMERICA**

COUNTRY	SECTOR	BUSINESS ACTIVITY
Canada	Energy	Investment management in renewable energy
Canada	Metal Engineering	Machining and assembly of aluminium parts
USA	Energy	Ethanol production
USA	Services	Chemical laboratory for food, environmental and farming analysis
USA	Aeronautical	Production of carbon fibre structures
USA	Energy	Operation and maintenance of power grids and pipelines
USA	Automobile	Automobile components
USA	Commerce	Manufacture and sales of outdoor furniture
USA	Services	Events, exhibitions and conferences organisation
USA	Construction materials	Products and processes for surface finishes
USA	Construction materials	Counterweights manufacturing plant
USA	Agri-food	Wines and third party distribution
USA	Agri-food	Wine production
USA	Aeronautical	Aircraft Service & Repairs
USA	Hostelry	Online distribution of tourist apartments
USA	Electronic products	Electronics Manufacturing
USA	Transport infrastructure	Toll road acquisition
USA	Engineering	Pellets production
USA	Engineering	Electrical engineering for steel industry
USA	Services	Voice recognition services
USA	Others	Outdoor Furniture Showroom

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Pacadar Arabia LLC		●	
Atarfil Middle East Fze		●	
Esnasa Slovensko		●	
Precision Process Technology Slovakia		●	
SKC FOUNDRY SRO.		●	
Global Exchange Jordan			●
Krnovo Green Energy			●
Aga Light	●		
Fagor Mastercook		●	
Tempo LLC			●
Bioaldevin		●	
CSC Transmetal		●	
Losan Romania		●	
SC Cauchometal Productos S.R.L.		●	
SC Cikautxo Ro Rubber & Plastic		●	
SC Indcar Bus Industries		●	
Gestamp Severstal Kaluga y S.Petersburgo	●		
Starinox, OOO.			●
Tambovskaya Indeika			●
Bank Pozitif			●
Câtenon Turquia		●	
Ekosmyrna S.R.L.		●	
Eolos Rüzgar Enerjisi Oretim			●
Schwartz Hautmont Metal Sanayi Dis Ticaret	●		

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Glen Dhu Wind Energy	●		
Tecalum Canadá		●	
AB of Illinois & AB of Indiana	●		
AGQ USA		●	
Carbures USA		●	
Elecnor Hawkeye		●	
Ficosa North America Corporation		●	
Gandía Blasco USA		●	
Global Events SF		●	
Intrabond		●	
Sic Lazaro US		●	
A.V. Brands Inc.		●	
Codorniu Napa Inc.		●	
Navair USA LLC		●	
Only Apartments Inc.		●	
P4Q USA Inc		●	
Pocahontas Parkway Operations LLC	●		
Prodesa North America Corporation		●	
Russula Corporation Inc.		●	
Verbio Incorporated		●	
Vondom LLC		●	

## WESTERN EUROPE

COUNTRY	SECTOR	BUSINESS ACTIVITY
Germany	Automobile	Heating systems for vehicles
Germany	Agri-food	Manufacture and distribution of ice cube
Germany	Agri-food	Manufacture and commercialisation of jams
Germany	Chemicals	Design and manufacture of dental implants
Belgium	Agri-food	Manufacture of ice cubes
France	Chemicals	Air-fresheners commercialisation
France	Engineering	Engineering Rental services
France	Commerce	Production and distribution of toys
France	Capital goods	Lift maintenance
Holland	Agri-food	Juice bottling and packaging
Holland	Finance	Products derived for foreign currency hedging
Italy	Capital goods	X-ray image diagnosis
Italy	Chemicals	Vegetable oils for cosmetic industry
Italy	Commerce	Commercialisation of toys
Italy	Energy	Cogeneration of electrical energy
Portugal	Timber derivatives	Wooden counter manufacturing
Portugal	Iron and Steel	Purchase of an aggregates quarry and construction of a lime plant
Portugal	Agri-food	Winery and wine tourism
Portugal	Automobile	Powder paint plant
United Kingdom	Engineering	Remote infrastructure management
United Kingdom	Agri-food	Cockle fishing
United Kingdom	Hostelry	Youth hostel management
United Kingdom	Chemicals	Manufacture and sale of industrial adhesives
United Kingdom	Others	Assisted reproduction Clinic
United Kingdom	Chemicals	Commercialisation of dermatological products
Switzerland	Others	Currency exchange service

## INTERNATIONAL

COUNTRY	SECTOR	BUSINESS ACTIVITY
International	Energy	Promotion, production and management of renewable energy, water and infrastructure
International	Finance	Public-private fund to invest in debt instruments
International	Finance	Capital fund expansion for Spanish companies and their internationalisation
International	Construction	Manufacture and commercialisation of cement and concrete
International	Agri-food	Coca-Cola processing and bottling
International	Others	Assisted reproduction
International	Others	Production and sale of bed articles
International	Transport infrastructure	Concessions and infrastructure
International	Services	Information and communication technology
International	Automobile	Automobile components
International	Environment	Hazardous waste management and recycling
International	Services	Water and multiservice, environmental services
International	Services	Digital consulting, outsourcing and IT management
International	Naval Aeronautics	Train manufacture and maintenance
International	Finance	Fund to invest in companies that build renewable energy plants

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Dreiha Gmbh y Grönland 20 Gmbh		●	
Ice Age Ice AG		●	
MÜHLHÄUSER		●	
Phibo Germany		●	
Cubers Europe		●	
Cristalines Centre Europe SRAL		●	
CT Ingenierie		●	
Eureka Kids Francia		●	
JBT Ascenseur, ASJ, Cie Européenne d'Ascenseurs		●	
AMC Vissingen B.V.		●	
TCX	●		
A.T.S. Applicazione Tecnologie Speciali S.R.L.		●	
GP Textrón S.R.L.		●	
IMC Toys Italy S.R.L.		●	
Sampol Italy		●	
Luso Finsa Indústria e Comércio de Madeiras S.A.		●	
Microlime S.A.		●	
Seis Quintas Martúe		●	
Transformações Superficiais Marsan S.L.U.		●	
Capside UK		●	
Cardium Shellfish. Cardium & Trevor Boats		●	
Equity Point UK		●	
Forest Chemical Group Ltd.		●	
IVI London Wimpole Ltd. / Midland Fertility Ltd.		●	
Reig Jofré Uk Ltd.	●		
Eurodivisas S.A.		●	

PROJECT OWNER	CAPITAL	QUASI-CAPITAL	LOAN
Acciona S.A.		●	
Alteralia S.C.A.	●		
Aurica III - Fondo de Capital Riesgo	●		
Cemolins Internacional S.L.		●	
Equatorial Cocacola Bottling Company S.L. (ECCBC)		●	
Equipo IVI S.L.			●
GrupoPikolín S.L.		●	
OHL Concesiones		●	
Tecnocom Telecomunicaciones y Energía S.A.		●	
Teknia Manufacturing Group S.L.		●	●
Tradebe Environmental Services Ltd		●	
Valoriza Gestión S.A.U.		●	
Entelgy Consulting Internacional		●	
Inversiones en Concesiones Ferroviarias S.A.		●	
Norax Green Capital (SCA) SICAR	●		

# Selection of Investment Projects



Promoter:	Encofrados J. Alsina, S. A.
SME:	No
Project Company:	Alsina Formwork Southeast Asia Corporation
Business activity:	Design, manufacturing and marketing of form-work systems
Sector:	Auxiliary/Supplier of construction services
Total investment:	€4m
Financing:	€2m
Product:	Joint venture loan
Drawn from:	COFIDES
Associated direct jobs:	50 with the view of creating up to 120 in 2019
Head office positions in Spain:	250

COFIDES has worked with Encofrados J. Alsina S.A. to contribute to their internationalisation in Southeast Asia: The Philippines.

This has been the first operation financed by COFIDES in the Philippines. This was a strategic deployment for Alsina, as Southeast Asia has great potential, with wide-ranging perspectives, both in macroeconomic scope as well as in the construction sector. Moreover, with this international growth project, the Spanish parent company will be strengthened and reinforced.

The Alsina Group is one of the leading companies in the "in situ" concrete form-work sector in Spain. Its main business line is the rental and commercialisation of form-work systems which the company passed from the parent company to its subsidiaries. To provide a rental service, it is necessary to have a permanent presence, by having facilities and warehouses. It also requires significant investment in equipment and form-work systems, for which COFIDES has provided its support.

It is part of a business conglomerate with a long family tradition (67 years) and wide international diversification through 19 subsidiaries in 19 countries via organic growth. Alsina is characterised by its strong commitment to R & D in developing new products and meeting market needs.

COFIDES also supported Alina's implementation in Chile, Mexico and Peru.





Promoter:	Bemasa Caps S.A.
SME:	Yes
Project Company:	Bemasa Egypt Joint Stock Company
Business activity:	Production of easy-open tops
Sector:	Agrifood
Total investment:	€1,8m
Financing:	€1m
Product:	Joint venture loan
Drawn from:	COFIDES and FONPYME
Associated direct jobs:	29
Head office positions in Spain:	150

COFIDES has supported Bemasa Caps S. A. in its international expansion process in Egypt, where it will launch an easy-open tops manufacturing plant. The project will be carried out through a joint venture with a local partner, who will provide market knowledge, while Bemasa will apply its 25 years of manufacturing know-how in the sector.

Bemasa Caps is a Murcian company founded in 1990 specialised in the production of caps-twist® and easy-open tops, as well as capping machines and vacuum detectors, all of which have a significant presence in both national and International markets.

The company operates in its Molina de Segura (Murcia) factory. More than 900 million of its different caps formats are distributed from there to different points of Spain.

Bemasa Caps began its internationalisation process in 2000, exporting its products to Europe, North Africa, the United States, South America, China and India. Its exports have been gradually increasing and now represent more than 50% of its sales.





Promoter:	Ortiz Construcciones y Proyectos, S.A.
SME:	No
Project Company:	Autopistas del Nordeste, S.A.S.
Business activity:	Construction, rehabilitation, operation and maintenance of the of the road that connects Remedios and Caucasia
Sector:	Transport infrastructure
Total investment:	1.765 million Colombian pesos
Financing:	€8 m
Product:	Capital, subordinated debt and counter-guarantee capital (capital and subordinated debt)
Drawn from:	FIEX and COFIDES
Associated direct jobs:	120, with the view of creating up to 1,000 indirect jobs in 2016-2020
Head office positions in Spain:	1,751 (+54 expats)



Promoter:	Ortiz Construcciones y Proyectos S. A.
SME:	No
Project Company:	Concesión del Sisga, S.A.S.
Business activity:	Construction, rehabilitation, operation and maintenance of the Sisga Transversal corridor that connects Sisga with Aguacalara
Sector:	Transport infrastructure
Total investment:	900,317 million Colombian pesos
Financing:	€14 m (max.)
Product:	Capital, subordinated debt and counter-guarantee capital (capital and subordinated debt)
Drawn from:	FIEX and COFIDES
Associated direct jobs:	100, with the view of creating up to 600 indirect jobs in 2016-2020
Head office positions in Spain:	1,751 (+54 expats)





With these two projects, COFIDES has taken part in the grants awarded to Grupo Ortiz for the Fourth Generation Program (4G) of Road Concessions in Colombia. This is the most important public-private partnership initiative in the world, with an estimated investment of 47 billion Colombian pesos (approximately \$24 billion). The program looks at the construction and concessionary operation of more than 8,000 kilometres of roads and 159 tunnels, under more than 40 concessions.

Grupo Ortiz, alongside other local partners have been awarded two concession projects, the Northern Connection motorway and a stretch of the Sisga motorway in which COFIDES has cooperated through the FLEX Fund and its own resources. COFIDES will acquire a stake in Grupo Ortiz of approximately 5% for the Northern Connection motorway project and up to 15% for the Sisga motorway project. The financing in both projects is structured through capital, subordinated debt and counter-guarantee capital (capital and subordinated debt).

The Northern Connection motorway will connect Remedios, Zaragoza and Cauca in order to promote better service conditions for the locals in the region and connect the south west and centre west of the country. This motorway has a proposed length of 145 kilometres, the route of which will be developed in Antioquia, one of the areas of Colombia with the greatest social development.

The Sisga Transversal concession will consolidate the current road corridor of Sisga with works of refurbishment and surface redevelopment to guarantee increased traffic flow through this corridor. With a length of about 137 kilometres, it is one of the main access points to Llanos in the east and the centre of the country.



# eurofresh

Promoter:	Eurofresh Vegetales & Frutas, S.L.
SME:	Yes
Project Company:	Eurofresh Dominicana, S.R.L.
Business activity:	Production and commercialisation of tropical fruits
Sector:	Agrifood
Total investment:	€3.02m
Financing:	€2,1m
Product:	Joint venture loan
Drawn from:	COFIDES and FONPYME
Associated direct jobs:	59
Head office positions in Spain:	52

COFIDES has contributed to the consolidation of Eurofresh in the Dominican Republic through a joint venture loan of €2.1m structured through COFIDES own resources (25%) and FONPYME (75%).

With this funding, the company will acquire 140 hectares of farmland, as well as machinery and equipment to produce avocados. The demand for this fruit has increased considerably in recent years and with the establishment in an area that has the optimal conditions for its production, the company has guaranteed the supply to the European market all year round.

Since 2001, Eurofresh Vegetales & Frutas, S.L. has been dedicated to the production and commercialisation of tropical fruits. Its operation is based on nearly 4,000 hectares of crops, producing more than 16,500 tons of fruit and more than 70% of their farms grow organic produce.

With head offices in Malaga, the company has subsidiaries in Morocco, Peru, Colombia and the Dominican Republic. Furthermore, in the Netherlands it has a fruit reception, maturing, preparation and delivery service centre.

Eurofresh has developed a structure that accompanies and gives service to the producers throughout the year, ensuring the quality of its product.





Promoter:	Hotelsa Alimentación, S.L.
SME:	Yes
Project Company:	Profood Service, S.A.
Business activity:	Manufacture and commercialisation of food products and beverages
Sector:	Agrifood
Total investment:	€2m
Financing:	€1.5m
Product:	Joint venture loan
Drawn from:	COFIDES and FONPYME
Associated direct jobs:	46
Head office positions in Spain:	127

Hotelsa Alimentación S. L. has established itself in Cuba with COFIDES financial support. With the funding provided by COFIDES and FONPYME, Hotelsa has built a plant to manufacture food products and beverages, as well as the machining and assembly of vending machines. The company has been exporting its products to Cuba since the mid-90s, supplying major hotel chains operating in the country and has a considerable volume of sales and customers.

This is the first operation that COFIDES will carry out through the Cuba Facility, launched last year to promote investment of Spanish companies in the Caribbean country. In addition, it is the first Spanish project with permission to become established in the Special Economic Development Zone of Mariel, an area destined to encourage the nation's sustainable economic development by attracting foreign investment, technological innovation and industrial concentration, while at the same time ensuring environmental protection.

Hotelsa Alimentacion S. L. is a group of companies dedicated to the production and commercialisation of food and beverage products for hotels. Hotelsa will rely on a strong investment in R & D to keep the company growing over the coming years.

With a workforce of 209 employees, 21 branches and 7 of its own factories in Spain, Mexico Tunisia, Morocco, the Dominican Republic and Cape Verde. The company supplies more than 5,000 hotels daily, including major Hotel chains in Europe and America, as well as most of the independent hotels.





Promoter:	Procubitos S. L.
SME:	Yes
Project Company:	Ice Age Ice A.G.
Business activity:	Manufacturer and distributor of ice cube
Sector:	Agrifood
Total investment:	€2.8m
Financing:	€500,000
Product:	Joint venture loan
Drawn from:	FONPYME
Total investment:	€2m
Financing:	€1.1m (max)
Product:	Joint venture loan
Drawn from:	FONPYME
Associated direct jobs:	26
Head office positions in Spain:	58

COFIDES has supported Procubitos in its implementation in Germany. To this end, it has provided two joint venture loans for the acquisition of a German company, dedicated to the production and distribution of ice cubes, as well as its expansion.

With these projects, Procubitos has expanded its production capacity and strengthened its position in Germany by introducing new value-add products commercialised in Spain. It will use part of its production capability to export to potential third countries. Both operations have been financed through the FONPYME Fund.

Procubitos S.L. is a company with more than 25 years' experience as a manufacturer and distributor of ice cube bags and it is the national leader with several production plants. It has the greatest capacity of ice cube production in the European market and has experience in exporting products. It is part of Grupo Empresarial Hervaz, an Andalusian business group that performs its activities in several sectors: industry, agriculture, cattle and energy.





# Staff organization chart

## PRESIDENCY



Salvador Marín  
Chairman



Pilar Cruz



Carlos Moreno  
General Secretariat



Cristina Sánchez  
General Services

## GENERAL SECRETARIAT



Ana Victoria Fernández  
General Secretary



Eva Guerrero



Jesús Aranaz



Teresa Tamés



Luis Torres

## CONTROL, INTERNAL AUDIT AND QUALITY



Mª Victoria de Luis  
Deputy Director



Ángeles Prieto



Nuria Blanco

## EXTERNAL CORPORATE COMMUNICATION UNIT



Laura Manzano

## CEO SUPPORT UNIT: EDFI COORDINATION, INSTITUTIONAL RELATIONS & STUDIES SERVICE



Raúl Moreno



Silvia Rodado

## SENIOR MANAGEMENT



Luis de Fuentes  
Managing Director



Susana Iglesias

## MARKETING & BUSINESS DEVELOPMENT



Ana Cebrián  
Deputy Director



Cristina Mena



Teresa Madrigal



Margarita López-Galiacho



Sergio Sánchez



Eduardo Serrano



Silvia Ferreiro

## Financing for Development



María Vidales  
Deputy Director



Mª Luz Garcia



José Carlos Villena



Carlos Martín



María Martínez



Mª Dolores Mercader

## FINANCIAL DEVELOPMENT & EUROPEAN AFFAIRS

## Development & European Affairs



Beatriz Morant



Carlos Mosquera



Jone Ordeñana



Julia Rabadán



Cristina Rodríguez



Nuria Rodríguez



Raúl Moreno



Miguel A. Ladero  
Deputy Director



Marisol García



Mar Ríos



Álvaro Hernández



José Luis Ocasar



Yolanda Gómez de Segura

## OPERATIONS



Álvaro Justo



Ana Flor



Gloria Santiago



Manuel Fernández  
Juridical



Mª Ángeles Vara



Eduardo Fernández



Umberto Ferrer



Marta Blond



Luis Naranjo



Antonio Fernández



Pilar Morencos



Paula Hernández



Adriana Pita

## RISK



Consuelo Díaz  
Deputy Director



Cristina Rodríguez



Carolina Fernández-Puebla



Sergio Mata  
Accounting

## ECONOMIC- FINANCE



Héctor Turiel  
Deputy Director



Belén de la Fuente



Laura Sanz



Laura Sánchez



Sergio Nieva



Emma Méndez



Isabel Barril



Ana Romero



Sonia Gómez



Consuelo Abad

## CORPORATE AND SUSTAINABILITY



Fernando Aceña  
Deputy Director



Regina Pálla



Lola Vázquez



Isabel Griñón



May Sánchez



Álvaro Padial

Internal Communication & Studies



Silvia Rodado

Human Resources

## INFORMATION TECHNOLOGIES AREA



Alejandro Colino



Alfonso Sánchez



Daniel Martínez



José Luis Viana



Laura Valeriani

## INTERNS



Sheila Algarra



Cristina Bravo



Kate Eguidazu



Marcos Martínez



Marc Melús



Marina Quintanilla



Olatz Villaverde

# Management Report





## 1. ECONOMIC ENVIRONMENT

World GDP growth in 2016 was 3.1%, according to estimates by the International Monetary Fund, with developing countries contributing the most with a growth rate of 4.1%, while advanced economies continued growing at a slower rate (1.6%).

In this context, global flows of Foreign Direct Investment (FDI) suffered a 13% decline compared to 2015 according to UNCTAD.

In 2016, North America saw increased inflows of FDI (6%) as they grew 11% in the USA. The European Union experienced a decrease of 18% in FDI inflows in 2016. Countries such as the United Kingdom (+ 442%) or France (+15%), the FDI flows were significantly increased. In contrast, countries such as the Netherlands (-37%) or Germany (-27%), as well as others such as Ireland, Switzerland and Belgium, experienced declines in comparison with the previous year.

Furthermore, and as well as in 2014 and 2015, Latin America experienced a decrease in FDI inflows (-19%), a result ultimately of lower prices in raw materials. Brazil saw its inflows reduced by 23%, as well as Chile (-31%). In Mexico, UNCTAD estimated that FDI inflows were reduced by 20%.

Moreover, FDI flows received by Asia were reduced by 22%. In absolute terms, most of the inflow decline in the region was in Honk Kong (-47%). However, inflows in China increased by 2% reaching a new record high in the volume of FDI inflows received. India, meanwhile saw a 5% decline in the volume of FDI received and continued to be one of the top 10 host economies for FDI flows. On the other hand, Africa showed a decline of 5% with significant decreases in countries such as Mozambique (-11%) or Angola, which saw FDI flows reduced by more than half. On the other hand, Egypt (+9%), Nigeria (+29%) or South Africa (+38%) experienced significant increases.

In the Spanish economy, GDP increased by 3.2% in 2016 according to the National Statistics Institute (INE), the same rate as in 2015 and 1.8 points more than in 2014 and the highest since 2007. In 2016, National demand was positive, with the recovery of domestic demand being compounded by the growing weight of exports.

The momentum of the foreign sector continues and, proof of this can be seen in the positive evolution of the Spanish goods export in 2016, which recorded the best figures since their first publication in 1971 exceeding €254,500 million for the first time, representing an increase of 1.7% on the previous year.

In 2016, the Spanish export progress was better than that of the eurozone as a whole (which grew 0.7%) and of the EU (a decrease of 0.1%). Germany, exports (+1.2%) and Italy (+1.1%) increased to a lesser extent than in Spain, while France (-0.9%), the United Kingdom (-0.2%), USA (-3.2%), China (-6.4%) and Japan (-7.4%) fell. Moreover, in 2016 the number of Spanish exporters increased by 1% over 2015, to 148,794. The number of regular exporters (which have been exporting for four consecutive years) increased by 4.2% to 49,792.

Meanwhile, in 2016, net Spanish investment flows overseas recorded positive values of €28,707 million, 1.2% lower than those reported in the previous year. During 2016, the United Kingdom, the United States, Denmark, Argentina, the Netherlands, Luxembourg, Germany and Italy were found in this order among the main countries receiving Spanish net FDI. Among them, Denmark, Argentina and Italy experienced the highest growth rates in percentage terms as target countries. The main sector receiving Spanish net FDI abroad during 2016 was wholesale trade and trade intermediation, followed by repair and installation of machinery and equipment, insurance, financial services and manufacture of other non-metallic mineral products.

UNCTAD estimates suggest that in 2017, FDI flows will increase again by about 10%, as a result of accelerating forecasts for next year's global economic growth, which is expected to reach 3.4%, accelerating growth in both developed and developing economies, whose growth is projected at 1.9% and 4.5%, respectively. In the case of emerging and developing countries, this forecast is expected to be largely driven by an increase in the price of raw materials, especially oil, which will stimulate growth in countries that export natural resources. Likewise, greater economic activity is expected to contribute to increasing international trade volume, which is expected to increase by 3.8% in 2017 compared to 2.3% in 2016.

## 2. PROJECT FINANCING

During 2016 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 committed investment portfolio has reached its highest historical level with a figure of €1,064.41m, 5% higher than the volume approved in 2015. The formalisations touched a very high level, reaching €203.60m.

If we compare the quadrennial period of 2013-16 to 2009-12, an increase in the number of formalised projects is noticed (67%), as well as in amounts disbursed (22%). This data shows, in the case of SMEs, an increase of around 115% and 13% respectively.

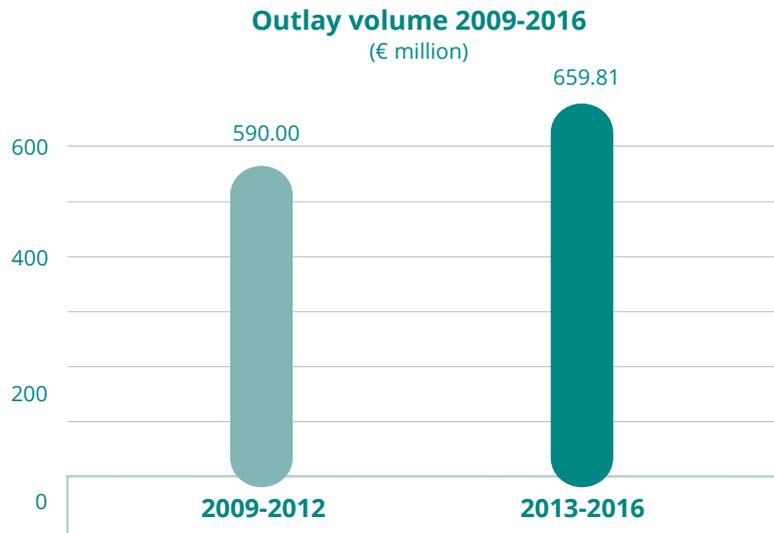
The outlays, approved and formalised operations, total portfolio and committed portfolio in 2016 compared to the figures for the five preceding years are in the table below:

	2011	2012	2013	2014	2015	2016
<b>Outlays</b>	134.69	220.72	209.69	197.29	155.08	97.75
<b>Formalisations</b>	170.92	227.41	221.59	244.89	157.11	203.60
<b>Approvals</b>	193.28	197.72	243.31	258.20	334.43	141.32
<b>Total portfolio</b>	555.26	737.20	872.53	911.79	926.96	893.18
<b>Committed portfolio</b>	625.38	809.02	935.48	1,018.26	1,017.91	1,064.41

(€ million)

### 2.1. Outlays

The total outlay volume for operations managed by COFIDES in 2016 remained at slightly lower levels than the ones recorded in 2015, reaching €97.75m. Of those, €64.91m was disbursed under FIEX, €17.02m came from FONPYME and €15.82m were drawn from COFIDES own resources. The lower volume of disbursements in 2016 is due to the formalisation of a large volume of operations in the last month of the year, which translates into a formalised and pending disbursement amount that amounts to €171.23m at 31/12/2016. It is therefore anticipated that the level of disbursements will increase significantly in 2017 compared to 2016.



## 2.2. Approvals

In 2016, 55 projects were approved for a committed value of €141.32m compared to 59 approved projects in the previous year, amounting to €334.43m. The projects approved in 2016 have been of average size which is inferior to those of 2015, being €2.56m the average amount per project in 2016 compared to €5.66m in the previous year, achieving a greater number of companies and projects with a lower resource commitment.

Drawn from COFIDES own resources were a total of 34 approved projects in 19 countries, with an overall commitment of €27.06m.

Out of these 34 projects, 12 were co-financed by the Fund for Foreign Investment (FIEX), for an additional amount of €37.55m in six countries. The Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME), co-financed together with COFIDES a total of 15 projects in thirteen countries, increasing the total by a further €7.93m.

Drawn from FONPYME resources without co-financing, 14 projects were approved in 12 countries for a total of €9.43m. This attains a total annual commitment, drawn from FONPYME resources of €17.36m.

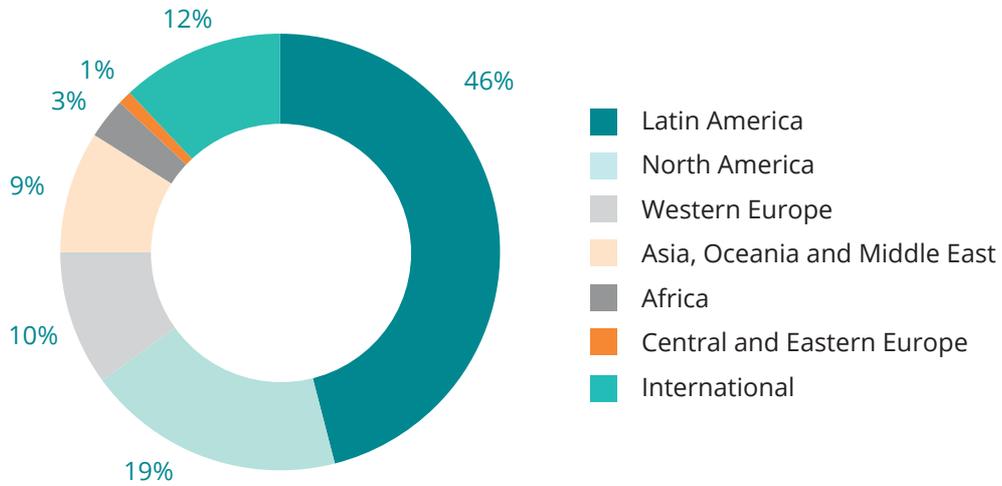
The FIEX Executive Committee approved 7 projects in 5 countries without COFIDES co-financing for a total amount of €59.35m. A total commitment volume of €96.90m from FIEX resources in 2016 was reached. Additionally, in 2016 the FIEX Executive Committee approved 17 project profiles valued at €87.99m.

In the framework of European Financing Partners (EFP) two operations were approved amounting to €1.28m, from COFIDES own resources. Moreover, through the new investment facility Interact Climate Change Facility (ICCF), two projects of €1.12m were approved using COFIDES own resources (50%) and FIEX (50%).

Additionally, during the year covered by this report, the EFP sixth round of funding amounting to €5 million was approved, from COFIDES (50%) and FIEX (50%). Also during 2016, the fourth round of ICCF financing amounting to €5m from COFIDES (50%) and FIEX (50%) was approved.

As for the destination areas, Latin America remained the largest recipient region of approved investments, equating to 46% of total resources committed. Behind Latin America were North America -considered as USA and Canada- (19%), Western Europe (10%), Asia, Oceania and the Middle East (9%), Africa (3%) and Central and Eastern. The remaining 12% has been classified according to the "International" category that includes (i) EFP Regional commitments and ICCF facilities for Official Development Assistance (ODA) recipient countries (ii) commitments in a newly created fund to participate in the capital of companies that develop renewable energy generation plants.

### Approved resources in 2016 - By Area

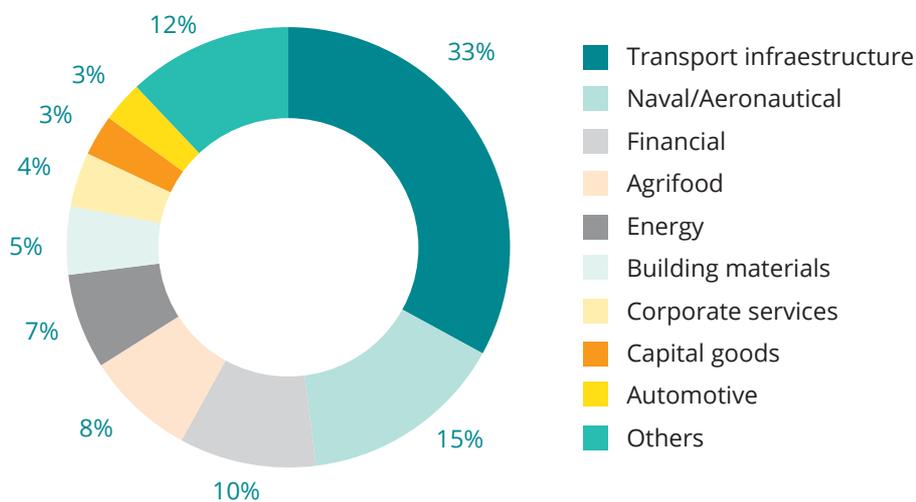


By commitment volume, Colombia (18%), USA (6%), India (6%), Mexico (4%), Brazil (4%) and United Kingdom (4%) were the main destinations for approvals, whereas the number of approved projects was: 6 in Mexico and Colombia respectively and 3 in Germany, Peru, Cuba and China respectively.

The sectorial distribution of investment is very diverse. Corporate services, is the main sector with 9 approved projects. The agrifood sector follows with 7 projects, building materials with 5, energy and automotive sector with 4 each. Finally, in 2016 some projects were also approved in the field of transport infrastructure, engineering, financial, capital goods, trade, metal-mechanic, naval/aeronautical industry, environment, transport, electronic and electrical products, telecommunications, hospitality, tourism and leisure and others.

The main recipient sectors by investment volume were: transport infrastructure (33%), naval/aeronautical industry (15%), financial (10%), agrifood (8%), energy (7%), building materials (5%) corporate services (4%), capital goods (3%) and automotive (3%).

### Approved Resources in 2016 - By Sector



Finally, these projects have had an exponential effect on host country economies. The 2016 approvals seeded a total investment worth more than €3.460m. (of which around two thirds relates to five major infrastructure projects) which generated approximately 2,150 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 57 projects were formalised in 2016, for a volume of €203.60m, compared to 46 projects formalised in 2015 with a commitment of €157.11m. representing a 24% increase in the number of projects and 30% more commitment than the previous year.

Drawn from COFIDES own resources, 38 projects were formalised in 20 countries, with an overall commitment of €35.35m.

FIEX co-financed 16 of these projects contributing an additional €93.79m, while FONPYME co-financed 14 projects amounted to a further €7.55m.

Using FONPYME exclusive resources, 12 projects have been formalised for €8.13m and with FIEX exclusive resources, 7 projects have been formalised worth €58.78m.

The total annual volume of formalisation under FONPYME amounted to €15.68m and under FIEX resources amounted to €152.57m.

Within the ICCF scheme, three ICCF operations for a total amount of €1.37m were formalised in 2016 with resources structured through FIEX (50%) and COFIDES (50%). Likewise, in 2016 three projects within the EFP framework were formalised amounting to €1.59m from COFIDES resources.

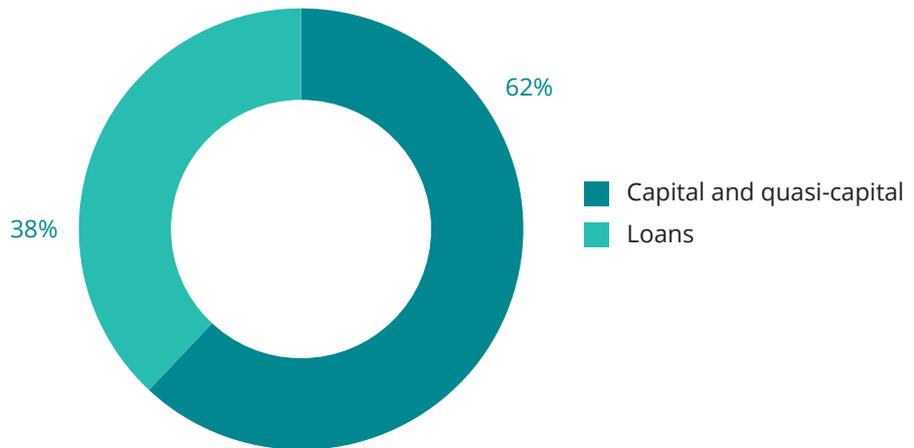
Additionally, during the year covered by this report, the EFP sixth round of funding amounting to €5 million was approved, from COFIDES (50%) and FIEX (50%). Also during 2016, the ICCF fourth round of financing amounting to €5m from COFIDES (50%) and FIEX (50%) was approved.

As for the target areas of the formalised projects in 2016, Latin America with 56% of the total committed resources was the main recipient of the financed investments. Subsequently, North America - considered as the United States and Canada (13%), Western Europe (6%), Asia, Oceania and the Middle East (6%), Africa (2%), Central and Eastern Europe (0.1%). The remaining 16% has been classified according to the "International" category that includes (i) EFP Regional commitments and ICCF facilities for Official Development Assistance (ODA) recipient countries, (ii) commitments related to loans to Spanish parent companies to develop overseas projects identified in several countries, (iii) commitments in two newly created funds.

By sector, the main destinations of resources originated in 2016 were transport infrastructure (48%), financial (15%), naval/aeronautical (10%), agrifood (5%), energy (5%), others (4%), building materials (3%), services to companies (3%) and automotive (2%). Projects in tourism and leisure (1%), transport (1%), equipment (1%), trade (1%), telecommunications (1%), engineering %, and metal-mechanical industry (0.1%) have also been formalised.

62% of the resources invested in the overall formalised operations in 2016 were in the form of capital and quasi-capital, and hence confirmed the trend of COFIDES to provide additional funding through the financial products market.

### Approved Resources in 2016 - by Financial Product



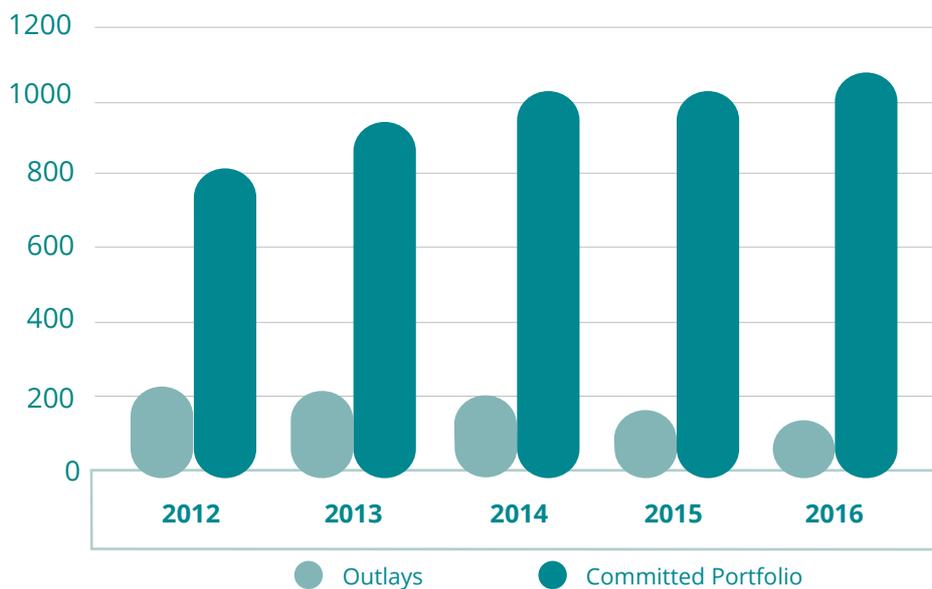
#### 2.4. Portfolio

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 2016 the investments committed by the company were worth €1,064.41m, related to 285 projects in 63 countries. This figure represents the highest committed portfolio level ever recorded and represents an increase of 5% on the previous year.

Meanwhile, the total portfolio on 31<sup>st</sup> December 2016 reflected for the formalised operations, the balances between the amounts actually disbursed and repaid, which amounted to €893.18m.

### Outlays and total Committed Portfolio 2012-2016

(€ million)



### 3. COFIDES OPERATING AND MANAGEMENT CAPACITY

In late 2016 COFIDES had an overall operating capacity of over €2,500m.

#### 3.1. FIEX and FONPYME

The net assets of the FONPYME and FIEX funds rose to €988.93m as at 31<sup>st</sup> December 2016. Of this, €913.64m corresponded to FIEX and the remaining €75.30m to FONPYME.

The FIEX fund continues to be a highly-valued vehicle by those Spanish companies that internationalise, and in 2016 it maintained a high level of commitments. The resources volume approved by FIEX during 2016 has amounted to €96.90m and 23 projects have been formalised for a volume of €152.57m, involving resources in countries such as Colombia, US, India, United Kingdom, Italy, Mexico, Brazil, Peru, among others. At the end of 2016 and with a revolving character, a total of 230 projects had been allocated to this Fund for a volume of €1,785.94m, with 142 projects for €898.85m of its investments committed portfolio.

With regard to the FONPYME fund, the volume of resources committed during 2016 amounted to €17.36m. Also during this period, 26 projects with a volume of €15.68m were formalised under this fund. At the end of 2016, a total of 148 projects totalling €111.99m were charged to the Fund, leaving a committed investment portfolio of 93 projects worth €63.42m.

#### 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 to support 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' 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 2016, COFIDES supported the preparation of a financial terms profile, three operations' proposals and the formalisation of two operations. FONPRODE reimbursable portfolio (85 operations) was monitored and 11 missions were identified, analysed and monitored. Likewise, the analysis tool of development effects (GPR) was adapted to the instruments 'loans to microfinance institutions' and 'loans to States'.

On the other hand, in 2016 COFIDES became a member of the Social Performance Task Force (SPTF), a non-profit organisation with more than 3,000 members involved in financial inclusion globally. SPTF engages with stakeholders to develop, disseminate, and promote standards and good practices for social performance management and reporting with the common goal of making financial services safer and more beneficial and facilitating access to banking services to the population that have find it difficult to do so. COFIDES supports the mission of the organisation and commits itself to making the best efforts to integrate the Universal Standards of Social Performance Management into its work, as well as to promote them in the relations with its partners.



*Visit to the teak wood processing facilities of the Peak Timbers Valley company, in Morogoro, Tanzania. Global Environmental Fund investment through FONPRODE*



*Follow-up visit to the company MERIDIAN that produces fertilisers and seeds. African Agriculture Fund Investment structured through FONPRODE*

### 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 2016, 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 2016, a total of €484m in 38 projects located in 13 different countries. The combined FIEX/COFIDES resources invested in these projects by the end of 2016, resulted in a commitment volume of €16.67m, in 28 projects in 11 different countries, 10 of them belonging to the Africa Sahara region.

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 2016, a total of €361.18m in 23 projects located in 12 different countries. In late 2016, COFIDES had engaged, in ICCF projects, a total of €12.80m in 23 projects in 10 different countries, all countries receiving Official Development Assistance.

#### 3.4.2. 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.



*Signing of the non-reimbursable Technical Cooperation Agreement between COFIDES and CAF, the Latin American Development Bank*

## 4. INSTITUTIONAL ACTION

### 4.1. Other activities within the EDFI framework

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: Strategy Task Force, Development Effectiveness, Environmental and Social, Technical Assistance, Human Resources, Communication Strategy, EFC and ICCF working groups.

COFIDES has also attended workshops and courses organised by other European bilateral financial institutions such as the presentation of the new line AgriFI, the training sessions for EDFI's new employees and the EDFI Finance SME workshop.

Finally, COFIDES has taken part in follow-up meetings for the GPR methodology review, led by DEG-KfW and involving other European development financial institutions (SIFEM, PROPARCO, OeEB) and the Dutch consultancy firm Steward Redqueen.

### 4.2. Other activities with Financial Institutions

In order to diversify its business, in recent years COFIDES has resumed contact with various international financial institutions like the European Investment Bank, European Investment Fund, the Inter-American Development Bank, the Andean Development Corporation and the International Finance Corporation (World Bank Group).

In May 2016, COFIDES achieved an important milestone by obtaining the accreditation of the European Commission to act as an accredited co-financier allowing its participation as a leading financial entity in the EU Blending Facilities. COFIDES is fully integrated in the Blending project cycle, attending technical committee meetings and executive committees of the different facilities, both regional and thematic. In this sense, COFIDES has already begun the work of identifying potential operations. In parallel, COFIDES regularly attends meetings held in the framework of the EU platform for blending in external cooperation, which discusses the general issues related to Blending instruments. Having obtained the accreditation from the European Commission, COFIDES could have the ability to implement delegated cooperation projects. This possible line of activity is expected to be pursued.



*Blending presentation to members of the Exporters and Investors Club, CEOE and the Spanish Chamber of Commerce*

Given the relevance of the Blending instrument and in the context of the new 2030 Agenda and above all in the Addis Ababa Action Agenda, the European Commission has continued to promote the creation of Thematic Facilities, which are added to the geographical ones. After launching ElectrIFI, the Commission has launched AgriFI to support those projects that promote sustainable value chains in the agricultural sector and contribute to food security.

COFIDES took part in the annual edition of the European Development Days, the main forum in Europe on international development cooperation, with 5,000 participants from more than 150 countries, representing around 4,500 organisations. In the 2016 edition, under the title 'Sustainable Development in Action: Our World, Our Dignity, Our Future', focused on the 17 Sustainable Development Objectives (ODS) integrated into the United Nations Agenda 2030 for sustainable development.

Also during 2016 COFIDES has continued to work on the accreditation process for the Green Climate Fund (GCF, its acronym in English). The Green Fund is an entity of the United Nations Framework Convention on Climate Change (UNFCCC) that funds climate change mitigation and adaptation projects. The GCF is intended to be the centrepiece of efforts to raise Climate Finance of \$100 billion a year by 2020, promoting a significant shift towards developing low-carbon emissions and resilience against the effects of climate change through programme-based approaches driven by countries.

### 4.3. Signing of partnerships

In 2016, COFIDES reinforced its approach strategy to national development 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 Argentinian Bank for Investment and Foreign Trade (BICE) and SOCIETÀ ITALIANA PER LE IMPRESE ALL'ESTERO (SIMEST) were signed.



*Signing of the cooperation agreement between COFIDES and the Bank for Investment and Foreign Trade of Argentina (BICE)*

Moreover, the effort to bring multilateral institutions closer has remain with the signing of agreements with CAF-LATIN AMERICAN DEVELOPMENT BANK and the UN FOOD AND AGRICULTURE ORGANISATION (FAO). In order to consolidate the integration between the development institutions, COFIDES has taken part in the International Development Forum in Doha organised by ADFMI (Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank), in which the COFIDES Chairman gave a lecture on Challenges for National Development Financial Institutions. On the other hand, as a member of ALIDE (Latin American Association of Development Financing Institutions), COFIDES took an active part in the ALIDE 46th General Assembly held in Brazil. COFIDES was also involved in the Annual Assembly of the World Bank Group and the International Monetary Fund held in Washington.

In Spain, COFIDES continues to strengthen its institutional relationship with the Autonomous Communities. During 2016, renewal agreements have been signed with: DESARROLLO DE CANTABRIA (SODERCAN) and INSTITUTO DE FOMENTO DE LA REGIÓN DE MURCIA (INFO), with the aim of supporting the Spanish companies' internationalisation, in particular SMEs. Currently, COFIDES has cooperation agreements with entities representing 13 Autonomous Communities.



*Agreement between COFIDES and the Organisation for Food and Agriculture (FAO)*

## 5. COMMERCIAL ACTION PLAN

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

As in previous years, the development of commercial activity has been based on two core areas: on one hand, the promotion work, and on the other, the commercial action carried out directly with companies eligible for COFIDES financial support.

In relation to the first one, COFIDES has maintained an outstanding institutional presence in conferences and seminars on financing and internationalisation. In this regard, COFIDES has continued to take part in the Financial Support for Business Internationalisation Conference held in several Autonomous Communities at the request of the State Secretariat for Trade and with the support of the Regional Directorates of Commerce.



*COFIDES seminar at the Andalucía Technology Park (Malaga)*

COFIDES has taken part in forums, conferences and missions (Forum Capital PYMES, IMEX, International Prospecting Mission in Cuba organised by INFO, among others), in which it has widely disseminated its financial offerings and its support for Spanish company internationalisation, as well as the development of the countries receiving the investment. Throughout 2016, COFIDES has organised the conference "International Drive: Participatory Financial Instruments to Support Internationalisation" in the Science and Technology Parks of Malaga and Valencia.

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 program Exportar para Crecer (Export for Growth)-, 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).



"Hong Kong - Gateway to the China and Asia Pacific market" Seminar, organised by the Confederación Empresarial de Madrid (CEIM)

In 2016, direct commercial activity has continued to be intense, reaching historic high of contacts (750 potential customers, 7% increase compared to 2015). Also, with high levels of proactivity in identifying target companies (65% of the contacts have been proactive in 2016). By company type, 63% of contact was maintained with



Spain-Senegal Business Meeting

SMEs. Also, it should be noted that, within the Annual Plan of Visits, 270 meetings with companies were held.

Regarding the creation of new products, in 2016 COFIDES has designed, launched and implemented jointly with CAF the non-reimbursable Technical Cooperation Facility for Cuba. Moreover, the commercialisation of the Cuba Facility launched in 2015 has been intensified, directly with potential clients with internationalisation projects in Cuba and through the celebration and participation in specific seminars and seminars.

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 addition to this sponsorship COFIDES, in 2016 actively took part in the Forums and Business Meetings held in The Czech Republic, Senegal and Singapore.

All this promotional activity and business development focus have contributed to the fact that in the course of 2016, 49 new customers passed straight into the Area of Operations for analysis (more than 65% being SMEs compared to 56% in 2015) and for volumes exceeding €115m.

## 6. PROJECT MONITORING

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%. This figure will rise to 100% in the first quarter of 2017.

In 2016, 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 the full and/or partial recovery of several dubious operations.

Finally, in 2016 there was an early divestiture in a doubtful capital transaction, recovering the entire amount invested and its interest.

## 7. COFIDES FINANCIAL POSITION ON 31<sup>ST</sup> DECEMBER 2016

For fourth year in a row, €20 million has been exceeded through the consolidation of the Company, thanks to the implementation of the previous four-year Strategic Plan, which allowed an operating profit to be obtained above €11m, that is, one of the largest in the Company's history.

Regarding staff costs, the total amount was around €375,000 below the budget estimated for 2016, while operating costs were significantly below the budgeted amount (approximately €670,000), which could have even exceeded €1 million if it had not incurred in a series of atypical expenses in such a way that, in the absence of such an eventuality, the operating costs "caeteris paribus" would have decreased by about 320,000 euros compared to the year 2015.

As a result of the above, 2016 financial year consolidated financial strength, strengthened liquidity and solvency and saw the emergence of new high efficiency business model as well as the maturity of the company as an undisputed reference within the scope of the internationalisation financing of the Spanish economy and its opening up to foreign markets.



3rd Edition of the COFIDES "Internationalisation Advancement Awards"

# Financial Statements



# Financial Statements

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Financial Statements at  
31<sup>st</sup> December 2016

# Letter from the Auditors



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28003 Madrid

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## INFORME DE AUDITORÍA INDEPENDIENTE DE CUENTAS ANUALES

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

### Informe sobre las cuentas anuales

Hemos auditado las cuentas anuales adjuntas de Compañía Española de Financiación del Desarrollo, COFIDES, S.A., que comprenden el balance al 31 de diciembre de 2016, 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.

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

### *Responsabilidad del auditor*

Nuestra responsabilidad es expresar una opinión sobre las cuentas anuales adjuntas, basada en nuestra auditoría. Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la auditoría de cuentas vigente en España. Dicha normativa exige que cumplamos los requerimientos de ética, así como que planifiquemos y ejecutemos la auditoría con el fin de obtener una seguridad razonable de que las cuentas anuales están libres de incorrecciones materiales.

Una auditoría requiere la aplicación de procedimientos para obtener evidencia de auditoría sobre los importes y la información revelada en las cuentas anuales. Los procedimientos seleccionados dependen del juicio del auditor, incluida la valoración de los riesgos de incorrección material en las cuentas anuales, debida a fraude o error. Al efectuar dichas valoraciones del riesgo, el auditor tiene en cuenta el control interno relevante para la formulación por parte de la entidad de las cuentas anuales, con el fin de diseñar los 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. Una auditoría también incluye la evaluación de la adecuación de las políticas contables aplicadas y de la razonabilidad de las estimaciones contables realizadas por la dirección, así como la evaluación de la presentación de las cuentas anuales tomadas en su conjunto.

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

### Opinión

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de Compañía Española de Financiación del Desarrollo, COFIDES, S.A. a 31 de diciembre de 2016, 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 y, en particular, con los principios y criterios contables contenidos en el mismo.

### Informe sobre otros requerimientos legales y reglamentarios

El informe de gestión adjunto del ejercicio 2016 contiene las explicaciones que los administradores consideran oportunas sobre la situación de Compañía Española de Financiación del Desarrollo, COFIDES, S.A., la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales del ejercicio 2016. Nuestro trabajo como auditores se limita a la verificación del informe de gestión con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de la Sociedad.



ERNST & YOUNG, S.L.

Año 2017 Nº 01/17/20726  
SELLO CORPORATIVO: 96,00 EUR

3 de abril de 2017

Informe de auditoría de cuentas sujeto  
a la normativa de auditoría de cuentas  
española o internacional

ERNST & YOUNG, S.L.  
(Inscrita en el Registro Oficial de Auditores  
de Cuentas con el Nº 30530)



José Luis Ruiz

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Balance sheet on 31<sup>st</sup> December 2016  
(€m)

ASSETS	Notes	2016	2015
<b>NON-CURRENT ASSETS</b>		<b>69,078</b>	<b>70,248</b>
<b>Intangible assets</b>	<b>5</b>	<b>77</b>	<b>115</b>
Commercial Property		-	-
Software		62	100
Advances on software		15	15
<b>Tangible assets</b>	<b>6</b>	<b>1,023</b>	<b>1,118</b>
Other facilities		702	772
Furnishings		224	251
Computer hardware		95	93
Transport		2	2
Advances Fixed Assets		-	-
<b>Property Investment</b>		-	-
Land		-	-
Constructions		-	-
<b>Long-term financial investments</b>		<b>67,978</b>	<b>69,015</b>
Equity instruments	10	295	12
Loans to companies	11	59,616	60,608
Other financial assets	11	117	117
Accounts receivable, Funds	11	7,950	8,278
<b>Deferred tax assets</b>		-	-
<b>CURRENT ASSETS</b>		<b>50,917</b>	<b>44,687</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>7,694</b>	<b>7,095</b>
Accounts receivable		1,555	795
Accounts receivable, Funds		6,139	6,300
Loans with Public Administrations		-	-
<b>Short-term financial investments</b>	<b>11</b>	<b>13,867</b>	<b>16,300</b>
Loans to companies		13,426	15,265
Interest outstanding on loans to companies		441	403
Other financial assets		-	627
Interest outstanding on other financial assets		-	5
<b>Short-term accrual accounts</b>		<b>24</b>	<b>16</b>
<b>Cash and other equivalent liquid assets</b>	<b>12</b>	<b>28,607</b>	<b>20,551</b>
Treasury		28,607	20,551
Other Cash Equivalents		-	-
<b>TOTAL ASSETS</b>		<b>119,995</b>	<b>114,935</b>

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Balance sheet on 31<sup>st</sup> December 2016  
(€m)

EQUITY AND LIABILITIES	Notes	2016	2015
<b>NET EQUITY</b>		<b>117,464</b>	<b>110,828</b>
<b>Issued capital</b>	<b>13</b>	<b>39,396</b>	<b>39,396</b>
<b>Reserves</b>		<b>69,563</b>	<b>59,111</b>
Legal and statutory reserves		7,879	7,879
Other Reserves		61,684	51,232
<b>Yearly earnings</b>	<b>3</b>	<b>8,505</b>	<b>12,321</b>
<b>NON-CURRENT LIABILITIES</b>		<b>215</b>	<b>577</b>
<b>Long-term provisions</b>		-	-
Other provisions		-	-
<b>Long-term debt</b>	<b>15</b>	<b>215</b>	<b>577</b>
Debts with financial institutions		215	577
Other financial liabilities		-	-
<b>Deferred tax liabilities</b>		-	-
<b>CURRENT LIABILITIES</b>		<b>2,316</b>	<b>3,530</b>
<b>Liabilities associated with non-current assets held for sale</b>	<b>7</b>	<b>40</b>	<b>126</b>
<b>Short-term debt</b>	<b>15</b>	<b>431</b>	<b>372</b>
Debts with financial institutions		384	372
Other financial liabilities		47	0
<b>Trade creditors and other payables</b>		<b>1,298</b>	<b>1,716</b>
Sundry payables	15	506	319
Staff (remuneration outstanding)	15	265	365
Current tax liabilities	17	220	770
Other payable to Public Authorities	17	307	262
Other financial liabilities	15	-	-
<b>Short-term accrual accounts</b>	<b>16</b>	<b>547</b>	<b>1,316</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119,995</b>	<b>114,935</b>

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Profit and Loss Statement  
On 31<sup>st</sup> December 2016  
(€m)

<b>ON-GOING OPERATIONS</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Net turnover</b>	<b>19.1</b>	<b>21,742</b>	<b>22,805</b>
<b>Employee costs</b>	<b>19.2</b>	<b>(5,306)</b>	<b>(4,908)</b>
Wages and salaries		(4,097)	(3,820)
Employee welfare		(1,209)	(1,088)
<b>Other operating expenses</b>		<b>(4,903)</b>	<b>(1,704)</b>
Consulting	19.3	(3,133)	(2,894)
Taxes	19.3	(104)	(81)
Loss and write-downs in provisions for trade operations	11.1 & 11.2	(1,666)	1,271
<b>Amortisation and depreciation of non-current assets</b>	<b>5 &amp; 6</b>	<b>(184)</b>	<b>(171)</b>
<b>Impairment and gains on disposals of Assets</b>		<b>-</b>	<b>-</b>
Impairment and Losses	10	-	-
Disposals and Others	10	-	-
<b>Losses and Gains on Disposal of Non-Current Assets</b>	<b>5, 6 &amp; 7</b>	<b>(1)</b>	<b>(164)</b>
Impairment and Losses		-	-
Disposals and Others		(1)	(164)
<b>Other Results</b>		<b>122</b>	<b>188</b>
<b>OPERATING INCOME</b>		<b>11,470</b>	<b>16,046</b>
<b>Revenues</b>	<b>19.4</b>	<b>6</b>	<b>31</b>
Marketable securities and other financial instruments			
Third-party		6	31
<b>Financial expenses</b>		<b>(98)</b>	<b>(82)</b>
Payable to financial institutions		(15)	(16)
Other third party payables		(83)	(66)
<b>Exchange rate differences</b>		<b>165</b>	<b>397</b>
<b>FINANCIAL INCOME</b>		<b>73</b>	<b>346</b>
<b>INCOME BEFORE TAX</b>		<b>11,543</b>	<b>16,392</b>
Income Tax	17	(3,038)	(4,071)
<b>PROFIT FOR THE YEAR</b>	<b>3</b>	<b>8,505</b>	<b>12,321</b>

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Statement of Changes in Shareholder Equity  
On 31<sup>st</sup> December 2016  
(€m)

A) Statement of Income and Expenditure for year ending 31<sup>st</sup> December 2016

	Notes	2016	2015
Balance of the profit and loss account	3	8,505	12,321
<b>TOTAL INCOME AND EXPENDITURE</b>		<b>8,505</b>	<b>12,321</b>

B) Statement of Total Changes in Shareholder Equity for year ending 31<sup>st</sup> December 2016

	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 31ST DECEMBER 2014</b>	<b>39,396</b>	<b>5,870</b>	<b>45,930</b>	<b>8,622</b>	-	<b>99,818</b>
Total income and expenditure in 2015	-	-	-	12,321	-	12,321
Distribution of 2014 profit:						
Reserves	-	2,009	5,302	(7,311)	(1,311)	(1,311)
Dividends	-	-	-	(1,311)	1,311	-
<b>BALANCE ON 31ST DECEMBER 2015</b>	<b>39,396</b>	<b>7,879</b>	<b>51,232</b>	<b>12,321</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 31ST DECEMBER 2016</b>	<b>39,396</b>	<b>7,879</b>	<b>61,684</b>	<b>8,505</b>	-	<b>117,464</b>

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Statement of Changes in Shareholder Equity  
On 31<sup>st</sup> December 2016  
(€m)

	Notes	2016	2015
<b>OPERATING CASH FLOW</b>			
<b>Earnings before tax</b>		<b>11,543</b>	<b>16,392</b>
<b>Adjustment</b>		<b>1,857</b>	<b>(885)</b>
Depreciation on non-current assets (+)	5 & 6	184	171
Variation in provisions (+/-)	11.1 & 11.2	1,666	(1,271)
Results for retirements and alienation of non-current assets (+/-)		(85)	164
Financial revenues (-)		(6)	(31)
Financial expenses (-)		98	82
<b>Change in working capital</b>		<b>93</b>	<b>277</b>
(Increase)/decrease in Debtors and other receivables		(599)	1,818
(Increase)/decrease in other current liabilities		1,813	(3,795)
Increase/(decrease) in Creditors and other payables		132	(48)
Increase/(decrease) in other current liabilities		(769)	(68)
Other non-current assets (+/-)		(484)	2,565
Other non-current liabilities (+/-)		-	(195)
<b>Other cash flows from operating activities</b>		<b>(3,680)</b>	<b>(4,513)</b>
Interest paid (-)		(98)	(82)
Interest received (+)		6	31
Receipts from (payment of) corporation tax (+/-)		(3,588)	(4,462)
<b>Operating cash flow</b>		<b>9,813</b>	<b>11,271</b>
<b>CASH FLOWS FOR INVESTMENT ACTIVITIES</b>			
<b>Payments on investments (-)</b>		<b>(51)</b>	<b>(1,117)</b>
Intangible assets	5	(1)	(79)
Tangible assets	6	(50)	(1,038)
<b>Revenues for divestments (+)</b>		<b>632</b>	<b>103</b>
Other financial assets		632	103
<b>Cash flows for investment activities</b>		<b>581</b>	<b>(1,014)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
<b>Receivables and (payments) for equity instruments</b>		<b>-</b>	<b>-</b>
<b>Receivables and (payments) for financial liability instruments</b>		<b>(304)</b>	<b>(474)</b>
<b>Issues</b>		<b>-</b>	<b>-</b>
<b>Return and repayment of</b>		<b>(304)</b>	<b>(474)</b>
Bank loans (-)		(304)	(474)
<b>Payments on dividends and earnings on other equity instruments</b>	<b>3.1</b>	<b>(1,869)</b>	<b>(1,311)</b>
Dividends		(1,869)	(1,311)
<b>Financial Cash Flow</b>		<b>(2,173)</b>	<b>(1,785)</b>
<b>EFFECT OF EXCHANGE RATE VARIATIONS</b>		<b>(165)</b>	<b>(397)</b>
<b>NET INCREASE/(DECLINE) IN CASH OR CASH EQUIVALENTS</b>		<b>8,056</b>	<b>8,075</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>12</b>	<b>20,551</b>	<b>12,476</b>
<b>Cash and cash equivalents at year end</b>	<b>12</b>	<b>28,607</b>	<b>20,551</b>

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

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 being 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 Investments (FIEX - Fondo para Inversiones en el Exterior) and the Fund for Small and Medium-sized Enterprise Foreign Investment Operations (FONPYME - Fondo para Operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa), on its own behalf as well as on behalf of such funds. In addition, fund activities and operations are governed by Royal Decree 1226/2006 of 27 October, which supersedes previous legislation, which in turn has also been amended by R.D.321 / on 24<sup>th</sup> April 2015. Provisioned yearly from the national budget, both FIEX and FONPYME pursue the internationalisation of Spanish companies and the Spanish economy in general through syndicated financial instruments under co-financing arrangements with project sponsors.

On 24<sup>th</sup> January 2000, a ten million dollar co-financing facility was formalised between the Multilateral Investment Fund (FOMIN) and COFIDES to finance investment projects undertaken by Spanish SMEs under joint venture arrangements in all Latin American and Caribbean countries except Cuba. Although the initial facility timeframe was scheduled for 31<sup>st</sup> July 2011, that date was later set back to 31<sup>st</sup> December 2013 to ensure recovery in Portfolio Investment Projects whose repayment or divestment period exceeded the date first agreed. Nevertheless, further operations to the line ended in 2006. This line ended in June 2016.

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 of Commerce of the Ministry of Economy 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 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 R. D. 597/2015 on 3<sup>rd</sup> July where the Regulations of the Promotion of Development Fund was approved.

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

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 2016 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 and fair representation of a company's financial situation on 31<sup>st</sup> December 2016 and the results of its operations, the changes in equity and cash flow during the financial year ending on that date.

The Company's Directors deem that the financial statements for 2016 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 2016, those corresponding to the previous year, that were part of the annual accounts for 2015, approved by the General Shareholders' Meeting on 28<sup>th</sup> April 2016.

As of 1<sup>st</sup> January 2016, the Royal Decree 602/2016 of 2<sup>nd</sup> December was applied for the first time, which, among other rules, amends the Spanish General Accounting Plan and in accordance within the provisions of the 2016 financial year, the Company breaks down the average number of persons employed by categories during the year with a disability equal to or greater than 33% (Note 21).

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

The preparation of the financial statements requires the application of the Company's accounting policies in significant decision making, in terms of accounting estimates, judgements, and assumptions. 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 financial statements' preparation.

#### Impairment losses adjustments

One of the specific tasks of the Company's Operations Area and Risk Area 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

#### 3.1 Functional currency and reporting currency

The distribution of earnings for the year ending on 31<sup>st</sup> December 2015, proposed by the Directors and approved by the General Meeting of Shareholders on 28<sup>th</sup> April 2016, was as itemised below:

	<b>2015</b> <b>Euros</b>
Basis for distribution	
Yearly earnings	<b>12,320,789.57</b>
Distribution	
Dividend distribution	1,868,175.00
Legal Reserve	-
Capitalisation Reserve (*)	530,200.13
Voluntary Reserve	9,922,414.44
<b>TOTAL</b>	<b>12,320,789.57</b>

The proposal for profit distribution for the year ended 31st December 2016, prepared by the Directors and pending approval by the General Meeting of Shareholders, consists of:

	<b>2016</b> <b>Euros</b>
Basis for distribution	
Yearly earnings	<b>8,504,998.65</b>
Distribution	
Dividend distribution	1,311,000.00
Legal Reserve	-
Capitalisation Reserve (*)	1,045,261.46
Voluntary Reserve	6,148,737.19
<b>TOTAL</b>	<b>8,504,998.65</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 capitalisation reserve, as part of the profit distribution for 2016, an allocation from the positive results for the year amounting to €1,045,261 (€530,200.13 in 2015) to the Capitalisation Reserve is proposed (Note 17).

#### 3.2 Limitations on dividend payments

Ten per cent 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

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 amortizable 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

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.

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

#### 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 depreciation costs for each asset.

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

	<b>Amortisation method</b>	<b>Estimated service life (years)</b>
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 against losses on non-current assets and shown as such on the profit and losses account.

Impairment losses are entered in the profit and losses account.

## 4.4 Non-current assets held for sale

The Company classifies in the "Non-current assets held for sale" section/heading those assets whose carrying value will be recovered principally through a sale 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 sale.
- Its 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 consist for 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 which repayment is expected in the short term and not significantly affected by possible updating, are appraised at face value.

### 4.6.2 Investments held through maturity

Investments held through maturity are debt securities with a set maturity date, 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 supported investments subject to repurchase agreements by a specific deadline, they are not consolidated in company accounts. Consequently, they are neither regarded as long-term investments, nor 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 29th November 2013, the Board of Directors approved an update of the hedging risk coverage policy applied by the Manager which is based on the New Basel Capital Accord and the principles of Circular 4 /2004 of the Bank of Spain. The implementation of this new policy resulted in the following new operating line:

- Maintain an individualised analysis of the Fund's loan portfolio relating to risk quality and its extension to the equity interest and fixed-rate equity operations.
- The impairment of financial assets is based on the internal rating of the operation and any other circumstance that may affect it, after taking into account the guarantees obtained to try and ensure the success of the operations.
- The risk mitigation for impairment-classified operations or groups of operations relating to credit risk in the case of customer default risk and credit risk in respect of country risk, signifies that when both risks are present, demanding mitigation criteria will apply in each case.
- The coverage of impairment risk 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 to each of these scales percentages of 25%, 50%, 75% and 100% respectively.
- In the case of real guarantees being provided and that their valuation and assessment are considered acceptable, the applicable general framework will take into account the amount of risk lessened by the value of the guarantee. For these purposes, the maximum age of the appraisal reports available will be 3 years, unless significant falls in market prices advise a more recent appraisal. At the value of the current

appraisal certain percentages according to the nature of the guarantees will be applied, establishing a percentage between 80% and 0% depending on the type of building collateral.

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

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

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

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

## 4.7 Financial liabilities

### 4.7.1 Debits and payables

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

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

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

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

### 4.7.2 Security deposits

Security deposits 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 nonmonetary 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, terminate their employment relationships. Severance payment that can be reliably quantified is expensed in the year in which the company has created a valid expectation in respect of the parties concerned.

#### 4.12 Provisions

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

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

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

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

#### 4.13 Tax on earnings

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

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

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

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

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

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

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

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

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

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

#### 4.15 Revenues and expenses

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

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

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

#### 4.16 Related party transactions

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

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)	2016			
	Commercial Property	Software	Advance on computer software	Total
<b>Cost on 1<sup>st</sup> January 2016</b>	-	<b>1,234</b>	<b>15</b>	<b>1,249</b>
Acquisitions	-	1	-	1
Retirements	-	(384)	-	(384)
Transfers	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2016</b>	-	<b>851</b>	<b>15</b>	<b>866</b>
<b>Accumulated depreciation on 1<sup>st</sup> January 2016</b>	-	<b>(1,134)</b>	-	<b>(1,134)</b>
Acquisitions	-	(39)	-	(39)
Retirements	-	384	-	384
Transfers	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> December 2016</b>	-	<b>(789)</b>	-	<b>(789)</b>
<b>Net carrying value on 31<sup>st</sup> December 2016</b>	-	<b>62</b>	<b>15</b>	<b>77</b>

Euros ('000)	2015			
	Commercial Property	Software	Advance on computer software	Total
<b>Cost on 1<sup>st</sup> January 2015</b>	<b>2</b>	<b>1,982</b>	<b>22</b>	<b>2,006</b>
Acquisitions	-	86	(7)	79
Retirements	(2)	(834)	-	(836)
Transfers	-	-	-	-
<b>Cost on 31<sup>st</sup> December 2015</b>	-	<b>1,234</b>	<b>15</b>	<b>1,249</b>
<b>Accumulated depreciation on 1<sup>st</sup> January 2015</b>	<b>(2)</b>	<b>(1,858)</b>	-	<b>(1,860)</b>
Acquisitions	-	(110)	-	(110)
Retirements	2	834	-	836
Transfers	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> December 2015</b>	-	<b>(1,134)</b>	-	<b>(1,134)</b>
<b>Net carrying value on 31<sup>st</sup> December 2015</b>	-	<b>100</b>	<b>15</b>	<b>115</b>

#### 5.1 Totally depreciated assets

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

Euros ('000)	2016	2015
Commercial Property	-	-
Software	700	1,083
<b>TOTAL</b>	<b>700</b>	<b>1,083</b>

## 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 2016, there were no commitments related to intangible assets. The same state existed on 31<sup>st</sup> December 2015.

## 6. Tangible Assets

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

Euros ('000)	2016				
	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> December 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>

Euros ('000)	2015				
	Other facilities	Furnishing	Computer hardware	Transport	Total
<b>Cost on 1<sup>st</sup> January 2015</b>	<b>385</b>	<b>271</b>	<b>262</b>	<b>-</b>	<b>918</b>
Acquisitions	774	221	51	2	1,048
Retirements	(333)	(128)	-	-	(461)
Transfers	-	(10)	-	-	(10)
<b>Cost on 31<sup>st</sup> December 2015</b>	<b>826</b>	<b>354</b>	<b>313</b>	<b>2</b>	<b>1,495</b>
<b>Accumulated depreciation on 1<sup>st</sup> January 2015</b>	<b>(253)</b>	<b>(212)</b>	<b>(198)</b>	<b>-</b>	<b>(663)</b>
Acquisitions	(23)	(16)	(22)	-	(61)
Retirements	222	125	-	-	347
Transfers	-	-	-	-	-
<b>Accumulated depreciation on 31<sup>st</sup> December 2015</b>	<b>(54)</b>	<b>(103)</b>	<b>(220)</b>	<b>-</b>	<b>(377)</b>
<b>Net carrying value on 31<sup>st</sup> December 2015</b>	<b>772</b>	<b>251</b>	<b>93</b>	<b>2</b>	<b>1,118</b>

## 6.1 Totally depreciated assets

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

Euros ('000)	2016	2015
Other facilities	20	18
Furnishings	69	58
Computer hardware	84	198
<b>TOTAL</b>	<b>173</b>	<b>274</b>

## 6.2 Insurances

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.

On 31<sup>st</sup> December 2016 and 2015, the Company had no commitments to purchase tangible assets.

## 7. Non-Current assets held for sale

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 2016.

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 2015 of €126,000).

On 31<sup>st</sup> December 2015, the Company considered, because of 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 2016, the Company considered that the valuation of the property amounting to €725.000 was reasonable.

## 8. Risk Policy and Management

### 8.1 Financial risk factors

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

to minimise the potentially adverse effects of that environment on its own financial profitability.

Active risk management comes under the remit of the Company's Operations management as well as its Risk management area, 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 Operations 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 this and accounting purposes, follow the provisions of paragraph 4.6.6.

### **8.1.1 Credit risk**

The Company, in accordance with its own Operating Criteria, has not incurred in 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 about to 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 because 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 regard, the Company has an integrated internal control methodology with policies covering personnel management and training, investment in information technology and policies to monitor the lending, methodology developed by different areas of the Company with the drive of the Control department, Internal Audit and Quality and Presidency, of which it depends. This area makes 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 for vehicles used by its staff.

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

Euros ('000)	2016	2015
Buildings	843	842
Vehicles	9	8
Others	27	20
<b>TOTAL</b>	<b>879</b>	<b>870</b>

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

Euros ('000)	2016	2015
Up to one year	687	854
From one to five years	2,748	4,156
Over five years	687	1,662
<b>TOTAL*</b>	<b>4,122</b>	<b>6,672</b>

(\*) In 2014, a new lease had already been considered that the Company had signed due to the change of location of its offices, which entered force on 1<sup>st</sup> January 2015 with an initial eight-year term.

## 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:

Euros ('000)			2016			
Society	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	-	133.2
SOCIEDAD MERCANTIL ESTATAL						
COFIDES Capital Riesgo SGEIC, S.A.	Spain	(iv)	100	150	-	150
			<b>TOTAL</b>	<b>295</b>	<b>-</b>	<b>295</b>

Euros ('000)			2015			
Sociedad	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
			<b>TOTAL</b>	<b>12</b>	<b>-</b>	<b>12</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

The equity instruments listed in the above tables for 2016 and 2015 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)

Companies were 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 had exclusively funded projects in ACP countries (Africa, Caribbean, Pacific).

EFP funding scheme has so far had six rounds of funding, the last one signed in 2016 for an additional €5 million. In these rounds, COFIDES committed a total of €45 million through its own resources and the FIEX Fund.

At 31<sup>st</sup> December 2016, the EFP committed a total of €484 million in 38 projects located in 13 different countries. The participation of COFIDES and FIEX resources in these projects at the end of 2016 translated into a commitment volume of €16.67 million in 28 operations located in 11 different countries, 10 of which belong to the geographical area of sub-Saharan Africa.

In the EFP framework, in 2016 two operations were approved totalling €1.28 million structured through COFIDES own resources.

#### 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.

During 2016, the fourth round of ICCF financing amounting to €5 million structured through COFIDES own resources (50%) and FIEX Fund (50%) was approved and formalised. Previously, ICCF financing rounds totalling €5 million each were made from COFIDES (50%) and FIEX Fund (50%) in 2011, 2013 and 2014.

At 31<sup>st</sup> December 2016 ICCF had committed a total of €361.18 million in 23 projects in 12 different countries. By the end of 2016, COFIDES had committed a total of €12.80 million (50% COFIDES; 50% FIEX) to ICCF projects in 23 operations in 10 different countries, all of which are countries receiving Official Development Assistance.

Furthermore, through the ICCF investment facility, in 2016 two projects amounting to €1.12 million structured through COFIDES own resources (50%) and FIEX (50%) were approved.

#### 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.

## SOCIEDAD MERCANTIL ESTATAL 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 social 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 complementary 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.

## 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
<b>Financial year 2016:</b>								
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>
<b>Financial year 2015:</b>								
Loans and accounts receivable	12	-	60,608	15,265	8,395	8,130	69,015	23,395
Investments held through maturity	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>-</b>	<b>60,608</b>	<b>15,265</b>	<b>8,395</b>	<b>8,130</b>	<b>69,015</b>	<b>23,395</b>

These sums are broken down on the balance sheet 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
<b>Financial year 2016:</b>								
<b>Long-term financial investments</b>								
Equity instruments	295	-	-	-	-	-	295	-
Loans to companies	-	-	59,616	-	-	-	59,616	-
Other financial instruments	-	-	-	-	117	-	117	-
Accounts receivable, Funds	-	-	-	-	7,950	-	7,950	-
<b>Trade and other receivables</b>								
Accounts receivable	-	-	-	-	-	1,555	-	1,555
Accounts receivable, Funds	-	-	-	-	-	6,139	-	6,139
<b>Short-term financial investments</b>								
Loans to companies	-	-	-	13,426	-	-	-	13,426
Interest accruing on loans to companies	-	-	-	-	-	441	-	441
Other financial instruments	-	-	-	-	-	-	-	-
Interest accruing on other financial assets	-	-	-	-	-	-	-	-
<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>

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
<b>Financial year 2015:</b>								
<b>Long-term financial investments</b>								
Equity instruments	12	-	-	-	-	-	12	-
Loans to companies	-	-	60,608	-	-	-	60,608	-
Other financial instruments	-	-	-	-	117	-	117	-
Accounts receivable, Funds	-	-	-	-	8,278	-	8,278	-
<b>Trade and other receivables</b>								
Accounts receivable	-	-	-	-	-	795	-	795
Accounts receivable, Funds	-	-	-	-	-	6,300	-	6,300
<b>Short-term financial investments</b>								
Loans to companies	-	-	-	15,265	-	-	-	15,265
Interest accruing on loans to companies	-	-	-	-	-	403	-	403
Other financial instruments	-	-	-	-	-	627	-	627
Interest accruing on other financial assets	-	-	-	-	-	5	-	5
<b>Total</b>	<b>12</b>	<b>-</b>	<b>60,608</b>	<b>15,265</b>	<b>8,395</b>	<b>8,130</b>	<b>69,015</b>	<b>23,395</b>

## 11.1 Debt securities:

### 11.1.1 Loans and accounts receivable

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

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

Euros ('000)	2016		2015	
	Non-current	Current	Non-current	Current
<b>Cost on 1<sup>st</sup> January</b>	<b>63,572</b>	<b>16,635</b>	<b>65,524</b>	<b>11,998</b>
Increases	16,911	-	25,015	-
Decreases	(2,512)	(16,635)	(10,332)	(11,998)
Transfer to short-term	(14,104)	14,104	(16,635)	16,635
<b>Cost on 31<sup>st</sup> December</b>	<b>63,867</b>	<b>14,104</b>	<b>63,572</b>	<b>16,635</b>
<b>Accumulated impairment loss on 31<sup>st</sup> December</b>	<b>(4,251)</b>	<b>(678)</b>	<b>(2,964)</b>	<b>(1,370)</b>
<b>Net book value on 31<sup>st</sup> December</b>	<b>59,616</b>	<b>13,426</b>	<b>60,608</b>	<b>15,265</b>

At year-end 2016, the loans granted and outstanding amounted to €18,973,000 (€7,171,000 at year-end 2015).

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

Euros ('000)	2016	2015
Year 2017	14,104	14,162
Year 2018	15,005	13,139
Year 2019	13,583	10,815
Year 2020 and subsequent years to 2015	10,975	25,456
Year 2021 and subsequent years to 2016	24,304	-
<b>Total</b>	<b>77,971</b>	<b>63,572</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 2016 and 2015 was as follows:

Euros ('000)	2016	2015
Income accrued (Note 19.1)	2,253	2,564
Interest accrued on outstanding receipt (Note 11.2)	441	403

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

Euros ('000)	2016		2015	
	Non current	Current	Non current	Current
<b>Impairment loss on 1<sup>st</sup> January</b>	<b>(2,964)</b>	<b>(1,370)</b>	<b>(3,451)</b>	<b>(1,623)</b>
Net Increases	(1,287)	692	487	253
Net Decreases	-	-	-	-
Pay offs	-	-	-	-
Transfer to short-term/long term	-	-	-	-
<b>Accumulated impairment loss on 31<sup>st</sup> December</b>	<b>(4,251)</b>	<b>(678)</b>	<b>(2,964)</b>	<b>(1,370)</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:

Euros ('000)	2016		2015	
	Non current	Current	Non current	Current
<b>Trade accounts receivable</b>	<b>7,950</b>	<b>7,694</b>	<b>8,278</b>	<b>7,095</b>
<b>Other financial investments:</b>				
Interest accruing on loans to companies (Note 11.1.1)	-	441	-	403
Other financial instruments	117	-	117	627
Interest accruing on other financial assets	-	-	-	5
<b>Total</b>	<b>8,067</b>	<b>8,135</b>	<b>8,395</b>	<b>8,130</b>

### 11.2.1 Trade accounts receivable

The breakdown for trade accounts receivable is given below:

Euros ('000)	2016		2015	
	Non current	Current	Non current	Current
Accounts receivable	-	5,647	-	4,996
Accounts receivable, Funds	9,951	6,139	9,885	6,300
Other receivables	-	1,300	-	519
<b>Total</b>	<b>9,951</b>	<b>13,086</b>	<b>9,885</b>	<b>11,815</b>
Impairment, trade accounts receivable	(2,001)	(5,392)	(1,607)	(4,720)
<b>Total trade receivables</b>	<b>7,950</b>	<b>7,694</b>	<b>8,278</b>	<b>7,095</b>

The entries in 2016 and 2015 in "Impairment of trade accounts receivable" are summarised below:

Euros ('000)	2016		2015	
	Non-current	Current	Non-current	Current
<b>Balance on 1<sup>st</sup> January</b>	<b>(1,607)</b>	<b>(4,720)</b>	<b>(1,329)</b>	<b>(6,087)</b>
Net Endowments	(394)	(677)	(278)	809
Transfers	-	-	-	-
Inactive Provisions	-	-	-	-
Applications	-	5	-	558
<b>Balance on 31<sup>st</sup> December</b>	<b>(2,001)</b>	<b>(5,392)</b>	<b>(1,607)</b>	<b>(4,720)</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)	2016		2015	
	Non-current	Current	Non-current	Current
<b>Other financial assets</b>				
Guarantees	117	-	117	-
Deposits	-	-	-	627
<b>Total</b>	<b>117</b>	<b>-</b>	<b>117</b>	<b>627</b>

Non-current:

Other (non-current) financial instruments, includes €117.000 at Year End 2016 (€117,000 at year-end 2015), 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 2015, the detail was as follows:

Type	Yearly interest rate	Date formalised	Maturity date	Certificates of deposit (Euros ('000))	Interest accrued and outstanding (Euros ('000))
<b>Financial year 2015</b>					
Time deposit Cajamar	2,1%	15/01/2014	16/01/2016	123	2
Time deposit Cajamar	1,9%	13/05/2014	16/05/2016	504	3
<b>Total</b>				<b>627</b>	<b>5</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:

Euros ('000)	2016	2015
Long-term financial investments:		
Loans to companies	4,838	3,934
<b>Total non-current assets</b>	<b>4,838</b>	<b>3,934</b>
Short-term trade and other receivables:		
Accounts receivable	640	501
Short-term financial investments:		
Loans to companies	766	676
Interest accruing on loans to companies	69	47
Cash and other cash equivalent assets		
Cash in bank	220	1,055
<b>Total current assets</b>	<b>1,695</b>	<b>2,279</b>
<b>Total financial instruments in foreign currency</b>	<b>6,533</b>	<b>6,213</b>

EUR/USD exchange rate at Year End 2016 and 2015 was:

	2016	2015
<b>Exchange Rate</b>	1.054	1.0887

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

El detalle del epígrafe efectivo y otros activos líquidos equivalentes al 31 de diciembre es como sigue:

Euros ('000)	2016	2015
Commercial and savings banks	28,607	20,551
Liquid short-term investments	-	-
<b>Total</b>	<b>28,607</b>	<b>20,551</b>

## 13. Shareholders' 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 December 2016 and 2015 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
<b>Total</b>	<b>100%</b>	<b>39,396</b>

### 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 2016, the Company had not funded this reserve to the ceiling established by law. Notwithstanding, 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 Information regarding the right of partner separation cause 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 2016, the Company proposed to share a dividend of €1,311,000 (Note 3).

At the annual general shareholders' meeting held on 28<sup>th</sup> April 2016, the proposal for the application of the profit for the year 2015 was approved, in which the distribution of dividends was approved, and no shareholder voted against such proposal.

## 14. Contingent Assets and Liabilities

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 2016 and 2015 under impairment of receivables.

## 15. Financial Liabilities

The composition of the Company's financial liabilities on 31 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 2016:</b>						
Loans and accounts receivable	215	431	0	771	215	1,201
<b>Total</b>	<b>215</b>	<b>431</b>	<b>-</b>	<b>771</b>	<b>215</b>	<b>1,201</b>
<b>Financial year 2015:</b>						
Loans and accounts receivable	577	372	-	684	577	1,056
<b>Total</b>	<b>577</b>	<b>372</b>	<b>-</b>	<b>684</b>	<b>577</b>	<b>1,056</b>

### 15.1 Bank borrowings

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

Euros ('000)	2016		2015	
	Non-current	Current	Non-current	Current
CAF agreement	-	47	-	-
ICO Line	215	382	577	370
Accrued interest payable	-	2	-	2
<b>Total</b>	<b>215</b>	<b>431</b>	<b>577</b>	<b>372</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 December of the target year are listed below:

#### 31<sup>st</sup> December 2016

Multi-currency agreement	Draw deadline	Grace period ends	Agreement expires	Year	Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))	Reference interest rate	Differential (%)
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>		

#### 31<sup>st</sup> December 2015

Multi-currency agreement	Draw deadline	Grace period ends	Agreement expires	Year	Sum formalised (Euros ('000))	Sum drawn (Euros ('000))	Sum outstanding (Euros ('000))	Reference interest rate	Differential (%)
2009 Agreement	14/06/2009	-	14/12/2018	2009	368	368	138	LIBOR 6M	0,8
2010 Agreement	25/05/2011	24/04/2013	24/04/2018	2010	1,360	1,360	809	LIBOR 6M	2,5
<b>Total in foreign currency (USD)</b>					<b>1,728</b>	<b>1,728</b>	<b>947</b>		
<b>Total ICO loans</b>					<b>1,728</b>	<b>1,728</b>	<b>947</b>		

The financial expenses and accrued interest outstanding for these loans during the years 2015 and 2016 were as follows:

Euros ('000)	2016	2015
Accrued Costs (Note 20.1)	15	16
Accrued Interest (awaiting payment) (Note 15.1)	2	2

#### Sums denominated in foreign currency

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

Euros ('000)	2016		2015	
	Non-current	Current	Non-current	Current
ICO Line	215	384	577	370
<b>Total</b>	<b>215</b>	<b>384</b>	<b>577</b>	<b>370</b>

### 15.2 Derivatives and others - Loans and accounts payable

Euros ('000)	2016		2015	
	Non-current	Current	Non-current	Current
Sundry accounts	-	506	-	319
Staff (remuneration outstanding)	-	265	-	365
Other financial assets	-	-	-	-
<b>Total</b>	<b>-</b>	<b>771</b>	<b>-</b>	<b>684</b>

### 15.3 Information on average payment period to suppliers

The average payment period to suppliers during the year was 24.61 days (25.12 days in 2015).

## 15.4 Classification by maturity date

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

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>

Euros ('000)	2015					Total
	2016	2017	2018	2019	Subsequent Years	
Bank borrowings	372	369	208	-	-	949
Trade accounts payable	319	-	-	-	-	319
Personnel	365	-	-	-	-	365
Other financial liabilities	-	-	-	-	-	-
<b>Total</b>	<b>1,056</b>	<b>369</b>	<b>208</b>	<b>0</b>	<b>0</b>	<b>1,633</b>

## 16. Short-Term Accrual Accounts

"Current liabilities" Section on the balance sheets dated 31st December 2016 and 2015 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 28th July 1999<sup>1</sup>, also known as the "FIEX Rule".

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

## 17. Tax Situation

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

Euros ('000)	2016		2015	
	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	-	220	-	770
Social security	-	93	-	85
Value added tax	-	124	-	87
Withholdings	-	90	-	90
<b>Total</b>	-	<b>527</b>	-	<b>1,032</b>

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 operations.

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

Euros ('000)	2016	2015
Earnings for the year	8,505	12,321
Corporation tax	3,038	4,071
Before tax earnings	11,543	16,392
Permanent differences	3	8
Temporary differences treated as permanent, limited to period depreciation (70%)	(15)	(16)
Capital reserve (*)	(1,045)	(530)
Temporary differences treated as permanent through losses, impairment and variations in operational provisions	1,666	(1,314)
Permanent differences for impairment of non-current assets held for sale	-	50
Temporary differences treated as permanent through losses, impairment and variations in operational provisions	1,666	(1,364)
Taxable Income (Fiscal Balance)	12,152	14,540
Tax of 25% in 2016 and 28% in 2015	3,038	4,071
Previous Adjustments		
Tax on overseas Earnings	15	45
Retentions	(15)	(45)
<b>Tax on Earnings</b>	<b>3,038</b>	<b>4,071</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, the Company Board of Directors proposes that as part of the profit distribution for 2016 an allocation from the positive results for the year amounting to €1,045,261.46 (€530,200.13 in 2015) to the Capitalisation Reserve. (Note 17).

The estimated corporation tax payable is given below:

Euros ('000)	2016	2015
Taxable Income (Fiscal Balance)	12,152	14,540
Corporate tax of 25% in 2016 and 28% in 2015	3,038	4,071
Deductions	(15)	(45)
Payments	(2,582)	(2,942)
Retentions	(221)	(314)
Tax paid overseas	-	-
<b>Corporation tax payable</b>	<b>220</b>	<b>770</b>

Law 27/2104, of 27<sup>th</sup> November, income tax has modified the standard tax rate, passing from 28% in 2015, to 28% in 2015 and 25% in 2016 in subsequent years.

## 18. Environmental Information

No significant assets were earmarked for environmental protection or improvement on 31 December 2016, nor were any relevant expenses incurred under that item during the year.

In 2014, the environmental management system implemented in the office in 2013 was internally audited.

No environment-related subsidies were received in 2016 and 2015.

## 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 computed for FIEX and FONPYME on the grounds of the provisions of the Order signed by the Minister of Economy and Finance on 28 July 1999 is given in the table below.

		Euros ('000)	
Concept	Basis for calculation	2016	2015
COFIDES interest	Financial revenues from interest on loans to companies	2,253	2,564
	<b>Total Interest</b>	<b>2,253</b>	<b>2,564</b>
Analysis fees	1.65% of the investment proposal submitted to FIEX	992	1,839
Formalisation fees	1% on investments drawn from FIEX and 1.5% on FONPYME financed investments.	1,813	1,878
Outlay fees	1% of the sums actually laid out by FONPYME	170	149
Management fees	1.25% of the value of the FIEX live investment portfolio	8,798	8,897
Performance fees	20% of the dividends and other returns actually received by the funds.	3,914	5,254
Settlement fees	1,5% of the value of the investment laid out and actually repaid to FIEX	1,577	1,443
Other COFIDES fees	Fees other than the FIEX and FONPYME fund management fees	2,225	780
	<b>Total fees</b>	<b>19,489</b>	<b>20,240</b>
	<b>Total</b>	<b>21,742</b>	<b>22,804</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 are distributed as follows:

Concept	Euros ('000)	
	2016	2015
Recurring fees	19,410	19,780
Financial revenues from interest on loans to companies	2,253	2,564
<b>TOTAL RECURRING REVENUES</b>	<b>21,663</b>	<b>22,344</b>
Non-recurring fees	79	461
<b>TOTAL NON-RECURRING, ANTICIPATED FEES</b>	<b>79</b>	<b>461</b>
<b>TOTAL REVENUES</b>	<b>21,742</b>	<b>22,805</b>

## 19.2 Staff expenses

Staff expenses are itemised below, in €'000:

Euros ('000)	2016	2015
Salaries and wages	3,995	3,716
Per diem paid to members of the Company's Board of Directors	103	104
Social security tax	882	763
Other personnel expenses	326	325
<b>Total</b>	<b>5,306</b>	<b>4,908</b>

## 19.3 External services and other taxes

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

Euros ('000)	2016	2015
Publicity, advertising and public relations	158	152
Leases	879	870
Repairs and upkeep	137	137
Independent professional services	1,075	793
Insurance premiums	65	73
Training costs	138	118
Travel expenses	160	172
Other expenses	521	579
<b>Total</b>	<b>3,133</b>	<b>2,894</b>
Taxes	104	81
<b>Total</b>	<b>104</b>	<b>81</b>
<b>Total</b>	<b>3,237</b>	<b>2,975</b>

Independent professional services, primarily covers external consultancy fees associated with projects implemented by the Company in 2016 and 2015.

## 19.4 Financial revenues

This account primarily covers financial income accrued in 2016 and 2015 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 2016

	Nature of the relationship
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
Official Credit Institute (Instituto de Crédito Oficial)	Company shareholder
Senior management:	Board members
	Chairman
	General Manager

### Financial year 2015

	Nature of the relationship
FIEX	Fund managed by the Company
FONPYME	Fund managed by the Company
Official Credit Institute (Instituto de Crédito Oficial)	Fund managed by the Company
Senior management:	Company shareholder
	Board members
	Chairman
	General Manager

### 20.1 Related institutions

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

Euros ('000)	2016				
	Instituto de Crédito Oficial (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 debt</b>					
Debts with financial institutions (Note 15.1)	384	-	-	47	431

Euros ('000)	2015			
	Instituto de Crédito Oficial (ICO)	FIEX	FONPYME	TOTAL
<b>ASSETS:</b>				
<b>Long-term financial investments</b>				
Receivables, Funds (Note 11.2.1)	-	9,789	196	9,985
<b>Trade and other receivables</b>				
Receivables, Funds (Note 11.2.1)	-	616	129	745
<b>LIABILITIES:</b>				
<b>Long-term payables</b>				
Debts with financial institutions (Note 15.1)	577	-	-	577
<b>Short-term debt</b>				
Debts with financial institutions (Note 15.1)	370	-	-	370

The operations with related institutions are itemised below:

<b>2016</b>				
Euros ('000)	Instituto de Crédito Oficial (ICO)	FIEEX	FONPYME	TOTAL
<b>Net turnover</b>	-	16,557	706	<b>17,263</b>
<b>Financial expenses</b>				
Payable to financial institutions	(15)	-	-	<b>(15)</b>

<b>2015</b>				
Euros ('000)	Instituto de Crédito Oficial (ICO)	FIEEX	FONPYME	TOTAL
<b>Net turnover</b>	-	18,789	690	<b>19,459</b>
<b>Financial expenses</b>				
Payable to financial institutions	(15)	-	-	<b>(15)</b>

## 20.2 Directors and senior management

During year ending on 31<sup>st</sup> December 2016, the Company's directors received remuneration in the form of per diem for a total of €103,000 (€104,000 in 2015).

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	
	Fixed	Variable	Benefits	Others
<b>Financial year</b>				
<b>2016</b>	215	58	-	-
<b>2015</b>	214	57	-	-

The books showed no advances or loans to any of its directors or managers on 31 December 2016 or 2015, 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

	<b>2016</b>	<b>2015</b>
Directors	12	12
Senior + technical management	21	18
Technical team	47	44
Support staff	10	10
<b>Total</b>	<b>90</b>	<b>84*</b>

\* In 2015, the contracts signed were based on: a) the provisions of paragraph 1 of the fifteenth additional provision of Law 34/2014 of 30 December of the General State Budget for 2015 in which staff and officials with a pre-existing relationship can be hired on a fixed and indefinite nature in the state public sector. b) Several appointments are made as authorised by Law 8/2014 of 22<sup>nd</sup> April 22, on coverage by the State of the internationalisation risks on the Spanish economy. In its second final provision, it authorises COFIDES access to all or part of the workforce of the State Society Spain, Expansion Exterior S.A. dedicated to developing the activity as its own environment in relation to the management of FONPRODE and which will be integrated into COFIDES as part of their workforce. c) Other, being temporary, they are made under the provisions of paragraph 1 of the fifteenth additional provision of Law 34/2014 of 30<sup>th</sup> December in the General State Budget for 2015

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

<b>2016</b>				<b>Average number of people with disabilities &gt; 33%</b>
	<b>Women</b>	<b>Men</b>	<b>Total</b>	
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>

<b>2015</b>				<b>Average number of people with disabilities &gt; 33%</b>
	<b>Women</b>	<b>Men</b>	<b>Total</b>	
Directors	3	9	12	-
Senior + technical management	9	9	18	-
Technical team	31	13	44	1
Support staff	8	2	10	-
Staff on temporary leave	-	-	-	-
<b>Total</b>	<b>51</b>	<b>33</b>	<b>84</b>	<b>1</b>

## 22. Auditors Fees

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

<b>Euros ('000)</b>	<b>2016</b>	<b>2015</b>
Auditing services	26.70	26.40
Other services	-	-
<b>Total</b>	<b>26.70</b>	<b>26.40</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 December 2016 and the date on which they were prepared by the Board of Directors.

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
 Details of shareholdings and positions in other  
 companies of the Company Directors  
 at 31<sup>st</sup> December 2016

Annex I (1 of 2)

Directors	Company	No. of shares	Holding in per cent	Position and duties
Antonio Bandrés Cajal (Instituto de Crédito Oficial ICO representative)	ICO	-	-	Head of Department for International Relations Participated Management Board
	AXIS - Associated parties	-	-	
	2020 European Fund fo Energy, C.Ch.and Infrastructure SICAU-FIS	-	-	
Rosario Casero Echéverri	-	-	-	-
José Corral Vallespín	Banco Santander S.A.	-	< 0.005%	Deputy General Manager - Risk
	Banco Santander S.A. (Options and performance shares)	-	< 0.005%	
	Banco Santander S.A. Associated parties	-	< 0.005%	
Javier Estévez Zurita	BBVA	-	-	Corporate and Institutional Finance Director
Alberto Gómez Nicolau	Banco de Santander S.A.	-	<0.0001%	Management control systems responsible
Roberto Pagán Díaz	BBVA	-	-	Bussines Director
David Noguera Ballús	Banco de Sabadell	41,867	<0.005%	International Structured Finance Director
	Banco de Sabadell (Associated parties)	3,500	<0.005%	
Borja Rengifo Llorens	-	-	-	-
Pablo de la Torre Rodríguez	-	-	-	-
Amor Suárez Muñoz	-	-	-	-
José Antonio Zamora Rodríguez	Banco Santander, S.A.		< 0.0001%	SG International Trade in Services & Investment
	BBVA		<0.0001%	
	BANKIA (Associated parties)		<0.0001%	
Salvador Marín Hernández	Banco Santander, S.A.	761	< 0.005%	-
	CAM	825	< 0.005%	-
	Sabadell Garantía Extra 19 (Investment Fund)	436.89	< 0.005%	-
	Sabadell Garantía Extra 16 (Investment Fund)	500.89	< 0.005%	-
	Sabadell Plan Rend. Fijo 1001	519.90	< 0.005%	-
	Sabadell CAM - Associated parties	200	< 0.005%	-

COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO, COFIDES, S.A., S.M.E.  
Annual Accounts and Management Report Drafting  
for the financial year 2016

Annex I (2 of 2)

Directors	Company	No. of shares	Holding in per cent	Position and duties
Francisco Javier Puig Asensio	Banco de Sabadell, S.A.	9,604	<0.005%	International Business Director
José Corral Vallespín	Banco de Santander S.A.	1,222	<0.005%	Deputy General Manager - Risk
	Banco Santander S.A.	-	< 0.005%	
	(Options and performance shares)	-	< 0.005%	
	Banco Santander S.A. Associated parties	-	< 0.005%	
Alberto Gómez Nicolau	Banco Santander, S.A.	-	<0.01%	-
	Santander Factoring	-	-	Board member
Antonio Bandres Cajal (Representante del Instituto de Crédito Oficial ICO)	ICO	-	-	Deputy Director
	AXIS - Associated parties	-	-	-
José Ángel Amor Atienza	Banco Popular S.A.	-	< 0.005%	Sales Director
Salvador Marín Hernández	Banco Santander, S.A.	753	< 0.005%	-
	CAM	825	< 0.005%	-
	Sabadell Garantía Extra 19 (Investment Fund)	436.89	< 0.005%	-
	Sabadell Garantía Extra 16 (Investment Fund)	500.89	< 0.005%	-
	Sabadell CAM - Associated parties	100	< 0.005%	-
Javier Virgilio Estévez Zurita	-	-	-	-
Mónica Colomer de Selva	-	-	-	-
Rosario Casero Echéverri	-	-	-	-
José Antonio Zamora Rodríguez	BBVA	174	< 0.005%	-
	Banco Santander, S.A.	1003	< 0.005%	-
	BANKIA - Associated parties	-	< 0.005%	-
Roberto Pagán Díaz	BBVA	-	-	Bussines Director
María del Pilar Casanova Llorens	-	-	-	-

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# 2016 Activity Report

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

**COFIDES** 

Funding for your investment abroad