DOURO FINANCE B.V.

Annual Report

For the year ended

31 December 2021

DOURO FINANCE B.V.
Jupiter Building
Herikerbergweg 88
1101 CM Amsterdam
The Netherlands
Chamber of Commerce number: 55482643

DOURO FINANCE B.V.

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Directors and other information

Directors	Vistra Capital Markets (Netherlands) N.V.
Registered Office	Jupiter Building Herikerbergweg 88 1101 CM Amsterdam The Netherlands
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB
Administrator & Company Secretary	Vistra Capital Markets (Netherlands) N.V. Jupiter Building Herikerbergweg 88 1101 CM Amsterdam The Netherlands
Independent Auditor	KPMG Accountants N.V. Laan van Langerhuize 1 1186 DS Amstelveen The Netherlands
Arranger, Issue Agent, Principal Paying Agent, Custodian & Registrar, Swap Counterparty	Banco Bilbao Vizcaya Argentaria, S.A. Sauceda 28, Edificio Asia - Nivel I 28050 Madrid Spain
Listing Agents	Banco Bilbao Vizcaya Argentaria, S.A. Sauceda 28, Edificio Asia - Nivel I 28050 Madrid Spain
Tax Advisor	Simmons & Simmons Zuidplein 100 1077 XV Amsterdam The Netherlands

Directors' report

The Board of Directors of Douro Finance B.V. (the "Company") herewith presents the Directors' report and the financial statements for the year ended 31 December 2021.

The accounting year of the Company begins on 1 January and terminates on 31 December of each year.

Incorporation

The Company was incorporated under the laws of the Netherlands on 11 June 2012, with limited liability and having its statutory seat in Amsterdam, the Netherlands.

Stichting Douro Finance is the sole shareholder of the Company.

Principal activities, business review and future developments

The objective of the Company is to raise finance through, inter alia, the issuance of Bonds, Notes and other debt instruments, the entering into loan agreements, derivatives and other instruments evidencing indebtedness.

The principal activity of the Company is the issue of Notes (the "Notes") in series pursuant to a EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme (the "Programme") for the issue of Notes and the making of Alternative Investments (the "Alternative Investments") arranged by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA").

The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, priority of payments, and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in issue terms (each “Issue Terms”).

The Notes of each Series will be secured in the manner set out in the terms and conditions of the Notes, including a charge on and/or assignment of and/or other security interest over or in respect of the charged assets as defined in the Issue Terms and the Master Trust Deed (as defined in the Terms and Conditions of the Notes) and all sums held from time to time by the Custodian and/or the Issuing and Principal Paying Agent in so far as such sums relate to that Series. Each Series may also be secured on such additional security as may be described in the relevant Issue Terms.

The Company is exposed to the Spanish market. Developments in the Spanish markets affect the fair value of the investment securities going forward. Due to the structure of the Company, these are fully borne by the holders of the debt securities and hence it will not have an impact on the Company as such.

Due to the nature of the activities of the Company, the Company does not have any intention to change the number of staff (now: zero).

The Company does not have any activities in the field of research and development, nor has it any intention to do so.

At 31 December 2021, the Company had in issue 192 series, nominal amounting to EUR 2,102,235,639 and fair value amount of EUR 2,041,765,167.

The Company does not anticipate any significant changes in the activities for the next financial year.

Business review

During the year:

- The Company issued 21 new series and fully redeemed 39 series.
- The Company issued new debt securities for an amount of EUR 217,159,414 (2020: EUR 381,761,614) and redeemed debt securities for an amount of EUR 336,061,004 (2020: EUR 429,714,333).
- The Company acquired new investment securities for an amount of EUR 203,887,472 (2020: EUR 302,991,585) and disposed of existing investment securities for an amount of EUR 237,828,222 (2020: EUR 292,750,000).
- The realised gain on investment securities disposed amounted to EUR 33,345,478 (2020: realised gain EUR 112,647,046).
- The Company made a profit after tax of EUR 143,475 (2020: EUR 105,840).
- Net changes in fair value of investment securities designated at fair value through profit or loss amounted to a loss of EUR 80,671,793 (2020: gain of EUR 36,747,916).
- Net changes in fair value of deposits designated at fair value through profit or loss amounted to EUR Nil (2020: gain EUR 341,018).
- Net changes in fair value of debt securities designated at fair value through profit or loss amounted to a gain of EUR 94,137,936 (2020: loss of EUR 76,217,481).
- The Company paid EUR 105,905 as dividend (2020: EUR 119,500).

As at 31 December 2021:

- The Company's total indebtedness was EUR 2,590,340,389 (2020: EUR 2,677,898,609).
- The cash position at balance sheet date was EUR 348,522 (2020: EUR 326,398).

Directors' report (continued)

Principal risks and uncertainties

The risk appetite of the Company is limited. Risks are monitored on a continuous basis. The Company aims to limit its exposure to material risks, or uncertainties, through (economic) hedging. There has been no change in the risk and business environment of the Company.

The Company's risk policy is designed to achieve a moderate risk profile, keeping a medium / low risk profile and supported by long-term relationships with customers.

The principal risks and uncertainties facing the Company relate to the debt securities issued, investment securities and derivative instruments held by the Company for risk management purposes.

The Company has exposure to the following risks from its use of financial instruments and does not have any externally imposed capital requirements.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each investment security. However, management also considers the demographics of the security base, including the default risk of the industry and country in which the investment security is located, as these factors may have an influence on the credit risk of the Company.

Approximately 36.80% (2020: 39.84%) of the Company's income is generated from investment securities based in Spain and 74.84% (2020: 68.61%) of net income is attributable to the government sector. A more detailed breakdown is provided in Note 22.

The risk of default on these assets is borne by the holders of the debt securities of the relevant series.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The Company’s obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the investment securities of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and the Swap Counterparty according to established priorities as per legal documentations.

The expediency and proceed amounts from realising the collateral of each series is subject to market conditions.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company’s income or the value of its holdings of financial instruments and receivable under total return swap.

Foreign exchange risk and interest rate risk are being hedged under the currency swap agreement and the asset swap agreement, respectively. These risks are economically hedged, since no hedge accounting is applied.

(a) Currency risk

Investment in Notes or Alternative Investments denominated and payable in a foreign currency entails significant risks to a Noteholder or party to Alternative Investments that would not be involved if a similar investment were made in Notes or Alternative Investments denominated and payable in such Noteholder's or party to Alternative Investments' home currency. These risks include, without limitation, the possibility of significant changes in rates of exchange between the foreign currency and such Noteholder's or party to Alternative Investments' home currency and generally depend on economic and political events over which the issuer has no control.

(b) Interest rate risk

The Company, through the use of the swap and terms of the Notes, has transferred all interest rate risk to the Swap Counterparty and the Noteholders.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company’s operations.

Further quantitative disclosures are included in Note 22 of the financial statements.

(v) Financial reporting and disclosure risk

Governance surrounding financial reporting and disclosure risk promotes the importance of accurate, timely and complete financial reporting, the finance and control department is responsible for financial reporting, both internally including management information) and externally (including statutory and regulatory reporting). Policies and procedures are in place to reduce subjectivity in terms of measurement and reporting. The Directors have implemented a Code of Business Conduct and Ethics, a whistleblower policy (SpeakUp) and an anti-fraud policy to prevent fraud and non-compliance with laws and regulations.

Directors' report (continued)

The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All administration functions have been outsourced by the Company.

Results and dividends for the year

The Company recorded a profit of EUR 143,475 for the year under review. The result for the year is set out on page 8. Profits of the Company are at the disposal of the Annual General Meeting. The Company may distribute a dividend only if, and to the extent that, its shareholders' equity is greater than the aggregate of the paid and called-up part of the issued capital.

Going concern

The Company's financial statements for the year ended 31 December 2021 have been prepared on a going concern basis. The assets and derivative transactions are referenced to the Notes in issue and any loss derived will ultimately be borne by the noteholders. The Directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Company's liabilities as they fall due. The Notes in issue at 31 December 2021 will continue in existence for at least more than one year. Based on these, the Directors believe that the going concern basis is appropriate.

Business environment

The derivative instruments held by the Company for risk management purposes have BBVA as Arranger, Issue Agent, Principal Paying Agent, Custodian and Registrar and Swap Counterparty.

BBVA operates in more than 30 countries with an asset based of around EUR 663 billion. There is a total number of 12 million active customers, with an increase of 8.7 million in 2021 (2020: +2.8 million), with positive developments in all of the countries in which BBVA is present. BBVA has maintained its rating during 2021 in the single A space for senior preferred debt granted by all agencies. During 2021, BBVA's rating has continued to show its strength and in the month of June 2021, Fitch confirmed the rating of BBVA at A-. In December 2021, S&P upgraded BBVA's rating one notch from A- to A, with a negative outlook conditioned by the rating given to the Spanish sovereign by S&P.

The BBVA Group generated a net attributable profit, excluding non-recurring impacts, of EUR 5,069 million in 2021, representing a year-on year increase of +85.7%. In terms of shareholder value creation, the tangible book value per share plus dividends closed the year at EUR 6.66 which is 10.1 % higher than 2020, which placed BBVA ahead of the financial industry in terms of profitability. The Group's fully loaded CET1 capital ratio ended the year at 12.75%. These results demonstrate BBVA's ability to generate earnings and strengthening its capacity to grow, despite being in a complex environment. Please refer to Note 21 for additional links to information on the business environment of BBVA.

Directors, Secretary and their interests

The Directors and Secretary who held office on 31 December 2021 did not hold any shares in the Company at that date, or during the year. There were no contracts in relation to the business of the Company in which the Directors had any interest at any time during the year.

Personnel

During the year under review, the Company had no employees other than its Managing Directors. The Company has no Board of Supervisory Directors.

The Directors (Vistra Capital Markets (Netherlands) N.V.) are appointed by the shareholder. The composition of the representatives within Vistra Capital Markets (Netherlands) N.V. that are responsible for this entity complies with article 2:166 of the Dutch Civil Code (minimum 30% male and 30% female). During the year under review, there was no remuneration paid to management of the Company.

Audit committee

In accordance to the Company's Articles of Association and pursuant to the Audit Committee Member Agreement dated 27 March 2019, the Company has set up an audit committee and appointed Mr J.H Scholts and Mr J.R Rosman as member of that committee.

The Company paid EUR 12,100 for the remuneration of the members of the audit committee.

Accounting records

The Directors believe that they have complied with the legal requirements for the financial statements as included in Part 9 of Book 2 of the Dutch Civil Code by engaging accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at Jupiter Building, Herikerbergweg 88, 1101 CM Amsterdam, the Netherlands.

Future outlook

The Managing Director expects the present level of activity to be sustained for the forseeable future. At this stage it is too soon to estimate if any specific plans in the future will be necessary.

Appropriation of net income for the year

Awaiting the decision of shareholders, the net income for the year ended 2021 is separately included in the shareholders equity as unappropriated net income.

Directors' report (continued)

Subsequent events

Except for the below, there were no significant post balance events that would affect the presentation and disclosure in the current year.

At the date of our report, the Company had issued the following new Series of Notes:

Series 2022-658 EUR 20,000,000 Secured Limited Recourse Fixed Rate and Variable Amount Securities due 2026
Series 2022-659 EUR 7,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-660 EUR 2,850,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-661 EUR 2,100,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-663 EUR 4,450,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-664 EUR 1,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-665 EUR 15,000,000 Fixed Rate Secured Limited Recourse Securities due 2041 (the “Securities”)
Series 2022-666 USD 1,450,000 Secured Limited Recourse Index Linked Securities due 2025 (the "Securities")
Series 2022-667 EUR 18,000,000 Secured Limited Recourse Fixed Rate and Index-Linked Securities due 2030 (the “Securities”)
Series 2022-668 PEN 35,092,080 Fixed Rate Secured Limited Recourse Securities due 2034 (the “Securities”)
Series 2022-669 EUR 3,050,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-670 EUR 1,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-671 EUR 3,750,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-672 EUR 9,500,000 Secured Limited Recourse Variable Interest Amount and Index-Linked Securities due 2028 (the “Securities”)
Series 2022-673 EUR 10,000,000 Fixed Rate Secured Limited Recourse Securities due 2066 (the “Securities”)
Series 2022-674 EUR 5,350,000 Index Linked Secured Limited Recourse Securities due 2027 (the "Securities")
Series 2022-675 EUR 5,200,000 Index Linked Secured Limited Recourse Securities due 2027 (the "Securities")
Series 2022-676 EUR 10,000,000 Fixed Rate Secured Limited Recourse Securities due 2066 (the “Securities”)
Series 2022-677 EUR 35,000,000 Fixed Rate Secured Limited Recourse Securities due 2026 (the "Securities")
Series 2022-678 EUR 3,100,000 Index Linked Secured Limited Recourse Securities due 2025 (the "Securities")
Series 2022-681 EUR 5,700,000 Index Linked Secured Limited Recourse Securities due 2025 (the "Securities")
Series 2022-682 EUR 20,000,000 Amortising Secured Limited Recourse Securities due 2066 (the “Securities”)

At the date of our report, the below Series of Notes were fully redeemed / matured:

Series 2016-354 EUR 2,000,000 Secured Limited Recourse Equity-Linked Securities due 2022
Series 2017-395 EUR 3,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-403 USD 2,600,000 Secured Limited Recourse Index-Linked Securities due 2022
Series 2017-406 EUR 1,200,000 Secured Limited Recourse Index-Linked Securities due 2022
Series 2017-409 EUR 2,200,000 Secured Limited Recourse Equity Linked Securities due 2022
Series 2017-415 EUR 4,050,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-418 EUR 1,750,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-420 EUR 3,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-421 EUR 6,850,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-422 USD 1,600,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-425 EUR 1,400,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-427 EUR 2,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-430 USD 1,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-431 EUR 1,650,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-432 EUR 18,500,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-433 EUR 3,250,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-434 EUR 6,900,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-435 EUR 26,500,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-436 EUR 4,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-439 EUR 3,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-441 EUR 1,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-443 EUR 6,250,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-444 EUR 7,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-446 EUR 8,200,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-448 EUR 1,600,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-451 EUR 3,750,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-453 EUR 7,350,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-455 EUR 4,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-456 EUR 3,000,000 Secured Limited Recourse Credit-Linked Securities due 2022
Series 2018-538 EUR 29,160,000 Secured Limited Recourse Variable Interest Amount Securities due 2022
Series 2019-559 EUR 5,350,000 Secured Limited Recourse Equity Linked Securities due 2022
Series 2019-574 EUR 5,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2020-618 EUR 8,910,000 Secured Limited Recourse Fixed Rate Securities due 2022
Series 2021-644 USD 1,550,000 Secured Limited Recourse Index Linked Securities due 2024
Series 2021-650 EUR 2,650,000 Secured Limited Recourse Index Linked Securities due 2026
Series 2021-651 EUR 4,300,000 Secured Limited Recourse Index Linked Securities due 2026
Series 2021-652 EUR 3,300,000 Secured Limited Recourse Index Linked Securities due 2026

Directors' report (continued)

Subsequent events (continued)

Russia-Ukraine conflict

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due, therefore continues to apply the going concern and the Board of Managers continues to monitor the evolving situation and its impact on the financial position of the Company.

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 18 November

Statement of Directors' responsibilities in respect of Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and financial statements in accordance with applicable laws and regulations.

The Directors consider that, in preparing the financial statements, the Company has used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards as adopted by the European Union and requirements of Part 9 of Book 2 of the Dutch Civil Code which they consider to be applicable have been followed.

The Company's financial statements are required by law to give a true and fair view of the financial position of the Company and of its financial performance for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' report that complies with the requirements of Part 9 of Book 2 of the Dutch Civil Code in the Netherlands.

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 18 November

Statement of financial position

As at 31 December 2021

(Before appropriation of profit)

	Note (s)	31-Dec-2021 EUR	31-Dec-2020 EUR
Non-current assets			
Investment securities	5	2,145,994,157	2,197,277,142
Derivatives held for risk management purposes	7	193,936,270	424,713,163
Total non-current assets		2,339,930,427	2,621,990,305
Current assets			
Investment securities	5	38,495,539	34,828,593
Deposits	6	-	-
Derivatives held for risk management purposes	7	206,335,625	12,601,541
Cash and cash equivalents	8	348,523	326,399
Other assets	9	16,559,171	18,376,856
Total current assets		261,738,858	66,133,389
Total assets		2,601,669,285	2,688,123,694
Equity			
Share capital	10	18,000	18,000
Retained earnings		-	65
Profit for the year (unappropriated net income)		143,475	105,840
Total equity		161,475	123,905
Non-current liabilities			
Derivatives held for risk management purposes	7	546,295,665	438,576,121
Debt securities issued	11	1,734,546,515	2,169,890,585
Total non-current liabilities		2,280,842,180	2,608,466,706
Current liabilities			
Debt securities issued	11	307,218,652	68,760,681
Derivatives held for risk management purposes	7	2,279,557	671,222
Bank overdraft		1	1
Other liabilities	12	11,122,215	10,081,291
Taxation	13	45,205	19,888
Total current liabilities		320,665,630	79,533,083
Total liabilities		2,601,507,810	2,687,999,789
Total liabilities and equity		2,601,669,285	2,688,123,694

Approved and authorised for issue

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 18 November

The notes on pages 12 to 33 form an integral part of these financial statements

Statement of comprehensive income
For the year ended 31 December 2021

	Note (s)	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Interest income		47,787,240	57,260,884
Interest expense		(54,379,510)	(45,849,886)
Designated as at fair value through profit or loss			
Net (loss) / gain from investment securities	14	(21,333,960)	114,965,296
Net loss from deposits	15	-	(1,187,729)
Net gain / (loss) on debt securities issued	16	73,583,205	(27,738,856)
Net income from derivative financial instruments held for risk management purposes		98,175,471	135,296,985
Net loss from derivative financial instruments held for risk management purposes		(111,641,614)	(96,168,439)
Realised gain on settlement of derivatives		49,210,611	37,605,876
Realised loss on settlement of derivatives		(81,401,443)	(174,184,131)
Operating income		-	-
Other income	17	462,362	360,196
Other expenses	18	(274,613)	(234,382)
Profit on ordinary activities before taxation		187,749	125,814
Taxation - previous year		(18,955)	(88)
Taxation - current year	13	(25,319)	(19,886)
Profit for the year		143,475	105,840
Other comprehensive income		-	-
Total comprehensive income for the year		143,475	105,840

All items dealt with in arriving at the profit for the year ended 31 December 2021 related to continuing operations.

Approved and authorised for issue

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 18 November

The notes on pages 12 to 33 form an integral part of these financial statements

Statement of cash flows
For the year ended 31 December 2021

	Note (s)	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Cash flows from / (used in) operating activities			
Profit on ordinary activities before taxation		187,749	125,814
Adjustments for:			
Realised gain on settlement of derivatives		(49,210,611)	(37,605,876)
Realised loss on settlement of derivatives		81,401,443	174,184,131
Realised gain on investment securities	14	(33,345,478)	(112,647,046)
Fair value (gain) / loss on investment securities	14	80,671,793	(36,747,916)
Unrealised exchange loss / (gain) on revaluation of investment securities	14	(25,992,355)	34,429,666
Fair value gain on deposits	15	-	(341,018)
Unrealised exchange loss / (gain) on revaluation of deposits	15	-	1,528,747
Realised gain / (loss) on debt securities issued	16	4,401,304	(20,666,021)
Fair value gain on debt securities	16	(94,137,936)	76,217,481
Unrealised exchange (loss) / gain on revaluation of debt securities issued	16	16,153,427	(27,812,604)
Unrealised gain on revaluation of derivatives		(98,175,471)	(135,296,985)
Unrealised loss on revaluation of derivatives		111,641,614	96,168,439
Interest income		(47,787,240)	(57,260,884)
Interest expense		54,379,510	45,849,886
		-	-
Changes in:			
Net movement in other assets and liabilities		(59,719)	23,456
Net cash flows generated from operating activities		128,030	149,270
Cash flows from / (used in) investing activities			
Acquisition of investment securities		(247,029,321)	(345,181,699)
Proceeds from maturity / disposal of investment securities		271,173,700	405,397,046
Proceeds from maturity / disposal of deposits		-	18,939,440
Interest received on investment securities		51,901,732	58,481,256
Receipts in respect of derivatives held for risk management purposes		640,948,559	805,260,994
Payments in respect of derivatives held for risk management purposes		(540,165,346)	(863,877,358)
Net cash flows generated from investing activities		176,829,324	79,019,679
Cash flows from / (used in) financing activities			
Dividend paid		(105,905)	(119,500)
Proceeds from issuance of debt securities		217,089,914	381,059,616
Payments on maturity / redemption of debt securities		(340,462,309)	(409,048,311)
Interest paid on debt securities issued		(53,456,930)	(51,030,984)
Net cash flows used in financing activities		(176,935,230)	(79,139,179)
Net increase in cash and cash equivalents		22,124	29,770
Cash and cash equivalents at beginning of year		326,398	296,628
Cash and cash equivalents at end of year		348,522	326,398

The notes on pages 12 to 33 form an integral part of these financial statements

Statement of changes in equity
For the year ended 31 December 2021

	Share capital EUR	Retained earnings EUR	Profit for the year EUR	Total EUR
Balance at 31 December 2019	18,000	14,694	104,871	137,565
Appropriation of profit		104,871	(104,871)	-
Profit for the year	-	-	105,840	105,840
Dividend paid during the year	-	(119,500)	-	(119,500)
Balance at 31 December 2020	18,000	65	105,840	123,905
Appropriation of profit		105,840	(105,840)	-
Profit for the year	-	-	143,475	143,475
Dividend paid during the year	-	(105,905)	-	(105,905)
Balance at 31 December 2021	18,000	-	143,475	161,475

The notes on pages 12 to 33 form an integral part of these financial statements

Notes to the financial statements
For the year ended 31 December 2021

1 General information

Douro Finance B.V. (the "Company"), a corporation with limited liability, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the law of the Netherlands on 11 June 2012.

The accounting year of the Company begins on 1 January and terminates on 31 December of each year.

The objective of the Company is to raise finance, through the issuance of bonds, notes and other debt instruments, entering into loan agreements, derivatives and other instruments evidencing indebtedness and receiving deposits, to invest the funds raised in bonds, notes, loan and other debt instruments, shares, warrants, derivatives and other similar financial assets.

The Company is a special purpose entity ("SPE") that has been established to issue debt securities under a €5,000,000,000 Limited Recourse Secure Debt Issuance programme (the "Programme") arranged by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA").

The Company has no direct employees. The financial statements were authorised for issue by the Board of Directors on 18 November 2022.

The registered office of the Company is Jupiter Building, Herikerbergweg 88, 1101 CM Amsterdam, the Netherlands and its trade register number is 55482643.

Stichting Douro Finance is the sole shareholder of the Company.

2 Basis of preparation

(a) Statement of compliance

The financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The accounting policies have been applied throughout the year.

Going concern

These financial statements have been prepared on a going concern basis because the directors consider, in the circumstances of the arrangement established when the Company was formed and based on the nature of the Company's activities, that this is a fair basis for presenting the results of the accounting year and the state of affairs at end of the year.

Application of New and Revised International Financial Reporting Standards (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2017.

2.1 Mandatory Standards, amendments and interpretations with no material effect on the financial statements

The following relevant new and revised Standards and Interpretations have been applied in these financial statements. Their application has not had any material effect on the amounts reported in these financial statements, other than additional disclosures in the financial statements, but may affect the accounting for future transactions or arrangements.

IAS 1 and IAS 8	Definition of Material
IFRS 3	Definition of a business
IFRS 9, IAS 39 and IFRS 7	Modifications – IBOR Reform, Phase 1
IFRS 16	Leases – COVID-19 modifications
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Modifications - IBOR reform, Phase 2
IFRS 4	Amendment to Insurance Contracts

Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Modifications - IBOR reform

On August 27, 2020, the IASB issued the second phase of the reform of the IBOR reference indices, which involves the introduction of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, to ensure that the financial statements reflect the economic effects of this reform in the best possible way. These amendments focus on the accounting for financial instruments, once a new risk-free reference index (Risk Free Rate, hereinafter “RFR”) has been introduced.

The modifications introduce the accounting relief for changes in the cash flows of financial instruments directly caused by the IBOR reform if they take place in a context of "economic equivalence", by updating the effective interest rate of the instrument. Additionally, they introduce a series of exemptions to the hedging requirements so as not to have to interrupt certain hedging relationships. However, similar to the phase 1 amendments (which entered into force already in 2020), the phase 2 amendments do not contemplate exceptions to the valuation requirements applicable to hedged items and hedging instruments in accordance with IFRS 9 or IAS 39. Thus, once the new reference index has been implemented, the hedged items and hedging instruments must be valued in accordance with the new index, and the possible ineffectiveness that may exist in the hedge will be recognized in profit or loss.

In the case of the EURIBOR, the European authorities have encouraged modifications in its methodology so that it meets the requirements of the European Regulation of Reference Indices, so this index does not disappear. The official discontinuation date for LIBORs exUSD (GBP, CHF, EUR, JPY), USD LIBOR 1-week and 2-month indices was December 31, 2021, and for EONIA was January 3, 2022.

However, the Financial Conduct Authority (FCA) and the European Commission have established a legal safeguard in the event that there are some operations that could not be migrated before said discontinuation date. In the case of the FCA, said legal safeguard, called Synthetic LIBOR, would apply only to contracts referenced to LIBOR GBP and LIBOR JPY in terms of 1, 3 and 6 months, and allows the index to continue to be applied for an additional period.

Below is Douro Finance BV’s exposure to financial assets and liabilities maturing after the transition dates of these IBORs to their corresponding RFRs.

	Investment Securities (nominal value)	**Debt Securities (nominal value)**
LIBOR USD, with maturity date >June 30, 2023	16,500,000.00	100,000,000.00
Total	16,500,000.00	100,000,000.00

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standard and Interpretations were in issue but effective on the respective dates as indicated:

Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
IFRS 2018-2020	Annual improvements to IFRS Standards 2018-2020 (effective 1 January 2022)
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)
Amendments to IFRS 3	Reference to Conceptual Framework (effective 1 January 2022)
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (effective 1 January 2023)

The Directors anticipate that all of the above amendments will be applied in the Company's financial statements at the above effective dates. The future impacts of the adoption of these standards have not been analysed to date.

Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on a going concern and historical cost basis except for the following:

- Derivative financial instruments are measured at fair value through profit or loss;
- Investment securities measured at fair value through profit or loss are measured at fair value; and
- Debt securities issued are measured at fair value through profit and loss.

The methods used to measure fair values are discussed further in Note 3.

Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in Euro and the debt securities issued are also primarily denominated in Euro. The Directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information are presented in Euro.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Measurement of fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values of financial assets and financial liabilities that are traded in active markets, level 1, are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Level 2 instruments use widely recognised valuation models for determining the fair value of common and more simple financial instruments such as interest rate and currency swaps that use only observable market data. Observable prices and model inputs are available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex level 3 instruments proprietary valuation models are used which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

Any change in the pricing assumptions for those assets which use level 3 valuation techniques would not have an impact on the overall financial position of the Company due to the limited recourse nature of the notes in issue. The variability in pricing of such assets would directly impact the noteholders in each specific series but does not alter the underlying risk faced by each noteholder or the ultimate return on the transaction.

Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

Financial instruments

The financial instruments of the Company include the following:
- Investment securities;
- Derivative financial instruments held for risk management;
- Financial assets and liabilities; and
- Debt securities issued.

Classification

A financial asset or financial liability at fair value through profit or loss is a financial asset or liability that is classified as held-for-trading or designated as at fair value through profit or loss.

Investment securities

Investment securities are initially measured at fair value. Subsequent to initial recognition, investment securities are measured at fair value, and changes therein are recognised in profit or loss.

Derivative financial instruments held for risk management purposes

Derivative financial instruments held for risk management purposes include all derivative assets and liabilities that are used to economically hedge the derivatives of each series from any interest rate and market fluctuations affecting the relevant collateral assets. Such derivatives are not however, formally designated into a qualifying hedge relationship and, therefore, all changes in their fair value are recognised immediately in profit or loss. The fair values of the derivative financial instruments are presented in the statement of financial position inclusive of interest.

Financial assets and liabilities that are not at fair value through profit or loss

Financial assets that are not at fair value through profit or loss and are not quoted in an active market include cash at bank, deposits with credit institutions and other assets. Financial liabilities that are not at fair value through profit or loss include accrued expenses and other payables.

Debt securities issued

Debt securities are initially measured at fair value. Subsequent to initial recognition, debt securities are measured at fair value, and changes therein are recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Recognition

The Company initially recognises all financial assets and liabilities on the settlement date at which the Company becomes a party to the contractual provisions of the instruments. From settlement date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities designated as at fair value through profit or loss are recorded in the profit and loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

Financial instruments (continued)

Fair value measurement principles

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets, where these are available. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Company uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like options and interest rate and currency swaps.

For more complex instruments, the Company uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

Valuation techniques using significant unobservable inputs: this category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cash flows etc and, therefore, cannot be determined with precision.

Financial liability and equity

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exist, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are distributions from the net income attributable to equity holders and are recorded directly in equity.

Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

Cash and cash equivalent

Cash and cash equivalents consist of cash at bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value.

Cash and cash equivalents and bank overdraft are carried at amortised cost in the statement of financial position.

Foreign currency transaction

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss and are included under net gain/(loss) from investment securities, derivatives held for risk management and debt securities issued depending on which of them it relates to.

Unrealised gains and losses on exchange are accounted as an adjusting item in the statement of cash flows under operating activities. Realised portions are allocated accordingly to their respective items / transactions in the statement of cash flows.

Revenue recognition

Interest income is recognised on investment securities on an accrual basis using an effective interest rate.

Interest expense

Interest expense is recognised on debt securities on an accrual basis using an effective interest rate.

Net gain / (loss) from investment securities

Net income / (loss) from investment securities designated at fair value through profit or loss relates to investments in corporate bonds and receivables under total return swaps, and includes realised and unrealised fair value changes, and foreign exchange differences.

Net gain / (loss) from derivative financial instruments held for risk management purposes

Net income / (loss) from derivative financial instruments held for risk management purposes designated at fair value through profit or loss relates to the fair value movements on swaps held by the Company and includes realised and unrealised fair value changes, settlements and foreign exchange differences.

Net gain / (loss) on debt securities issued at fair value through profit or loss

Finance expense on debt securities issued designated at fair value through profit or loss relates to debt securities issued and includes realised and unrealised fair value changes, and foreign exchange differences.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss except to the extent that it relates to items recognised directly in Equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable to the Company's activities enacted or substantively enacted at the end of the reporting date, and adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

Related party

Stichting Douro Finance is the sole shareholder of the Company and thus, the parent company is considered to be a related party. In addition, Vistra Capital Markets (Netherlands) N.V. is Managing Director of the Company. The two members of the audit committee are considered related parties. The Company has intercompany loans with Boiro Finance B.V. and CID Finance B.V.

Impairment

At the end of each reporting year/period, the Company tests whether there is any indication of receivables being subject to impairment. If any such indications are present, the recoverable amount of the receivable is determined. A receivable is subject to impairment if its carrying amount exceeds its recoverable amount. An impairment loss is directly recognised as an expense in the statement of comprehensive income. As at 31 December 2021, no impairment loss was recognised.

The Company recognises loss allowances for Expected Credit Losses (hereunder referred to as "ECLs") on:
- financial assets measured at amortised cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- Other debt securities held at amortised cost and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Other income and expenses

All other income and expenses are accounted for on an accrual basis.

Share capital

Share capital is issued in Euro. Dividends are recognised and deducted from equity when declared.

Carrying value

The carrying value is the same as the fair value of the assets and liabilities.

Statement of cash flows

The cash flow statement, based on the indirect method of calculation, gives details of the source of cash and cash equivalents and bank overdraft which became available during the year and the application of these cash and cash equivalents over the course of the year.

4 Financial risk management

Introduction and overview

The Douro Finance B.V. Programme was set up on the 19 June 2012 to issue multiple series of notes, with the rating on each series independent of the other (if applicable). The Company can issue various series of notes with credit rating ranging from AAA to not rated.

The Company was set up as a segregated multi issuance SPE. Each Series is governed by a separate Issue Terms. Each Series consists of an investment in Charged Assets and / or derivative instrument or other contracts from the proceeds of the issuance of debt securities and / or Alternative Investments.

The Programme offers investors the opportunity to invest in a portfolio of investments (the “investment securities”) and alter the risk profile of the portfolio through the use of derivative instruments.

Notes to the financial statements (continued)
For the year ended 31 December 2021

4 Financial risk management (continued)

Introduction and overview (continued)

This ensures that if one series defaults, the holders of that series do not have the ability to reach other assets of the issuer, resulting in the issuer's bankruptcy and the default of the other series of notes. The segregation criteria include the following:

- The Company is a bankruptcy remote SPE, organised in the Netherlands;
- The Company issues separate series of debt obligations;
- Assets relating to any particular series of debt securities are held separate and apart from the assets relating to any other series;
- Any swap transaction entered into by the issuer for a series is separate from any other swap transaction for any other series;
- For each series of debt securities, only the trustees are entitled to exercise remedies on behalf of the debt security holders.

The Company has, in most Series, entered into asset swap agreements with Banco Bilbao Vizcaya Argentaria, S.A. (refer to note 7). The net proceeds from the issue of the Notes are paid to the Swap Counterparty to purchase the portfolio of collateral plus any interest accrued thereon. During the term of the asset swap, the Company pays to the Swap Counterparty amounts equal to the interest received in respect of the collateral, and on the maturity date of the collateral, the Company will deliver the portfolio or the proceeds of its redemption to the Swap Counterparty.

The Swap Counterparty delivers the Charged Assets to the account of the Company and pays the Company amounts equal to the interest payable under the debt securities, and if the swap agreement terminates on the maturity date of the respective notes, a sum equal to the redemption amount payable on the debt securities.

The proceeds from the issue of Notes, which form part of the so-called synthetic structures, are used to invest directly in swaps (paid to the Swap Counterparty). Both the Notes and the derivatives are carried at fair value through profit or loss.

The ultimate amount repaid to the Noteholders of these debt securities will depend on the proceeds from the Charged Assets and any payment that the Swap Counterparty is obliged to make under the terms of the swap agreement. The Company is obliged to provide for the payment or physical delivery of the deliverable obligations to the Swap Counterparty and to the holders of debt securities. This obligation is determined by the Calculation Agent in accordance with the terms of the swap agreement.

In case of the synthetic structures, the Swap Counterparty will provide the Company the amount to repay the Noteholders, as per the terms of the swap agreement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, credit, liquidity and other risks relating to the investment securities and derivatives held for risk management are borne fully by the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:
(i) Credit risk;
(ii) Liquidity risk;
(iii) Market risk; and
(iv) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included in note 22 to these financial statements.

The Company does not have any externally imposed capital requirements.

(i) Credit risk

Credit risk is the risk of the financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each investment security. However, management also considers the demographics of the security base, including the default risk of the industry and country in which the investment security is located, as these factors may have an influence on the credit risk of the Company, particularly in the currently deteriorating economic circumstances.

The risk of default on these assets is borne by the counterparty of the asset or total return swap if available, or the holders of the debt securities of the relevant series.

The risks factors, backing each Series issued, are already defined in the agreements. The Notes issued by the Company are limited recourse such that the Company has entered into agreements to hedge any risks arising on the Series. Any event affecting the investment securities and derivative instruments held will not impact the continuity of the Company.

In addition to the limited recourse character of the Notes, all the parties have signed non-petition provisions. The continuity of the Company does not depend on the quality of the collaterals backing the Series.

Notes to the financial statements (continued)
For the year ended 31 December 2021

4 Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The Company's obligation to the Noteholders of a particular series is limited to the net proceeds upon realisation of the collateral of that series. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and the Swap Counterparty according to established priorities.

The expediency and proceed amounts from realising the collateral of each series is subject to market conditions.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate and interest rates will affect the Company's income or the value of its holdings of financial instruments and receivable under total return swap.

Foreign exchange risk and interest rate risk are economically hedged under the currency swap agreement and the asset swap agreement, respectively.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company was incorporated with the purpose of engaging in those activities outlined in the preceeding paragraphs. All administration functions have been outsourced by the Company.

5 Investment securities

	31-Dec-2021 EUR	31-Dec-2020 EUR
Nominal amount:		
Opening balance as at 1 January	1,781,222,427	1,805,410,508
Additions during the year	203,887,472	302,991,585
Disposals during the year	(237,828,222)	(292,750,000)
Foreign currency movement	25,992,355	(34,429,666)
Closing balance as at 31 December	1,773,274,032	1,781,222,427

	31-Dec-2021 EUR	31-Dec-2020 EUR
Movement in fair value:		
Opening balance as at 1 January	450,883,308	372,859,956
Additions during the year	41,004,149	41,275,436
Disposals during the year	(33,345,478)	(112,647,046)
Net movement during the year	(47,326,315)	149,394,962
Closing balance as at 31 December	411,215,664	450,883,308
Closing fair value as at 31 December	2,184,489,696	2,232,105,735

The carrying value of the assets of the Company represents their maximum exposure to credit risk. The credit risk is eventually transferred to the Swap Counterparty or Noteholders through the credit default swap (refer to note 7). The investment securities are held as collateral for the debt securities by the Company.

Investment securities are designated at fair value through profit or loss, upon initial recognition when the Company holds related derivatives at fair value through profit or loss.

	Nominal value 31-Dec-2021 EUR	Carrying value 31-Dec-2021 EUR	Nominal value 31-Dec-2020 EUR	Carrying value 31-Dec-2020 EUR
Maturity analysis of investment securities is as follows:				
Less than one year	37,953,200	38,495,539	34,101,010	34,828,593
Between one and five years	487,999,026	548,447,607	397,569,684	439,883,471
More than five years	1,247,321,806	1,597,546,550	1,349,551,733	1,757,393,671
	1,773,274,032	2,184,489,696	1,781,222,427	2,232,105,735

Notes to the financial statements (continued)
For the year ended 31 December 2021

6 Deposits

	31-Dec-2021 EUR	31-Dec-2020 EUR
Nominal amount:		
Opening balance as at 1 January	-	20,468,187
Additions during the year	-	-
Disposals during the year	-	(18,939,440)
Foreign currency movement	-	(1,528,747)
Closing balance as at 31 December	-	-

	31-Dec-2021 EUR	31-Dec-2020 EUR
Movement in fair value:		
Opening balance as at 1 January	-	(341,018)
Disposals during the year	-	-
Movement during the year	-	341,018
Closing balance as at 31 December	-	-
Closing fair value as at 31 December	-	-

The Company has entered into deposit agreements in respect of Series 300 and 437 with the entire or part of proceeds of each Note issued being placed on deposit as collateral. As at 31 December 2021, there are no deposits.

All the deposits held with Banco Bilbao Vizcaya Argentaria, S.A are non-interest bearing and receivable on their corresponding payment dates.

7 Derivative held for risk management purposes

	Notional Amount 31-Dec-2021 EUR	Carrying Value 31-Dec-2021 EUR	Notional Amount 31-Dec-2020 EUR	Carrying Value 31-Dec-2020 EUR
Derivative assets held for risk management purposes	576,831,759	400,271,895	741,183,923 *	437,314,704
Derivative liabilities held for risk management purposes	1,405,642,350	(548,575,222)	1,273,160,518 *	(439,247,343)
		(148,303,327)		(1,932,639)

* The notional amounts of the derivatives for the year ended 2020 have been adjusted for comparison purposes.

The swaps entered by the Company are detailed below.

Assets swap

Pursuant to an ISDA master agreement for each new series of Notes issued, the Company has entered into a swap agreement with the Swap Counterparty.

Under the swap agreements the Company pays the Swap Counterparty amounts equal to the net subscription moneys for the Notes and sums equal to the interest and principal amounts receivable by the company in respect of the investment securities. In return the Swap Counterparty pays the Company amounts equal to the net sum payable by the Company for the purchase of the investment securities or cash deposits (with the exception of those series where specific swaps are entered into, as stated below) and sums equal to the interest and principal payable to the Noteholders under the Notes.

Notes to the financial statements (continued)
For the year ended 31 December 2021

7 Derivative held for risk management purposes (continued)

The effect on the financial statements is that for all investment security and cash deposit income and Note interest expense there is an equal and opposite amount paid and received from the Swap Counterparty. In the statement of financial position there is an amount payable to the Swap Counterparty equal to the fair value of the investment, and there is an amount receivable equal to the fair value of the amount payable to Noteholders. The overall swap position is presented in the statement of financial position as a receivable or payable, since the Swap Counterparty is party to both sides of the swap transactions.

The overall maturity of the swaps is based on the maturity dates of their corresponding Series and debt securities issued; such that upon maturity of the Note, the corresponding shall be terminated.

Credit default, total return, index option, share option, equity basket and foreign exchange option swaps

The Company has also entered into credit default swaps in respect of a number of credit linked Notes Series. Under the terms of these swap agreements the Company is liable to the Swap Counterparty should a credit event with respect to the reference obligations in the swap agreements take place. In such event, it is the Noteholders who will bear the economic risk and will absorb the loss by partial or full impairment of that Note.

Under the terms of the swap agreements, the Company paid out to the Swap Counterparty the proceeds from the Notes issued. The Noteholder has taken on the economic return to the performance of reference obligations and indices.

In respect of all swaps mentioned above, under the terms of the swap agreements, the swaps terminate on the maturity date of the Notes and also under any of the following circumstances:

- If at any time the Notes become payable in accordance with specific conditions prior to the maturity date;
- At the option of one party, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation under the relevant swap agreement;
- If withholding taxes are imposed on payments made by the Company to the Swap Counterparty under the relevant swap agreement or if it becomes illegal for either party to perform its obligations under the swap agreement.

8 Cash and cash equivalents

	31-Dec-2021 EUR	31-Dec-2020 EUR
Cash at bank	348,523	326,399

Cash and cash equivalents consists of cash at bank. The cash at bank balance is at the free disposal of the company.

9 Other assets

	31-Dec-2021 EUR	31-Dec-2020 EUR
Interest income receivable from investment securities	16,339,309	18,316,100
Tax advance	31,494	31,640
Other receivables	184,919	25,667
Loan to Boiro Finance B.V.	3,449	3,449
	16,559,171	18,376,856

The advances to Boiro Finance B.V. are unsecured, interest free and repayable on demand.

10 Share capital

	31-Dec-2021 EUR	31-Dec-2020 EUR
Authorised, issued and fully paid		
180 ordinary shares of EUR 100 each	18,000	18,000

At 31 December 2021, Stichting Douro Finance held 100% of the shares of the Company and is entitled to dividend payments and carry voting rights. During the year ended 31 December 2021, the Company paid a dividend of EUR 105,905 (being a dividend per share of EUR 588) (2020: EUR 119,500 (being a dividend per share of EUR 664)) to Stichting Douro Finance.

Notes to the financial statements (continued)
For the year ended 31 December 2021

11 Debt securities issued

	31-Dec-2021 EUR	31-Dec-2020 EUR
Nominal amount:		
Opening balance as at 1 January	2,204,983,802	2,280,749,125
Additions during the year	217,159,414	381,761,614
Disposals / principal repayments during the year	(336,061,004)	(429,714,333)
Foreign currency movement	16,153,427	(27,812,604)
Closing balance as at 31 December	2,102,235,639	2,204,983,802
Movement in fair value:		
Opening balance as at 1 January	33,667,464	(42,550,017)
Disposals during the year	4,401,304	(20,666,021)
Movement during the year	(98,539,240)	96,883,502
Closing balance as at 31 December	(60,470,472)	33,667,464
Closing fair value as at 31 December	2,041,765,167	2,238,651,266

	Nominal value 31-Dec-2021 EUR	Carrying value 31-Dec-2021 EUR	Nominal value 31-Dec-2020 EUR	Carrying value 31-Dec-2020 EUR
Maturity analysis of debt securities issued is as follows :				
Less than one year	288,157,850	307,218,652	65,514,621	68,760,681
Between one and five years	647,750,181	616,401,550	832,384,818	800,567,501
More than five years	1,166,327,608	1,118,144,965	1,307,084,363	1,369,323,084
	2,102,235,639	2,041,765,167	2,204,983,802	2,238,651,266

Debt securities issued for a particular series are designated at fair value through profit or loss as the related investment securities and derivatives are fair valued and when they contain embedded derivatives that significantly modify cash flows that otherwise would be required to be separated.

The outstanding notional amount of the financial liabilities designated at fair value through profit or loss as at 31 December 2021 was EUR 2,102,235,639 (2020: EUR 2,204,983,802).

The Company's obligations under debt securities issued and related derivative financial instruments are secured by collateral purchased and deposit entered into as described in Note 5 and Note 6 respectively. The investors' recourse per series is limited to the assets of that particular series.

Most of the debt securities issued are interest-bearing Notes which bear interest at rates ranging between 1% and 8%. The debt securities issued may be redeemable at their scheduled maturity dates or at the option of the Noteholder.

In the event that the accumulated losses prove not to be recoverable during the life of the Company, then this will reduce the obligation to the holders of the debt securities issued by the Company, i.e., contractual amounts at maturity by an equivalent amount.

12 Other liabilities

	31-Dec-2021 EUR	31-Dec-2020 EUR
Interest payable on debt securities issued	10,760,508	9,837,928
Accruals	316,707	198,363
Interest free loan from CID Finance B.V.	45,000	45,000
	11,122,215	10,081,291

The loan from CID Finance B.V. is unsecured, interest free and is repayable on demand.

13 Taxation

	Profit for the year ended EUR	Tax for the year ended EUR
Tax on profit on ordinary activities for 2020	120,525	19,887
Tax on profit on ordinary activities for 2021	168,794	25,319

Notes to the financial statements (continued)
For the year ended 31 December 2021

13 Taxation (continued)

The corporate income tax rate for 2021 is 15% on the first EUR 200,000 and 25% above EUR 200,000 (2020: 16.5% on the first EUR 200,000 and 25% above EUR 200,000). There are no differences between the effective and applicable tax rate.

14 Net gain from investment securities

Designated as at fair value through profit or loss	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Net changes in fair value during the year	(80,671,793)	36,747,916
Realised gain on investment securities	33,345,478	112,647,046
Unrealised exchange (loss) / gain on revaluation of investment securities	25,992,355	(34,429,666)
	(21,333,960)	114,965,296

15 Net loss from deposits

Designated as at fair value through profit or loss	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Net changes in fair value during the year	-	341,018
Realised loss on deposits	-	-
Unrealised exchange (gain) / loss on revaluation of deposits	-	(1,528,747)
	-	(1,187,729)

16 Net loss on debt securities issued

Designated as at fair value through profit or loss	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Net changes in fair value during the year	94,137,936	(76,217,481)
Realised loss on debt securities issued	(4,401,304)	20,666,021
Unrealised exchange loss / (gain) on revaluation of debt securities issued	(16,153,427)	27,812,604
	73,583,205	(27,738,856)

17 Other income

	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Arranger income	462,362	360,196

18 Other expenses

	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR
Audit fees *	164,770	156,344
Administration fees	89,421	59,132
Audit committee fees	12,100	12,100
Tax advisory fees	4,681	4,271
Bank charges	3,546	2,356
Filing fees	95	179
	274,613	234,382

The Company has no employees. The fees to Vistra Capital Markets (Netherlands) N.V. relate solely to the remuneration for its services as administrators of the Company.

* The audit fees expensed in the current year is inclusive of VAT and includes additional expenses relating to the prior year audit which were not accrued for in the 2020 financial statements.

Audit fees relate solely to fees payable for the audit of the annual accounts. The audit fees (exclusive of VAT) is segregated as follows:

	KPMG Accountants N.V.	Other KPMG Network Firms	Total KPMG Network Firms	KPMG Accountants N.V.	Other KPMG Network Firms	Total KPMG Network Firms
	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2021 EUR	Year ended 31-Dec-2020 EUR	Year ended 31-Dec-2020 EUR	Year ended 31-Dec-2020 EUR
Current year audit fees	47,330	51,270	98,600	47,683	51,657	99,340
2020 overrun costs	-	-	-	3,667	9,953	13,620

Notes to the financial statements (continued)
For the year ended 31 December 2021

19 Related party transactions

Stichting Douro Finance is the sole shareholder of the Company. During the year under review the company paid out a dividend of EUR 105,905, i.e. EUR 588 per share (2020 : EUR 119,500 i.e. EUR 664 per share) to its shareholder and there was no remuneration paid to management of the Company. The remuneration of management is paid by Stichting Douro from the profits made available to the Stichting Douro Finance by the Company through dividend payments.

The Company paid EUR 12,100 for the remuneration of the members of the audit commitee.

20 Charges

The Notes issued by the Company are secured by way of collateral purchased in respect of each Note, and by assignment of a fixed first charge of the Company's rights, title and interest under the respective Swap Agreement for each series.

21 Accounting classifications and fair values of financial assets and liabilities

Assets	Categories of financial assets
Investment securities	Fair value through profit or loss
Deposits	Fair value through profit or loss
Derivative assets held for risk management purposes	Fair value through profit or loss
Notes Receivable	Fair value through profit or loss
Cash and cash equivalents	Loan and receivables
Other assets	Loan and receivables

Liabilities	Categories of financial liabilities
Debt securities issued	Fair value through profit or loss
Derivatives liabilities held for risk management purposes	Fair value through profit or loss
Bank overdraft	Amortised cost
Other liabilities	Amortised cost

Assets	Carrying value 31-Dec-2021 EUR	Nominal Value 31-Dec-2021 EUR	Carrying value 31-Dec-2020 EUR	Nominal Value 31-Dec-2020 EUR
Investment securities	2,184,489,696	1,773,274,032	2,232,105,735	1,781,222,427
Derivative assets held for risk management purposes	400,271,895	576,831,759*	437,314,704	741,183,923 *
Cash and cash equivalents	348,523	348,523	326,399	326,399
Other assets	16,559,171	16,559,171	18,376,856	18,376,856
	2,601,669,285	2,377,773,993	2,688,123,694	4,014,747,412

* The nominal amount of the derivatives represents the notional value. The values for the year ended 2020 have been adjusted for comparison purposes.

Liabilities	Carrying value 31-Dec-2021 EUR	Nominal value 31-Dec-2021 EUR	Carrying value 31-Dec-2020 EUR	Nominal value 31-Dec-2020 EUR
Debt securities issued	2,041,765,167	2,102,235,639	2,238,651,266	2,204,983,802
Derivatives liabilities held for risk management purposes	548,575,222	1,405,642,350*	439,247,343	1,273,160,518 *
Bank overdraft	1	1	1	1
Other liabilities	11,122,215	11,122,215	10,081,291	10,081,291
	2,601,462,605	3,535,339,514	2,687,979,901	4,014,603,621

* The nominal amount of the derivatives represents the notional value. The values for the year ended 2020 have been adjusted for comparison purposes.

The table below shows the gross amounts of the derivatives that are set off in compliance with the IFRS 7.13 which indicated that the entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

			31-Dec-2021			31-Dec-2020
	Before netting EUR	Netting EUR	After netting EUR	Before netting EUR	Netting EUR	After netting EUR
Assets						
Derivative assets held for risk management	1,649,427,333	(1,249,155,438)	400,271,895	1,750,257,417	(1,312,942,713)	437,314,704
Liabilities						
Derivative liabilities held for risk management	(1,797,730,660)	1,249,155,438	(548,575,222)	(1,752,190,056)	1,312,942,713	(439,247,343)

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments

(i) Credit risk

The Swap Counterparty and the holders of the debt securities bear all the credit risks of the Company, in respect of the deposits, investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

Assets	31-Dec-2021 EUR	31-Dec-2020 EUR
Investment securities	2,184,489,696	2,232,105,735
Derivative assets held for risk management purposes	400,271,895	437,314,704
Cash and cash equivalents	348,523	326,399
Other assets	16,559,171	18,376,856
	2,601,669,285	2,688,123,694

Liabilities	31-Dec-2021 EUR	31-Dec-2020 EUR
Debt securities issued	2,041,765,167	2,238,651,266
Derivatives liabilities held for risk management purposes	548,575,222	439,247,343
Bank overdraft	1	1
Other liabilities	11,122,215	10,081,291
	2,601,462,605	2,687,979,901

At the reporting date, the credit quality of the Company's investment securities was as follows:

Rating	Rating agency	31-Dec-2021	31-Dec-2020
A1	Moody's	0.00%	0.04%
A2	Moody's	0.13%	2.72%
A3	Moody's	6.57%	5.45%
Aa1	Moody's	1.16%	1.10%
Aa2	Moody's	0.35%	0.45%
Aa3	Moody's	0.00%	0.03%
Aaa	Moody's	0.88%	0.85%
Ba1	Moody's	0.00%	0.23%
Baa1	Moody's	20.39%	23.33%
Baa2	Moody's	6.38%	2.63%
Baa3	Moody's	55.84%	47.54%
A	S&P	0.12%	0.00%
AA+	S&P	0.00%	0.00%
AA	S&P	0.00%	0.00%
A-	S&P	0.33%	6.99%
BBB	S&P	0.00%	0.59%
BBB+	S&P	0.62%	0.64%
BBB-	S&P	0.60%	0.00%
A-	Fitch	0.17%	0.18%
BBB-	Fitch	0.00%	0.00%
BBBu	Fitch	0.59%	0.00%
Not rated		5.86%	7.22%
		99.99%	99.99%

Concentration risk

For management purposes, the Company is organised into one main operating segment, which invests in debt instruments, deposits and related derivatives. All the entities activities are inter-related, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the entity as one segment. The financial results from this segment are equivalent to the financial statements of the entity as a whole.

The Company is exposed to BBVA Group as a counterparty for derivatives and cash deposits and hence dependent on the financial performance of the BBVA Group as a whole. Management is of the opinion that this counterparty risk has properly being reflected in the current fair value measurement applied.

Assets of the Company (derivatives, deposits and investment securities) and their fair value might be affected by the developments in the economic situation, in particular Spain due to concentration risk in this market, amongst others resulting from exposure to BBVA. The deteriorating current developments in the Spanish Markets affect the fair value of the assets going forward but are fully borne by the holders of the debt securities and hence it will not have an impact on the Company as such.

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments (continued)

(i) Credit risk (continued)

The following table analyses the entity's operating income per geographical location. The basis for attributing the operating income is the place of incorporation of the instruments counterparty.

	31-Dec-2021	31-Dec-2020
Country of origin:		
Spain	36.80%	39.84%
USA	0.21%	1.13%
Germany	2.02%	1.94%
France	1.92%	2.81%
Austria	0.11%	0.11%
Curacao	0.03%	0.03%
Other	58.91%	54.14%
	100.00%	100.00%

The table below analyses the entity's operating income per industry. The basis for attributing the operating income is the industry in which the issuer of the instruments operate.

	31-Dec-2021	31-Dec-2020
Industry type:		
Government national	74.84%	68.61%
Other	16.36%	16.89%
Banking	4.93%	8.16%
Special purpose	2.16%	4.65%
Financial	1.72%	1.69%
	100.01%	100.00%

The table below analyses the entity's counterparty concentration. The basis for attributing the operating income is the counterparty in which the issuer invested into.

	31-Dec-2021	31-Dec-2020
Counterparty Concentration:		
Banco Bilbao Vizcaya Argentaria	3.74%	4.58%
Other counterparties	96.26%	95.42%
	100.00%	100.00%

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the collateral. Should the net proceeds be insufficient to make all payments due in respect of a particular series of Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders and the swap counterparties according to the established priorities.

The maturity profile of financial assets and liabilities are as follows:

31 December 2021

Assets	Nominal value EUR	Carrying value EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Investment securities	1,773,274,032	2,184,489,696	38,495,539	548,447,607	1,597,546,550
Derivative assets held for risk management purposes	576,831,759*	400,271,895	206,335,625	169,842,957	24,093,313
Cash and cash equivalents	348,523	348,523	348,523	-	-
Other assets	16,559,171	16,559,171	16,559,171	-	-
	2,377,773,993	2,601,669,285	261,738,858	718,290,564	1,621,639,863

* The nominal amount of the derivatives represents the notional value.

Liabilities	Nominal value EUR	Carrying value EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Debt securities issued	2,102,235,639	2,041,765,167	307,218,652	616,401,550	1,118,144,965
Derivative liabilities held for risk management purposes	1,405,642,350*	548,575,222	2,279,557	89,475,155	456,820,510
Bank overdraft	1	1	1	-	-
Other liabilities	11,122,215	11,122,215	11,122,215	-	-
	3,535,339,514	2,601,462,605	320,620,425	705,876,705	1,574,965,475

* The nominal amount of the derivatives represents the notional value.

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments (continued)

(ii) Liquidity risk (continued)

The maturity profile of financial assets and liabilities as at 31 December 2020 is as follows:

31 December 2020

Assets	Nominal Value EUR	Carrying value EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Investment securities	1,781,222,427	2,232,105,735	34,828,593	439,883,471	1,757,393,671
Deposits	-	-	-	-	-
Derivative assets held for risk management purposes	741,183,923*	437,314,704	12,601,541	386,302,513	38,410,650
Cash and cash equivalents	326,399	326,399	326,399	-	-
Other assets	18,376,856	18,376,856	18,376,856	-	-
	4,014,747,412	2,688,123,694	66,133,389	826,185,984	1,795,804,321

* The nominal amount of the derivatives represents the notional value. The values for the year ended 2020 have been adjusted for comparison purposes.

Liabilities	Nominal Value EUR	Carrying value EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Debt securities issued	2,204,983,802	2,238,651,266	68,760,681	800,567,501	1,369,323,084
Derivative liabilities held for risk management purposes	1,273,160,518*	439,247,343	671,222	37,473,972	401,102,149
Bank overdraft	1	1	1	-	-
Other liabilities	10,081,291	10,081,291	10,081,291	-	-
	4,014,603,621	2,687,979,901	79,513,195	838,041,473	1,770,425,233

* The nominal amount of the derivatives represents the notional value. The values for the year ended 2020 have been adjusted for comparison purposes.

(iii) Market risk

Market risk is the potential adverse change in earnings or the value of net worth arising from movements in interest rates, foreign exchange rates or other market prices.

(a) Currency risk

The Company limits its exposure to currency risk by operating bank accounts in other currencies than its functional currency for receipts and payments in other currencies than its functional currencies. The Company is exposed to movement in exchange rates between EUR, its functional currency, and certain foreign currencies namely United States dollar (USD) and British Pounds (GBP).

The Company's exposure to foreign currency risk as at 31 December 2021 is as follows:

In source currency / *In reporting currency*	GBP EUR	EUR EUR	USD EUR	Total EUR
Investment securities	30,590,465	1,803,408,714	350,490,517	2,184,489,696
Derivative assets held for risk management purposes	1,709,226	385,253,041	13,309,628	400,271,895
Cash and cash equivalents	-	348,523	-	348,523
Other assets	117,734	14,238,105	2,203,332	16,559,171
	32,417,425	2,203,248,383	366,003,477	2,601,669,285
Derivatives liabilities held for risk management purposes	-	(546,293,426)	(2,281,796)	(548,575,222)
Debt securities issued	(1,709,225)	(1,799,454,527)	(240,601,415)	(2,041,765,167)
Bank overdraft	-	(1)	-	(1)
Other liabilities	-	(11,122,215)	-	(11,122,215)
	(1,709,225)	(2,356,870,169)	(242,883,211)	(2,601,462,605)
Net position	30,708,200	(153,621,786)	123,120,266	206,680

The following significant exchange rates applied during the year ended 31 December 2021:

	Average Rate	Closing Rate
USD	0.8458	0.8793
GBP	1.1631	1.1893

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments (continued)

(iii) Market risk (continued)

The Company's exposure to foreign currency risk as at 31 December 2020 is as follows:

In source currency	**GBP**	**EUR**	**USD**	**Total**
In reporting currency	**EUR**	**EUR**	**EUR**	**EUR**
Investment securities	24,091,012	1,725,563,643	482,451,080	2,232,105,735
Deposits	-	-	-	-
Derivative assets held for risk management purposes	954,709	426,347,153	10,012,842	437,314,704
Cash and cash equivalents	-	326,399	-	326,399
Other assets	33,076	15,854,993	2,488,787	18,376,856
	25,078,797	2,168,092,188	494,952,709	2,688,123,694
Derivatives liabilities held for risk management purposes	-	(430,919,812)	(8,327,531)	(439,247,343)
Debt securities issued	(954,708)	(1,916,283,437)	(321,413,121)	(2,238,651,266)
Bank overdraft	-	(1)	-	(1)
Other liabilities	-	(9,740,936)	(340,355)	(10,081,291)
	(954,708)	(2,356,944,186)	(330,081,007)	(2,687,979,901)
Net position	24,124,089	(188,851,998)	164,871,702	143,793

The following significant exchange rates applied during the year ended 31 December 2020:

	Average Rate	**Closing Rate**
USD	0.8773	0.8186
GBP	1.1251	1.1186

(b) Sensitivity Analysis

The impact of any change in the exchange rates and interest rate on the investment securities relating to any series is offset by the foreign exchange rate and interest rate changes on the debt securities issued under the series. Any difference is borne by the Swap Counterparty and thus the exchange rate and interest rate changes have no net impact on the statement of comprehensive income of the Company.

(c) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of investment securities held by the Company will be borne by the Swap Counterparties and / or Noteholders.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. All management and administration functions are outsourced to Vistra Capital Markets (Netherlands) N.V.

(v) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Company consists of debt securities and equity comprising of issued capital and reserves.

(vi) Fair values

The Company's investment securities, derivative financial instruments and debt securities issued are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments (continued)

(vi) Fair values (continued)

At the reporting date, the carrying amounts of financial assets and financial liabilities issued by the Company which fair values were determined directly, in full or in part, by reference to published price quotations and determined using valuation techniques are as follows:

The fair values as at 31 December 2021 in the below disclosure note have been disclosed at dirty prices.

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Investment securities	1,694,487,468	374,004,842	132,336,695	2,200,829,005
Derivative assets held for risk management purposes	-	400,271,895	-	400,271,895
Debt securities	-	(1,920,188,983)	(132,336,695)	(2,052,525,678)
Derivative liabilities held for risk management purposes	-	(548,575,222)	-	(548,575,222)
	1,694,487,468	(1,694,487,468)	-	-

The directors consider the carrying amounts of financial assets and financial liabilities (other than those categorised as fair value through profit or loss) recognised in the financial statements to approximate their fair values.

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Cash and cash equivalents	348,523	-	-	348,523
Other assets	11,981,848	4,357,461	-	16,339,309
Bank overdraft	(1)	-	-	(1)
Other liabilities	-	(10,760,508)	-	(10,760,508)
	12,330,370	(6,403,047)	-	5,927,323

The fair values as at 31 December 2020 in the below disclosure note have been disclosed at dirty prices.

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Investment securities	1,812,018,385	302,543,819	135,859,632	2,250,421,836
Derivative assets held for risk management purposes	-	436,359,993	954,711	437,314,704
Deposits	-	-	-	-
Debt securities	-	(2,078,852,791)	(169,636,406)	(2,248,489,197)
Derivative liabilities held for risk management purposes	-	(439,247,343)	-	(439,247,343)
	1,812,018,385	(1,779,196,322)	(32,822,063)	-

The directors consider the carrying amounts of financial assets and financial liabilities (other than those categorised as fair value through profit or loss) recognised in the financial statements to approximate their fair values.

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Cash and cash equivalents	326,399	-	-	326,399
Other assets	12,754,692	5,542,303	19,105	18,316,100
Bank overdraft	(1)	-	-	(1)
Other liabilities	-	(9,759,610)	(78,318)	(9,837,928)
	13,081,090	(4,217,307)	(59,213)	8,804,570

BBVA continuously carries out an analysis and a review of different drivers. The main ones being:

- Liquidity indicators: the trading frequency and the trading volume of the securities, the number of contributors which support a quoted market price, the existence of an active market, the volatility of the quoted prices.
- Credit indicators: the credit rating of the collaterals, the concentration of the collaterals

These kind of analysis provides the Company relevant information to detect which securities are able to be transferred from one level to another level within the categories of fair value described in the Note 2 “Basis of preparation”.

According to the classification levels :

- The movement of securities into Level 1 are those that now have observable liquid prices in the market.
- The movement into level 2 securities are those that do not have observable liquid prices anymore. So their theoretical prices are derived from observable market inputs.
- The movement into level 3 are those securities where some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions.

Notes to the financial statements (continued)
For the year ended 31 December 2021

22 Financial instruments (continued)

(vi) Fair values (continued)

The transfers between the fair value hierarchy classification levels for financial assets and financial liabilities classified as fair value through profit or loss during the year were as follows:

	Level 1		Level 2		Level 3	
	Transfers in EUR	Transfers out EUR	Transfers in EUR	Transfers out EUR	Transfers in EUR	Transfers out EUR
Investment securities	1,850,918	(89,756,202)	91,266,013	(1,850,918)	-	(1,509,811)
Derivative assets held for risk management purposes	-	-	1,709,225	-	-	(1,709,225)
Derivative liabilities held for risk management purposes	-	-	-	-	-	-
Debt securities	-	-	1,709,225	-	-	(1,709,225)

The changes in financial instruments measured at fair value using significant Level 3 inputs are reflected below :

31-Dec-2021	Opening Balance EUR	Purchases EUR	Sales EUR	Realised and Unrealised Gains/(Losses), net EUR	Transfers In and/or Out of Level 3, net EUR	Ending Balance December 31 EUR
Investment securities	135,859,632	-	(4,601,010)	2,587,884	(1,509,811)	132,336,695
Derivative assets held for risk management purposes	954,711	2	-	(2,663,938)	1,709,225	-
Derivative liabilities held for risk management purposes	-	-	-	-	-	-
Debt securities	(169,636,406)	-	33,639,400	5,369,536	(1,709,225)	(132,336,695)
31-Dec-2020						
Investment securities	4,733,306	133,362,167	-	(3,884,754)	1,648,913	135,859,632
Derivative asets held for risk management purposes	-	-	-	1	954,710	954,711
Derivative liabilities held for risk management purposes	-	-	-	-	-	-
Debt securities	-	(133,362,167)	-	3,805,615	(40,079,854)	(169,636,406)

(vii) Significant accounting policies

Details of the significant accounting policies and method adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised are disclosed in Note 3 of these financial statements.

23 Additional links to information on business environment for BBVA

(a) The published condensed interim consolidated financial statements of the Group for the three month period ending on 31 March 2021 (including the auditors' limited review report thereon).
(https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/03/Annual-Report-2021.pdf).

Notes to the financial statements (continued)
For the year ended 31 December 2021

23 Additional links to information on business environment for BBVA (continued)

(b) The English translations of the audited consolidated annual financial statements of BBVA for the financial year ended on 31 December 2021 (which includes for comparison purposes financial data for the years ended on 31 December 2021 and 2020) and the audit report issued in respect thereof, prepared in accordance with EU-IFRS, which are available on BBVA's website (https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/03/Annual-Report-2021.pdf) and have been filed with the Central Bank of Ireland. The Spanish version of which was filed with the Spanish Securities Market Commission (the "CNMV") and can be also consulted on their website (www.cnmv.es).

24 Subsequent events

Except for the below, there were no significant post balance events that would affect the presentation and disclosure in the current year.

At the date of our report, the Company had issued the following new Series of Notes:

Series 2022-658 EUR 20,000,000 Secured Limited Recourse Fixed Rate and Variable Amount Securities due 2026
Series 2022-659 EUR 7,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-660 EUR 2,850,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-661 EUR 2,100,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-663 EUR 4,450,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-664 EUR 1,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-665 EUR 15,000,000 Fixed Rate Secured Limited Recourse Securities due 2041 (the “Securities”)
Series 2022-666 USD 1,450,000 Secured Limited Recourse Index Linked Securities due 2025 (the "Securities")
Series 2022-667 EUR 18,000,000 Secured Limited Recourse Fixed Rate and Index-Linked Securities due 2030 (the “Securities”)
Series 2022-668 PEN 35,092,080 Fixed Rate Secured Limited Recourse Securities due 2034 (the “Securities”)
Series 2022-669 EUR 3,050,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-670 EUR 1,700,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-671 EUR 3,750,000 Secured Limited Recourse Index Linked Securities due 2027 (the "Securities")
Series 2022-672 EUR 9,500,000 Secured Limited Recourse Variable Interest Amount and Index-Linked Securities due 2028 (the “Securities”)
Series 2022-673 EUR 10,000,000 Fixed Rate Secured Limited Recourse Securities due 2066 (the “Securities”)
Series 2022-674 EUR 5,350,000 Index Linked Secured Limited Recourse Securities due 2027 (the "Securities")
Series 2022-675 EUR 5,200,000 Index Linked Secured Limited Recourse Securities due 2027 (the "Securities")
Series 2022-676 EUR 10,000,000 Fixed Rate Secured Limited Recourse Securities due 2066 (the “Securities”)
Series 2022-677 EUR 35,000,000 Fixed Rate Secured Limited Recourse Securities due 2026 (the "Securities")
Series 2022-678 EUR 3,100,000 Index Linked Secured Limited Recourse Securities due 2025 (the "Securities")
Series 2022-681 EUR 5,700,000 Index Linked Secured Limited Recourse Securities due 2025 (the "Securities")
Series 2022-682 EUR 20,000,000 Amortising Secured Limited Recourse Securities due 2066 (the “Securities”)

At the date of our report, the below Series of Notes were fully redeemed / matured:

Series 2016-354 EUR 2,000,000 Secured Limited Recourse Equity-Linked Securities due 2022
Series 2017-395 EUR 3,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-403 USD 2,600,000 Secured Limited Recourse Index-Linked Securities due 2022
Series 2017-406 EUR 1,200,000 Secured Limited Recourse Index-Linked Securities due 2022
Series 2017-409 EUR 2,200,000 Secured Limited Recourse Equity Linked Securities due 2022
Series 2017-415 EUR 4,050,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-418 EUR 1,750,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-420 EUR 3,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-421 EUR 6,850,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-422 USD 1,600,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-425 EUR 1,400,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-427 EUR 2,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-430 USD 1,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-431 EUR 1,650,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-432 EUR 18,500,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-433 EUR 3,250,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-434 EUR 6,900,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-435 EUR 26,500,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-436 EUR 4,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-439 EUR 3,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-441 EUR 1,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-443 EUR 6,250,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-444 EUR 7,300,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-446 EUR 8,200,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-448 EUR 1,600,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-451 EUR 3,750,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-453 EUR 7,350,000 Secured Limited Recourse Index Linked Securities due 2022

Notes to the financial statements (continued)
For the year ended 31 December 2021

24 Subsequent events (continued)

Series 2017-455 EUR 4,100,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2017-456 EUR 3,000,000 Secured Limited Recourse Credit-Linked Securities due 2022
Series 2018-538 EUR 29,160,000 Secured Limited Recourse Variable Interest Amount Securities due 2022
Series 2019-559 EUR 5,350,000 Secured Limited Recourse Equity Linked Securities due 2022
Series 2019-574 EUR 5,000,000 Secured Limited Recourse Index Linked Securities due 2022
Series 2020-618 EUR 8,910,000 Secured Limited Recourse Fixed Rate Securities due 2022
Series 2021-644 USD 1,550,000 Secured Limited Recourse Index Linked Securities due 2024
Series 2021-650 EUR 2,650,000 Secured Limited Recourse Index Linked Securities due 2026
Series 2021-651 EUR 4,300,000 Secured Limited Recourse Index Linked Securities due 2026
Series 2021-652 EUR 3,300,000 Secured Limited Recourse Index Linked Securities due 2026

Russia-Ukraine conflict

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities within the next financial year. At this stage management is not able to reliably estimate the impact as events are unfolding day-by-day.

The longer-term impact may also affect trading volumes, cash flows and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due, therefore continues to apply the going concern and the Board of Managers continues to monitor the evolving situation and its impact on the financial position of the Company.

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 18 November 2022

Other information
For the year ended 31 December 2021

Statutory rules concerning the appropriation of results

The appropriation of profit is governed by Article 21 of the articles of association. The profit is at free disposal of the general meeting. The general meeting may decide to pay dividend only after adoption of the annual accounts and if profit so permits.

Independent auditor's report

Reference is made to the Independent auditor's report as included hereinafter.

Independent auditor's report to the shareholders of Douro Finance B.V.

Independent auditor's report to the shareholders of Douro Finance B.V. (continued)

Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of Douro Finance B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Douro Finance B.V. as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of Douro Finance B.V. (the “Company”) based in Amsterdam.

The financial statements comprise:

1 the statement of financial position as at 31 December 2021;

2 the following statements for 31 December 2021: the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of Douro Finance B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
— Materiality of EUR 26.0 million — 1% of total assets

Going concern and Fraud/Noclar
— Going concern: no significant going concern risks identified. — Fraud & Non-compliance with laws and regulations (Noclar): management override of controls.

Key audit matters
— Estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives

Opinion
Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 26.0 million (2020: EUR 26.9 million). The materiality is determined with reference to total assets (1%, 2020:1%). We consider total assets as the most appropriate benchmark because the holders of the Notes issued by the Company are entitled to the proceeds from the assets of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements identified during our audit in excess of EUR 1.3 million, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit

On the basis of the relationship between the Company and Banco Bilbao Vizcaya Argentaria, S.A. based in Bilbao, Spain (“BBVA”) in its capacity as the arranger, collateral manager, swap counterparty, issue agent, registrar and principal paying agent of the Company, we made use of work of KPMG Auditores, S.L., the auditor of BBVA (referred to as the ‘other audit team’), for the audit of account balances, profit and loss accounts and disclosures of the Company as serviced by BBVA.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audit. In this respect we have determined the nature and extent of the audit procedures to be carried out by the other audit team.

We sent instructions to KPMG Auditores, S.L., covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us.

We discussed the work performed with KPMG Auditores, S.L. and performed a review of their audit file. During these discussions and reviews, the planning, risk assessment, procedures performed, and findings and observations reported to us were discussed in more detail and evaluated.

By performing the procedures mentioned above at BBVA, together with additional procedures at the Company level, we have been able to obtain sufficient and appropriate audit evidence about the Company's financial information to provide an opinion about the annual accounts.

Audit response to going concern – no significant going concern risks identified

The management board has performed its going concern assessment and has not identified any significant going concern risks. To assess the management board's assessment, we have performed, inter alia, the following procedures:

— we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;

— we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the Director's Report, the management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. The Company has no own personnel and makes use of service organisations for all operating processes. Our procedures included, among other things, assessing the code of conduct, anti-fraud and whistleblowing procedures as implemented by these service organisations. Furthermore, we performed relevant inquiries with management and those charged with governance. As part of our audit procedures, we evaluated legal confirmation letters and inspected correspondence (if any) with the regulatory authorities overseeing the Company.

In addition, we identified no areas that are likely to have a material effect on the financial statements.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

We assessed the presumed fraud risk on revenue recognition as irrelevant, because of the specific set-up of the note structure only the minimum required returns are generated. As a consequence, we did not identify an incentive or pressure for the management to achieve certain results or specific financial income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and on the auditing standards, we identified only the presumed fraud risk laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

— Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

— We evaluated the design and implementation of policies that mitigate fraud and non-compliance risks, such as the Code of Conduct, Anti-Fraud, and Whistleblower policy of the service providers engaged by the Company.

— We examined all minutes and resolutions of the Companies to search for indications of fraud and for significant transactions that are outside the Companies normal course of business, or are otherwise unusual.

— We examined all correspondence with regulatory authorities (if any).

— We assessed whether there were indications of a possible management bias in the valuation of the investment securities and the derivatives.

— We incorporated elements of unpredictability in our audit, including a full assessment of all bank transactions for the financial year of the Company.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives

Description

The company uses fair value as the accounting policy for the level 2 and level 3 investment securities and derivatives. Changes in the valuation of these investment securities and derivatives may have a significant effect on the entity's ability to fully redeem the Notes. A higher estimation uncertainty was identified for instruments that make use of less liquid inputs. The estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives has therefore been identified as a key audit matter.

Our response

— We challenged the key assumptions, valuation methods, techniques and input data used by Management in determining the fair value of the portfolio of level 2 and level 3 investment securities and derivatives, with assistance from our own valuation specialists. Our procedures included, amongst others, a comparison of the discount rate and cash flow assumptions against contractual and externally derived market data and inspection and analyses of post year-end events indicative for possible credit defaults.

— For a sample selection our valuation specialists performed an independent reassessment of the fair value of selected positions using our own independent valuation models, inputs and assumptions. We compared our independent evaluation with the fair values applied by the company.

— We also assessed the design, implementation and operating effectiveness of the controls performed by the Arranger, Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") on the pricing of investment securities and derivatives.

— Furthermore, we considered the adequacy of Management's disclosures in Note 2(b) ("Use of estimates and judgments") and note 22(vi) to the financial statements in respect of the sensitivity of the determined fair value to changes in the discount rates and cash flow projections.

Our observation

— We observed from our assessment of the design, implementation and operating effectiveness of the related controls that the controls can prevent or detect and correct material misstatements that could arise in the pricing of the level 2 and level 3 investment securities and derivatives.

— Based on our independent reassessments of the fair values of selected positions we conclude that the fair value of the level 2 and level 3 investment securities and derivatives has been estimated in a balanced manner for the purpose of the financial statements and that the disclosures meet the requirements of IFRS and appropriately describe the inherent degree of subjectivity in the estimates.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by General Meeting of Shareholders as auditor of Douro Finance B.V. on 15 December 2017, as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year. We were re-engaged by the General Meeting of Shareholders as auditor of the Company on 18 November 2021.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Audit Committee for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, under supervision of the Audit Committee, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 18 November 2022

KPMG Accountants N.V.

E.D.H. Vinke-Smits RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

— identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

— concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are, given our ultimate responsibility for the opinion, also responsible for directing and supervising the audit procedures performed by another audit member firm. In this respect we determine the nature and extent of the audit procedures to be carried out.

We communicate with the Audit Committee and the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee and the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee and Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.