

**Boiro Finance B.V.**

**Annual Report**

**for the year ended**

**31 December 2021**

Boiro Finance B.V.  
Jupiter Building  
Herikerbergweg 88  
1101 CM Amsterdam  
The Netherlands  
Chamber of Commerce number: 34188577

**BOIRO FINANCE B.V.**

## Directors' and other information

**Directors** Vistra Capital Markets (Netherlands) N.V.

**Registered Office** Jupiter Building  
Herikerbergweg 88  
1101 CM Amsterdam  
The Netherlands

<b>Trustee</b>	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB
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<b>Administrator &amp; Company Secretary</b>	Vistra Capital Markets (Netherlands) N.V. Jupiter Building Herikerbergweg 88 1101 CM Amsterdam The Netherlands
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**Independent Auditor** KPMG Accountants N.V.  
Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

<b>Arranger, Issue Agent, Principal Paying Agent, Custodian &amp; Registrar, Swap Counterparty</b>	Banco Bilbao Vizcaya Argentaria, S.A. Sauceda 28, Edificio Asia - Nivel I 28050 Madrid Spain
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<b>Listing Agent</b>	Banco Bilbao Vizcaya Argentaria, S.A. Sauceda 28, Edificio Asia - Nivel I 28050 Madrid Spain
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**Tax Advisors** Simmons & Simmons LLP  
Claude Debussylaan 247  
1082 MC Amsterdam  
The Netherlands

# BOIRO FINANCE B.V.

## Directors' report

The Board of Directors of Boiro 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 31 March 2003, with limited liability and having its statutory seat in Amsterdam, the Netherlands.

Stichting Boiro 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 in Series pursuant to a EUR 5,000,000,000 Secured limited recourse note programme (the "Programme") for the issue of notes and the making of alternative investments arranged by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA").

The Notes will be issued on a syndicated or non-syndicated basis. 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 with respect to 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, except with respect to the issue date, issue price, first payment of interest and nominal 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 Programme Memorandum 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 Italian and Spanish Markets. Developments in the Italian and Spanish Markets affect the fair value of the investments 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

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 the intention to do so.

As at 31 December 2021, the Company had in issue 68 series, nominal amounting to EUR 688,361,445 and fair value of EUR 837,832,678 (2020 nominal amount: EUR 758,626,754, fair value amount: EUR 1,114,786,423).

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

## Business review

During the year:

- The Company did not issue any new series and fully redeemed 4 series;
- The Company did not issue new debt securities (2020: EUR NIL) and redeemed debt securities for an amount of EUR 70,265,309 (2020 : EUR 64,864,683);
- The Company acquired new investment securities of EUR 200,000,000 (2020: EUR NIL) and disposed of existing investment securities for an amount of EUR 446,890,938 (2020: EUR 100,903,999);
- The realised gain on investment securities disposed amounted to EUR 1,792,149 (2020: realised gain of EUR 5,069,004);
- The Company made a profit after tax of EUR 15,459 (2020: EUR 14,739);
- The Company paid a dividend of EUR 14,739 (2020: EUR 2,735) to its sole shareholder;
- Net changes in fair value of investment securities designated at fair value through profit or loss amounted to a loss of EUR 90,534,378 (2020: gain of EUR 30,663,616); and
- Net changes in fair value of debt securities designated at fair value through profit or loss amounted to a loss of EUR 206,688,438 (2020: gain of EUR 80,064,683).

As at 31 December 2021:

- The Company's total indebtedness was EUR 1,106,592,805 (2020: EUR 1,355,636,780); and
- The cash position at balance sheet date was EUR 96,762 (2020: EUR 94,579).

## 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.

For the Company, 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 the 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 38.27% of the Company's income is generated from investment securities based in Spain (2020: 72.17%) and 40.06% in Italy (2020: 8.77%). 74.69% net income is attributable to the Government (2020: 75.54%). A more detailed breakdown is provided in Note 20.

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.

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 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 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

An 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 Investment's 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.

# BOIRO FINANCE B.V.

## Directors' report (continued)

### Principal risks and uncertainties (continued)

#### (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 20 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 director has implemented a Code of Business Conduct and Ethics, a whistleblower policy (SpeakUp) and an anti-fraud policy prevent fraud non-compliance with laws and regulations.

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 15,459 (2020: EUR 14,739) 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

BBVA acts as Arranger, Issue Agent, Principal Paying Agent, Custodian & Registrar, Swap Counterparty for the company, for risk management purposes.

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 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 7.25 % 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 anytime during the year.

# BOIRO FINANCE B.V.

## Directors' report (continued)

### 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 shareholders. .

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 Board of Directors expects the present level of activity to be sustained for the foreseeable 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 2021 is separately included in the shareholders equity as unappropriated net income.

### Subsequent events

Except for the below, there were no other significant post balance events that would affect the presentation and disclosure as at 11 November 2022.

At the date of our report, no new Series of Notes have been issued by the Company.

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

Series 90- EUR 10,395,000 Secured Amortising Limited Recourse Notes due 2024

Series 304- EUR 6,000,000 Fixed Rate Secured Limited Recourse Notes due 2022

#### *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: 11 November 2022

## 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 law 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 11 November 2022

# BOIRO FINANCE B.V.

## Statement of financial position

As at 31 December 2021

(before appropriation of result)

	Note (s)	31-Dec-2021 EUR	31-Dec-2020 EUR
<b>Non-current assets</b>			
Investment securities	5	1,010,487,880	754,499,094
Derivatives held for risk management purposes	6	74,423,588	140,917,967
Notes receivable		-	10,754,383
<b>Total non-current assets</b>		<u>1,084,911,468</u>	<u>906,171,444</u>
<b>Current assets</b>			
Cash and cash equivalents	7	96,762	94,579
Investment securities	5	16,036,034	443,744,829
Derivatives held for risk management purposes	6	849,431	114,434
Notes receivable		-	272,136
Other assets	8	7,778,687	8,621,613
<b>Total current assets</b>		<u>24,760,914</u>	<u>452,847,591</u>
<b>Total assets</b>		<u>1,109,672,382</u>	<u>1,359,019,035</u>
<b>Equity</b>			
Share capital	9	18,000	18,000
Profit for the year (unappropriated net income)		15,459	14,739
<b>Total equity</b>		<u>33,459</u>	<u>32,739</u>
<b>Non-current liabilities</b>			
Derivatives held for risk management purposes	6	268,760,127	240,808,425
Debt securities issued	10	831,806,955	1,078,953,396
<b>Total non-current liabilities</b>		<u>1,100,567,082</u>	<u>1,319,761,821</u>
<b>Current liabilities</b>			
Debt securities issued	10	6,025,723	35,833,028
Derivatives held for risk management purposes	6	-	41,931
Other liabilities	11	3,035,800	3,341,927
Taxation	16	10,318	7,589
<b>Total current liabilities</b>		<u>9,071,841</u>	<u>39,224,475</u>
<b>Total liabilities</b>		<u>1,109,638,923</u>	<u>1,358,986,296</u>
<b>Total liabilities and equity</b>		<u>1,109,672,382</u>	<u>1,359,019,035</u>

Approved and authorised for issue

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 11 November 2022

The notes on pages 11 to 33 form an integral part of these financial statements



# BOIRO FINANCE B.V.

## 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		15,934,458	18,891,377
Interest expense		(35,412,290)	(21,094,265)
<i>Designated as at fair value through profit or loss</i>			
Net loss/ gain from investment securities	12	(83,955,000)	28,932,045
Net gain/ loss on debt securities issued	13	206,688,339	(83,154,719)
Net income from derivative financial instruments held for risk management purposes		16,939,969	84,171,219
Net loss from derivative financial instruments held for risk management purposes		(133,094,028)	(34,770,152)
Realised loss on settlement of derivatives		(21,379,528)	(18,174,320)
Realised gain on settlement of derivatives		34,278,080	25,198,815
<b>Operating income</b>		-	-
Other income	14	110,480	122,943
Other expenses	15	(92,292)	(105,292)
<b>Profit on ordinary activities before taxation</b>		18,188	17,651
Taxation - current year	16	(2,729)	(2,912)
<b>Profit for the year</b>		15,459	14,739
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		15,459	14,739

All items dealt with in arriving at the profit for the year ended 31 December 2021 and 2020 related to continuing operations.

Approved and authorised for issue

On behalf of the Board of Directors

Vistra Capital Markets (Netherlands) N.V.

Date: 11 November 2022

The notes on pages 11 to 33 form an integral part of these financial statements

# BOIRO FINANCE B.V.

## 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
<b>Cash flows from / (used in) operating activities</b>			
Profit on ordinary activities before taxation		18,188	17,651
Adjustments for:			
Realised loss on settlement of derivatives		21,379,528	18,174,320
Realised gain on settlement of derivatives		(34,278,080)	(25,198,815)
Fair value gain on investment securities	12	90,534,378	(30,663,616)
Realised gain on investment securities	12	(1,792,149)	(5,069,004)
Fair value loss on debt securities	13	(206,688,438)	80,064,683
Realised loss / (gain) on debt securities issued	13	99	3,090,036
Unrealised gain on revaluation of derivatives		(16,939,969)	(84,171,219)
Unrealised loss on revaluation of derivatives		133,094,028	34,770,152
Other assets and accruals		1,301	5,210
Tax paid		(2,567)	-
Interest income		(15,934,458)	(18,891,377)
Interest expense		35,412,290	21,094,265
Unrealised foreign exchange movement		(4,787,229)	6,800,575
Changes in:			
Net movement in other assets and liabilities		(1,266)	5,210
<b>Net cash flows generated from operating activities</b>		<b>16,922</b>	<b>22,861</b>
<b>Cash flows from / (used in) investing activities</b>			
Acquisition of investment securities		(362,007,941)	-
Proceeds from maturity / disposal of investment securities		448,683,087	105,973,003
Interest received on investment securities		17,881,578	20,850,655
Receipts in respect of derivatives held for risk management purposes		467,459,798	88,815,231
Payments in respect of derivatives held for risk management purposes		(466,836,801)	(132,245,926)
<b>Net cash flows generated from investing activities</b>		<b>105,179,721</b>	<b>83,392,963</b>
<b>Cash flows from / (used in) financing activities</b>			
Proceeds from issuance of debt securities		272,136	5,422,269
Payments on maturity / redemption of debt securities		(70,265,308)	(67,954,719)
Interest paid on debt securities issued		(35,186,549)	(20,860,513)
Loan repayment		-	-
Dividend paid		(14,739)	(2,735)
<b>Net cash flows used in financing activities</b>		<b>(105,194,460)</b>	<b>(83,395,698)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,183</b>	<b>20,126</b>
Cash and cash equivalents at beginning of year		94,579	74,453
<b>Cash and cash equivalents at end of year</b>		<b>96,762</b>	<b>94,579</b>

The notes on pages 11 to 33 form an integral part of these financial statements

## BOIRO FINANCE B.V.

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

	Note	Share capital EUR	Retained loss EUR	Profit for the year EUR	Total EUR
<b>Balance at 1 January 2020</b>		18,000	(17,198)	19,933	20,735
Appropriation of profit	9	-	19,933	(19,933)	-
Dividend paid		-	(2,735)	-	(2,735)
Profit for the year		-	-	14,739	14,739
<b>Balance at 31 December 2020</b>		<u>18,000</u>	<u>-</u>	<u>14,739</u>	<u>32,739</u>
Appropriation of profit	9	-	14,739	(14,739)	-
Dividend paid		-	(14,739)	-	(14,739)
Profit for the year		-	-	15,459	15,459
<b>Balance at 31 December 2021</b>		<u>18,000</u>	<u>-</u>	<u>15,459</u>	<u>33,459</u>

The notes on pages 11 to 33 form an integral part of these financial statements

# BOIRO FINANCE B.V.

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

### 1 General information

Boiro 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 31 March 2003.

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

The objectives of the Company are 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 that has been established to issue debt securities under a EUR 5,000,000,000 Secured limited recourse note 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 11 November 2022.

The registered office of the Company is at Jupiter Building, Herikerbergweg 88, 1101 CM Amsterdam, the Netherlands and its trade register number is 34188577.

Stichting Boiro Finance is the sole shareholder of the Company.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial statements 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 2021.

#### 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

\* The Company does not have any financial instruments with payments linked to LIBOR or EONIA.

# BOIRO FINANCE B.V.

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

### 2 Basis of preparation (continued)

#### (a) Statement of compliance (continued)

##### 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 not yet effective as of 31 December 2021:

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

#### (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 and loss;
- Investment securities designated at fair value through profit and 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 through profit and loss 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.

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

### 2 Basis of preparation (continued)

#### (b) Basis of measurement (continued)

##### *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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### *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.

### 3 Significant accounting policies

#### *Financial instruments*

The financial instruments of the Company include the following:

- Investment securities;
- Derivative financial instruments held for risk management;
- Notes receivable; and
- Debt securities issued.

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

### 3 Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *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 and deposits*

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 use 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.



# BOIRO FINANCE B.V.

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

### 3 Significant accounting policies (continued)

#### ***Cash and cash equivalents***

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 transactions***

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 income 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 income 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.

#### ***Finance expense on debt securities issued designated 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, coupon payments 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.

# BOIRO FINANCE B.V.

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

### 3 Significant accounting policies (continued)

#### *Related party*

Stichting Boiro 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 to be related parties. The Company has intercompany loans with CID Finance B.V. and Douro Finance B.V.

#### *Impairment*

At the end of each reporting period, the Company tests whether there are 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 of 31 December 2021, no impairment loss was recognised.

The Company recognises loss allowances for Expected credit losses ("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. The gross contractual amount of the assets and liabilities approximates their outstanding notional amount or amortised cost.

#### *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 which became available during the period and the application of these cash and cash equivalents over the course of the year.

### 4 Financial risk management

#### *Introduction and overview*

The Boiro Finance B.V. programme was set up on the 31 March 2003 to issue multiple series of notes. Boiro Finance B.V. can issue various series of notes ranging from AAA to not rated.

Boiro Finance B.V. was set up as a segregated multi issuance Special Purpose Entity. 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.

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

### 4 Financial risk management (continued)

#### *Introduction and overview (continued)*

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.

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; and
- 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 all Series, entered into Swap Agreements with Banco Bilbao Vizcaya Argentaria, S.A. (refer to note 6). The net proceeds from the issue of the Notes are paid to the Swap Counterparty. The Company pays to the Swap Counterparty amounts equal to the interest received in respect of the "Charged Assets", if any, and on the maturity date of the "Charged Assets" 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 Debt securities are recorded at the value of the net proceeds received in Euros and 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 investment securities 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 20 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.

# BOIRO FINANCE B.V.

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

### 4 Financial risk management (continued)

#### *Risk management framework (continued)*

##### (i) Credit risk (continued)

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.

Management considered the (movement in) own credit risk as immaterial.

##### (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,

##### (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 preceding paragraphs. All administration functions have been outsourced by the Company.

### 5 Investment securities

#### *Nominal amount:*

	31-Dec-2021 EUR	31-Dec-2020 EUR
Opening balance as at 1 January	1,135,521,408	1,243,225,982
Additions during the year	200,000,000	-
Disposals during the year	(446,890,938)	(100,903,999)
Foreign currency movement	4,787,229	(6,800,575)
Closing balance as at 31 December	<u>893,417,699</u>	<u>1,135,521,408</u>

# BOIRO FINANCE B.V.

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

### 5 Investment securities (continued)

#### Movement in fair value:

Opening balance as at 1 January	62,722,515	32,058,899
Additions during the year	160,918,078	-
Disposals during the year	(1,792,149)	(5,069,004)
Movement during the year	(88,742,229)	35,732,620
Closing balance as at 31 December	<u>133,106,215</u>	<u>62,722,515</u>

#### Closing fair value as at 31 December

<u>1,026,523,914</u>	<u>1,198,243,923</u>
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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 6). The investment securities are held as collateral for the debt securities by the Company.

There have been no defaults of interest and principal repayments during the current year under review.

The assets of the Company are not pledged.

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.

	Gross contractual value		Carrying value	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	EUR	EUR	EUR	EUR
Maturity analysis of investment securities is as follows :				
Less than one year	16,400,325	440,443,939	16,036,034	443,744,829
Between one and five years	96,672,185	98,817,194	112,841,147	113,897,301
More than five years	780,345,189	596,260,275	897,646,733	640,601,793
	<u>893,417,699</u>	<u>1,135,521,408</u>	<u>1,026,523,914</u>	<u>1,198,243,923</u>

### 6 Derivative held for risk management purposes

	Notional Amount	Carrying value	Average Interest Rate	Notional Amount	Carrying value	Average Interest Rate
	31-Dec-2021	31-Dec-2021	31-Dec-2021	31-Dec-2020	31-Dec-2020	31-Dec-2020
	EUR	EUR		EUR	EUR	
Derivative assets held for risk management purposes	688,361,445	75,273,019	1.78%	758,626,754*	141,032,401	1.66%
Derivative liabilities held for risk management purposes	893,417,699	(268,760,125)	5.14%	113,5521,408*	(240,850,356)	2.78%
		<u>(193,487,106)</u>			<u>(99,817,955)</u>	

\* The notional amounts for the year ended 2020 have been adjusted because they were incorrectly disclosed (notional plus interest instead of notional).

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.

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 net receivable or payable, since the Swap Counterparty is party to both sides of the swap transactions.

# BOIRO FINANCE B.V.

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

### 6 Derivative held for risk management purposes (continued)

#### Assets swap (continued)

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. For further details on the applied netting, reference is made to note 19.

#### 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.

7	Cash and cash equivalents	31-Dec-2021 EUR	31-Dec-2020 EUR
	Cash at bank	96,762	94,579

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

8	Other assets	31-Dec-2021 EUR	31-Dec-2020 EUR
	Interest income receivable from investment securities	7,706,794	8,564,051
	Other receivables	53,971	42,207
	Taxes paid in advance	17,922	15,355
		<u>7,778,687</u>	<u>8,621,613</u>

9	Share capital	31-Dec-2021 EUR	31-Dec-2020 EUR
	<b>Authorised, issued and fully paid</b>		
	180 ordinary shares of EUR 100 each.	<u>18,000</u>	<u>18,000</u>

At 31 December 2021, Stichting Boiro Finance held 100% of the shares of the Company and is entitled to dividend payments and carry voting rights. During the financial year, the Company paid a dividend of EUR 14,739 (being a dividend per share of EUR 0.82) (2020: EUR 0.15) to Stichting Boiro Finance.

# BOIRO FINANCE B.V.

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

10	Debt securities issued	31-Dec-2021 EUR	31-Dec-2020 EUR
	<i>Nominal amount:</i>		
	Opening balance as at 1 January	758,626,754	823,491,437
	Disposals / principal repayments during the year	(70,265,309)	(64,864,683)
	Closing balance as at 31 December	<u>688,361,445</u>	<u>758,626,754</u>
	<i>Movement in fair value:</i>		
	Opening balance as at 1 January	356,159,670	276,094,988
	Disposals during the year	-	3,090,036
	Movement during the year	(206,688,438)	76,974,647
	Closing balance as at 31 December	<u>149,471,233</u>	<u>356,159,670</u>
	<b>Closing fair value as at 31 December</b>	<u>837,832,678</u>	<u>1,114,786,424</u>

	Gross contractual value		Carrying value	
	31-Dec-2021 EUR	31-Dec-2020 EUR	31-Dec-2021 EUR	31-Dec-2020 EUR
<i>Maturity analysis of debt securities is as follows :</i>				
Less than one year	6,000,000	35,538,159	6,025,723	35,833,028
Between one and five years	12,197,097	7,774,000	12,188,327	8,132,554
More than five years	670,164,348	715,314,595	819,618,628	1,070,820,842
	<u>688,361,445</u>	<u>758,626,754</u>	<u>837,832,678</u>	<u>1,114,786,424</u>

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 688,361,445 (2020: EUR 758,626,754).

The Company's obligations under debt securities issued and related derivative financial instruments are secured by collateral purchased as described in Notes 5. 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 6%. 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.

11	Other liabilities	31-Dec-2021 EUR	31-Dec-2020 EUR
	Interest payable on debt securities issued	2,910,920	3,230,113
	Accruals	107,606	94,540
	Loan from CID Finance B.V.	13,825	13,825
	Loan from Douro Finance B.V.	3,449	3,449
		<u>3,035,800</u>	<u>3,341,927</u>

The loans from CID Finance B.V. and Douro Finance B.V. are unsecured, interest free and are repayable in 2022.

## BOIRO FINANCE B.V.

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

<b>12</b>	<b>Net gain / (loss) from investment securities</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>
	<i>Designated as at fair value through profit or loss</i>		
	Net change in fair value during the year	(90,534,378)	30,663,616
	Realised gain on investment securities	1,792,149	5,069,004
	Unrealised exchange gain/ (loss) on revaluation of investment securities	4,787,229	(6,800,575)
		<u>(83,955,000)</u>	<u>28,932,045</u>
<b>13</b>	<b>Net loss on debt securities issued</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>
	<i>Designated as at fair value through profit or loss</i>		
	Net change in fair value during the year	206,688,438	(80,064,683)
	Realised (loss) on debt securities issued	(99)	(3,090,036)
		<u>206,688,339</u>	<u>(83,154,719)</u>
<b>14</b>	<b>Other income</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>
	Arranger income	<u>110,480</u>	<u>122,943</u>
<b>15</b>	<b>Other expenses</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>
	Audit fees *	(60,932)	(62,690)
	Administration fees	(12,470)	(26,453)
	Professional fees	(12,100)	(12,100)
	Bank charges	(2,851)	(2,201)
	Tax advisory fees	(3,847)	(1,676)
	Filing fees	(92)	(172)
		<u>(92,292)</u>	<u>(105,292)</u>

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:

	<b>Year ended</b>			<b>Year ended</b>		
	<b>KPMG Accountants N.V.</b>	<b>Other KPMG Network Firms</b>	<b>Total KPMG Network Firms</b>	<b>KPMG Accountants N.V.</b>	<b>Other KPMG Network Firms</b>	<b>Total KPMG Network Firms</b>
	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2021 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>	<b>Year ended 31-Dec-2020 EUR</b>
Current year audit fees	21,538	23,332	44,870	21,302	23,078	44,380
2020 overrun costs	-	-	-	1,477	4,010	5,487



# BOIRO FINANCE B.V.

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

16	Taxation	Profit for the Year EUR	Year ended 31-Dec-2021 EUR	Profit for the Year EUR	Year ended 31-Dec-2020 EUR
	Tax on profit on ordinary activities*	18,188	2,729	17,651	2,912

The corporate income tax rate for 2021 is 15% on the first EUR 245,000 and 25% above EUR 245,000 (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.

## 17 Related party transactions

Stichting Boiro Finance is the sole shareholder of the Company. As at year-end, no transaction took place. During the year under review, there was no remuneration paid to management of the Company. The remuneration of management is paid by Stichting Boiro Finance from the profits made available to the Stichting Boiro Finance by the Company through dividend payments.

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

## 18 Charges

The Notes issued by the Company are secured by way of the 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.

## 19 Accounting classifications and fair values of financial assets and liabilities

### Assets

Cash and cash equivalents  
Investment securities  
Derivative assets held for risk management purposes  
Notes receivable  
Other assets

### Categories of financial assets

Loan and receivables  
Fair value through profit or loss  
Fair value through profit or loss  
Loan and receivables  
Loan and receivables

### Liabilities

Derivatives liabilities held for risk management purposes  
Debt securities issued  
Other liabilities

### Categories of financial liabilities

Fair value through profit or loss  
Fair value through profit or loss  
At amortised cost

# BOIRO FINANCE B.V.

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

### 19 Accounting classifications and fair values of financial assets and liabilities (continued)

	Carrying value 31-Dec-2021 EUR	Gross contractual amount 31-Dec-2021 EUR	Carrying value 31-Dec-2020 EUR	Gross contractual amount 31-Dec-2020 EUR
<b>Assets</b>				
Cash and cash equivalents	96,762	96,762	94,579	94,579
Investment securities	1,026,523,914	893,417,699	1,198,243,923	1,135,521,408
Derivative assets held for risk management purposes	75,273,019	691,272,365*	141,032,401	761,856,867
Other assets	7,778,687	7,778,687	8,621,613	8,621,613
Notes receivable	-	-	11,026,519	11,026,519
	<u>1,109,672,382</u>	<u>1,592,565,513</u>	<u>1,359,019,035</u>	<u>1,917,120,986</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

<b>Liabilities</b>				
Derivatives liabilities held for risk management purposes	268,760,125	901,124,493*	240,850,356	1,144,085,459
Debt securities issued	837,832,678	688,361,445	1,114,786,424	758,626,754
Other liabilities	3,035,800	3,035,800	3,341,927	3,341,927
	<u>1,109,628,603</u>	<u>1,592,521,738</u>	<u>1,358,978,707</u>	<u>1,906,054,140</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

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.

	Before netting EUR	Netting EUR	31-Dec-2021 After netting EUR	Before netting EUR	Netting EUR	31-Dec-2020 After netting EUR
<b>Assets</b>						
Derivative assets held for risk management purposes	1,244,850,964	(1,169,577,945)	75,273,019	1,169,377,612	(1,028,345,211)	141,032,401
<b>Liabilities</b>						
Derivative liabilities held for risk management purposes	(1,438,338,070)	1,169,577,945	(268,760,125)	(1,269,195,567)	1,028,345,211	(240,850,356)

### 20 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:

	31-Dec-2021 EUR	31-Dec-2020 EUR
<b>Assets</b>		
Investment securities	1,026,523,914	1,198,243,923
Cash and cash equivalents	96,762	94,579
Derivative assets held for risk management purposes	75,273,019	141,032,401
Notes receivable	-	11,026,519
Other assets	7,778,687	8,621,613
	<u>1,109,672,382</u>	<u>1,359,019,035</u>
<b>Liabilities</b>		
Derivatives liabilities held for risk management purposes	(268,760,125)	(240,850,356)
Debt securities issued	(837,832,678)	(1,114,786,424)
Other liabilities	(3,035,800)	(3,341,927)
	<u>(1,109,628,603)</u>	<u>(1,358,978,707)</u>

# BOIRO FINANCE B.V.

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

### 20 Financial instruments (continued)

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

Rating	Rating agency	31-Dec-2021	31-Dec-2020
Aaa	Moody's	4.49%	4.25%
Aaa	Moody's	0.22%	0.00%
Aa1	Moody's	2.99%	2.74%
Aa2	Moody's	0.39%	0.33%
Aa3	Moody's	0.09%	0.08%
A1	Moody's	0.19%	0.16%
A2	Moody's	1.88%	1.62%
A3	Moody's	3.33%	2.92%
Baa1	Moody's	15.70%	48.54%
Baa2	Moody's	1.67%	0.82%
Baa3	Moody's	0.00%	3.14%
Baa3u	Moody's	33.15%	0.00%
A	S&P	0.62%	1.41%
A-	S&P	0.00%	0.00%
BBB	S&P	0.84%	0.71%
A-	Fitch	0.04%	0.04%
Not rated		34.40%	33.24%
		<u>100.00%</u>	<u>100.00%</u>

(a) 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.

# BOIRO FINANCE B.V.

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

### 20 Financial instruments (continued)

#### (i) Credit risk (continued)

##### (a) Concentration risk (continued)

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 been 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 Italy and Spain due to concentration risk in these markets, amongst others resulting from exposure to BBVA. The deteriorating current developments in the Italian and 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.

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
<b>Country of origin:</b>		
Spain	38.27%	72.17%
Italy	40.06%	8.77%
United States of America	8.41%	7.15%
Germany	3.72%	3.20%
Ireland	3.62%	3.17%
France	1.57%	1.44%
Austria	0.16%	0.29%
Rest of the world	4.19%	3.81%
	<u>100.00%</u>	<u>100.00%</u>

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
<b>Industry type:</b>		
Government	74.69%	75.54%
Bank	9.18%	10.32%
Financial	8.17%	7.01%
Others	7.96%	7.13%
	<u>100.00%</u>	<u>100.00%</u>

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
<b>Counterparty concentration:</b>		
Banco Bilbao Vizcaya Argentaria, S.A.	1.14%	1.09%
Other counterparties	98.86%	98.91%
	<u>100.00%</u>	<u>100.00%</u>

#### (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.

# BOIRO FINANCE B.V.

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

### 20 Financial instruments (continued)

#### (ii) Liquidity risk (continued)

The maturity profile of financial assets as at 31 December 2021 is as follows:

	Carrying amount EUR	Gross contractual amount EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Investment securities	1,026,523,914	893,417,699	16,036,034	112,841,147	897,646,733
Derivative assets held for risk management purposes	75,273,019	691,272,365*	849,431	12,188,327	62,235,261
Notes receivable	-	-	-	-	-
Cash at bank	96,762	96,762	96,762	-	-
Other assets	7,778,687	7,778,687	7,778,687	-	-
	<u>1,109,672,382</u>	<u>1,592,565,513</u>	<u>24,760,914</u>	<u>125,029,474</u>	<u>959,881,994</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

The maturity profile of financial liabilities as at 31 December 2021 is as follows:

	Carrying amount EUR	Gross contractual amount EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Debt securities	837,832,678	688,361,445	6,025,723	12,188,327	819,618,628
Derivative liabilities held for risk management purposes	268,760,125	901,124,493*	-	-	268,760,125
Other liabilities	3,035,800	3,035,800	3,035,800	-	-
	<u>1,109,628,603</u>	<u>1,592,521,738</u>	<u>9,061,523</u>	<u>12,188,327</u>	<u>1,088,378,753</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

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

	Carrying amount EUR	Gross contractual amount EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Investment securities	1,198,243,923	1,135,521,408	443,744,829	113,897,301	640,601,793
Derivative assets held for risk management purposes	141,032,401	761,856,867*	114,434	2,994,855	137,923,112
Notes receivable	11,026,519	11,026,519	272,136	10,754,383	-
Cash at bank	94,579	94,579	94,579	-	-
Other assets	8,621,613	8,621,613	8,621,613	-	-
	<u>1,359,019,035</u>	<u>1,155,264,119</u>	<u>452,847,591</u>	<u>127,646,539</u>	<u>778,524,905</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

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

	Carrying amount EUR	Gross contractual amount EUR	Less than one year EUR	Between one and five years EUR	More than five years EUR
Debt securities	1,114,786,424	758,626,754	35,833,028	8,132,554	1,070,820,842
Derivative liabilities held for risk management purposes	240,850,356	1,144,085,459*	41,931	-	240,808,425
Other liabilities	3,341,927	3,341,927	3,341,927	-	-
	<u>1,358,978,707</u>	<u>761,968,681</u>	<u>39,216,886</u>	<u>8,132,554</u>	<u>1,311,629,267</u>

\* The gross contractual value represents the notional value and the accrued interest of the derivatives.

# BOIRO FINANCE B.V.

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

### 20 Financial instruments (continued)

#### (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 US Dollar (USD), UK Pound Sterling (GBP), Japanese Yen (JPY).

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

	<i>In source currency In reporting currency</i>	EUR EUR	GBP EUR	USD EUR	JPY EUR	Total EUR
Cash and cash equivalents		96,762	-	-	-	96,762
Investment securities		915,184,347	3,815,059	93,663,421	13,861,087	1,026,523,914
Derivative assets held for risk management purposes		75,273,019	-	-	-	75,273,019
Notes receivable		-	-	-	-	-
Other assets		5,985,932	104,400	1,642,319	46,036	7,778,687
		<u>996,540,060</u>	<u>3,919,459</u>	<u>95,305,740</u>	<u>13,907,123</u>	<u>1,109,672,382</u>
Derivatives liabilities held for risk management purposes		(268,760,125)	-	-	-	(268,760,125)
Debt securities issued		(837,832,678)	-	-	-	(837,832,678)
Other liabilities		(3,035,800)	-	-	-	(3,035,800)
		<u>(1,109,628,603)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,109,628,603)</u>
Net position		<u>(113,088,543)</u>	<u>3,919,459</u>	<u>95,305,740</u>	<u>13,907,123</u>	<u>43,779</u>

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

	Average rate	Closing rate
USD	0.8458	0.8773
GBP	1.1432	1.1243
JPY	0.0077	0.0082

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

	<i>In source currency In reporting currency</i>	EUR EUR	GBP EUR	USD EUR	JPY EUR	Total EUR
Cash and cash equivalents		94,579	-	-	-	94,579
Investment securities		1,087,692,745	3,788,662	92,216,707	14,545,809	1,198,243,923
Derivative assets held for risk management purposes		141,032,401	-	-	-	141,032,401
Notes receivable		11,026,519	-	-	-	11,026,519
Other assets		6,951,855	98,279	1,522,504	48,975	8,621,613
		<u>1,246,798,099</u>	<u>3,886,941</u>	<u>93,739,211</u>	<u>14,594,784</u>	<u>1,359,019,035</u>
Derivatives liabilities held for risk management purposes		(240,850,356)	-	-	-	(240,850,356)
Debt securities issued		(1,114,786,424)	-	-	-	(1,114,786,424)
Other liabilities		(3,341,927)	-	-	-	(3,341,927)
		<u>(1,358,978,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,358,978,707)</u>
Net position		<u>(112,180,608)</u>	<u>3,886,941</u>	<u>93,739,211</u>	<u>14,594,784</u>	<u>40,328</u>

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021****20 Financial instruments (continued)****(iii) Market risk (continued)***(a) Currency risk (continued)*

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

	<b>Average rate</b>	<b>Closing rate</b>
USD	0.8773	0.8186
GBP	1.1243	1.1189
JPY	0.0082	0.0079

*(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 its return to its shareholders through the optimisation of the debt to equity balance.

The capital structure of the Company consists of equity comprising of share capital, retained loss and profit for the year.

**(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. Their fair values together with carrying amounts shown in the statement of financial position.

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 period.

# BOIRO FINANCE B.V.

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

### 20 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 in the below disclosure note have been disclosed at dirty prices.

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>31-Dec-2021</b>				
Investment securities	579,631,196	436,982,737	17,616,773	1,034,230,706
Derivative assets held for risk management purposes	-	75,273,019	-	75,273,019
Derivative liabilities held for risk management purposes	-	(176,203,011)	(92,557,114)	(268,760,125)
Debt securities	-	(834,803,087)	(5,940,513)	(840,743,600)
	<u>579,631,196</u>	<u>(498,750,342)</u>	<u>(80,880,854)</u>	<u>-</u>
<b>31-Dec-2020</b>				
Investment securities	943,117,642	250,340,874	13,349,458	1,206,807,974
Derivative assets held for risk management purposes	-	118,896,332	22,136,069	141,032,401
Derivative liabilities held for risk management purposes	-	(140,352,112)	(100,498,244)	(240,850,356)
Debt securities	-	(882,653,855)	(235,362,682)	(1,118,016,537)
	<u>943,117,642</u>	<u>(653,768,761)</u>	<u>(300,375,399)</u>	<u>(11,026,518)</u>

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
<b>31-Dec-2021</b>				
Notes receivable	-	-	-	-
Cash and cash equivalents	96,762	-	-	96,762
Other assets	6,247,038	1,321,382	210,267	7,778,687
Other liabilities	-	(3,022,282)	(13,518)	(3,035,800)
	<u>6,343,800</u>	<u>(1,700,900)</u>	<u>196,749</u>	<u>4,839,649</u>
<b>31-Dec-2020</b>				
Notes receivable	-	11,026,519	-	11,026,519
Cash and cash equivalents	94,579	-	-	94,579
Other assets	7,412,029	1,092,860	116,724	8,621,613
Other liabilities	-	(3,156,868)	(185,059)	(3,341,927)
	<u>7,506,608</u>	<u>8,962,511</u>	<u>(68,335)</u>	<u>16,400,784</u>

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".



# BOIRO FINANCE B.V.

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

### 20 Financial instruments (continued)

#### (vi) Fair values (continued)

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.

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	10,091,305	(236,041,751)	246,415,149	(25,096,386)	16,604,442	(11,972,759)
Derivative assets held for risk management purposes	-	-	-	-	-	-
Derivative liabilities held for risk management purposes	-	-	9,807,356	-	-	(9,807,356)
Debt securities	-	-	(147,681,373)	4,120,012	(4,120,012)	147,681,373

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

	Beginning Balance January 1 EUR	Purchases / Issues EUR	Sales / Redemptions EUR	Realised and Unrealised Gains / (Losses), net EUR	Transfers In and/or Out of Level 3, net EUR	Ending Balance December 31 EUR
<b>31-Dec-2021</b>						
Investment securities	13,349,458	-	-	(364,367)	4,631,682	17,616,773
Derivative assets held for risk management purposes	22,136,069	-	-	(22,136,069)	-	-
Derivative liabilities held for risk management purposes	(100,498,244)	-	-	17,748,486	(9,807,356)	(92,557,114)
Debt securities	(235,362,682)	-	-	85,860,808	143,561,361	(5,940,513)
<b>31-Dec-2020</b>						
Investment securities	9,653,736	-	-	(197,544)	3,893,266	13,349,458
Derivative assets held for risk management purposes	-	-	-	-	22,136,069	22,136,069
Derivative liabilities held for risk management purposes	-	-	-	-	(100,498,244)	(100,498,244)
Debt securities	-	-	-	-	(235,362,682)	(235,362,682)

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

### 20 Financial instruments (continued)

#### (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 is disclosed in Note 3 of these financial statements.

### 21 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 2022 (including the auditors' limited review report thereon).  
(<https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/03/Annual-Report-2021.pdf>).
- (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](http://www.cnmv.es)).

### 22 Subsequent events

Except for the below, there were no other significant post balance events that would affect the presentation and disclosure as at 11 November 2022.

At the date of our report, no new Series of Notes have been issued by the Company.

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

Series 90- EUR 10,395,000 Secured Amortising Limited Recourse Notes due 2024

Series 304- EUR 6,000,000 Fixed Rate Secured Limited Recourse Notes due 2022

#### *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: 11 November 2022

# **BOIRO FINANCE B.V.**

## **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.

## **BOIRO FINANCE B.V.**

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

## **BOIRO FINANCE B.V.**

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