REPSOL International Finance B.V.

2020

Financial statements for the year ended December 31

Together with independent auditor's report

PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Contents

PricewaterhouseCoopers Accountants N.V.
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Management board report

Management board report

The Managing Directors present their report together with the audited financial statements for the year ended 31 December 2020 of Repsol International Finance B.V. (the 'Company'). The financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and the Company's interest in its associates. Amounts in this Management board report are presented in thousands of EUR, unless otherwise indicated.

General information

The Company is part of the Repsol Group, a group of companies with a presence worldwide that, with a vision of being a multi-energy efficient, sustainable and competitive company, performs activities in the hydrocarbon sector throughout its entire value chain (exploration, development and production of crude oil and natural gas, refining, production, transportation and sale of a wide range of oil and petrochemical products, oil derivatives and natural gas), as well as activities for the generation and sale of electricity. The Company is a wholly owned subsidiary of Repsol, S.A., Madrid, Spain (the 'Parent Company').

Funds denominated in EUR and USD are raised on the international capital markets using a short-term commercial paper programme and a medium and long-term notes programme, which are lent to subsidiaries and affiliated companies, also in other currencies than EUR. In this case, the Repsol Group hedges the foreign currency exposure by entering into foreign exchange contracts with major international banks.

Currently, as part of the Repsol Group financing needs, the Company is engaged in a Euro Medium Term Note Programme (hereinafter 'EMTN') and a Euro Commercial Paper Programme (hereinafter 'ECP').

In 2020, the Company issued, under the Repsol International Finance, B.V. EUR 10,000,000,000 Guaranteed Euro Medium Term Note Programme (the "EMTN Programme"), all guaranteed by Repsol, S.A. and approved by the Luxembourg Commission de Surveillance du Secteur Financier, the below listed bonds:

- On 15 April 2020, a EUR 750 million 5.5-year bond at 99.967% of the aggregate nominal amount with a coupon of 2.000% fixed interest.
- On 15 April 2020, a EUR 750 million 10-year bond at 99.896% of the aggregate nominal amount with a coupon of 2.625% fixed interest.
- On 5 October 2020, a EUR 850 million 4-year bond at 99.753% of the aggregate nominal amount with a coupon of 0.125% fixed interest.

In 2020 the below listed bonds, issued under the EMTN Programme, matured:

- A bond issued by the Company on 28 May 2013, in the amount of EUR 1,200 million, which carried a fixed annual coupon of 2.625%, matured on 28 May 2020.
- A bond issued by the Company on 16 December 2015, in the amount of EUR 600 million, which carried a fixed annual coupon of 2.125%, matured on 16 December 2020.

Furthermore, the following issuances and repayments occurred in 2020:

- On 11 June 2020 the Company issued a EUR 750 million 6 year non-call undated subordinated bond which a coupon of 3.750% interest fixed for the first 6 years.
- On 11 June 2020 the Company issued a EUR 750 million 8.5 year non-call undated subordinated deeply subordinated bond which a coupon of 4.247% interest fixed for the first 8.5 years.
- On 12 June 2020, and in the context of a tender offer announced on 2 June, the Company purchased and redeemed EUR 593.7 million of the 6 year non-call undated subordinated bond issued on 25 March 2015, which carries a fixed annual coupon of 3.875%, for a price of 101.20% (together with accrued and unpaid interests).

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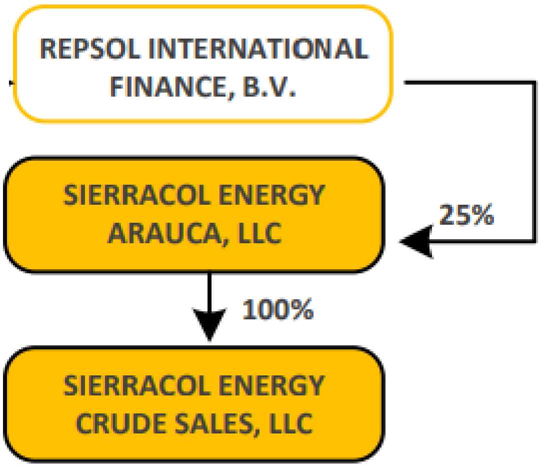
The outstanding bonds as at 31 December 2020 are the following: maturing in 2021 for an amount of EUR 1,000 million, maturing in 2022 for an amount of EUR 500 million, maturing in 2024 for an amount of EUR 850 million, maturing in 2025 for an amount of EUR 750 million, maturing in 2026 for an amount of EUR 500 million, maturing in 2027 for an amount of EUR 750 million, maturing in 2030 for an amount of EUR 750 million, maturing in 2031 for an amount of EUR 100 million, maturing in 2075 a subordinated bond for an amount of EUR 1,000 million, besides undated subordinated bonds of EUR 1,906 million.

Corporate structure

The corporate structure as at 31 December 2020 is shown below:



Statement of compliance

The financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

Financial information

The Company made a profit of EUR 20,538 thousand (2019: EUR 69,725 thousand). This profit is primarily caused by positive results from financial activities.

The issued and paid-in share capital of the Company amounts to EUR 300,577 thousand (2019: EUR 300,577 thousand).

Total assets of the Company amounts to EUR 10,604,573 thousand (2019: EUR 10,702,989 thousand).

Risk management

Considering the nature of the activities of the Company the most important category of risks to be considered are financial risks. The Company identifies, evaluates and mitigates financial risks in close cooperation with its Parent Company's Financial Risk Department. This department, with the aim to promote best practices, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyse exposures by degree and magnitude of risks.

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The management of the Company is involved in the risk management process. Management qualifies itself as risk averse.

The main financial risks are market risk, credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the market risks of changes in currency exchange rates, interest rates and credit ratings. Market risk (the risk of changes in market prices, such as foreign exchange rates and interest rates) will affect the Company's income or the value of its holdings of financial instruments.

Exchange rate fluctuation risk

Fluctuations in exchange rates may adversely affect the result of transactions and the value of the Company's equity. In general, this exposure to fluctuations in currency exchange rates stems from the fact that the Company has assets, liabilities and cash flows denominated in a currency other than the functional currency of the Company.

In order to mitigate the risk, and when considered appropriate, the Company performs investing and financing transactions, using the currency for which risk exposures have been identified. The Company can also carry out transactions by means of financial derivative instruments for currencies that have a liquid market, with reasonable transaction costs.

The Company effectively monitors and limits its net financial position in financial instruments by currency. The Company effectively monitors and limits the exposure to the statement of comprehensive income to a minimum. The main uncertainty in achieving this objective is the timing of cash flows.

Interest rate risk

The market value of the Company's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations that could affect the interest income and interest costs of financial assets and liabilities tied to floating interest rates, as well as the fair value of financial assets and financial liabilities tied to a fixed interest rate.

When considered appropriate, the Company may decide to mitigate the interest rate risk by means of derivative financial instruments for which there is a liquid market, these hedging mechanisms are limited and, therefore, could be insufficient. Consequently, changes in interest rates could have an adverse effect on the Company's business, results and financial position.

The Company effectively monitors and limits its net financial position in financial instruments tied to fixed interest rates. Furthermore, the Company effectively monitors and limits the interest rate spreads applied in order to ensure positive financial margin irrespective of the fluctuations in interest rates.

In relation to the process of transition to new benchmark interest rates currently underway in different jurisdictions worldwide (IBOR reform), the Company has initiated a revision of its contracts according to the calendar of implementation of the IBOR reform, with the objective to identify those with interest rate clauses that may be impacted, as well as on the substitute interest rate clauses ("fall back" clauses) included in them.

Credit rating risk

Credit ratings affect the pricing and other conditions under which the Company is able to obtain financing. Any downgrade in the credit rating could restrict or limit the Company's access to the financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's loans receivable from related parties and unsettled derivatives whose fair value is positive. The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The credit risk of each loan and receivable is influenced by the individual characteristics of each counterparty. The Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in the credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. However, the Company is not exposed to a significant credit risk due to the credit rating and liquidity of the debtors. No loan was overdue as at 31 December 2020 and 31 December 2019. The derivative financial instruments are entered into with high credit quality bank and financial institution counterparties that meet the standards of solvency in accordance with the market conventions regulating these kinds of financial transactions. The Company holds minimal amount of cash and banks, which are all held with bank and financial institution counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company controls and monitors its financial needs ranging from the production of daily cash flow forecasts to the financial planning involved in the annual budgets and Repsol Group's strategic plan; it maintains diversified and stable sources of financing that facilitate efficient access to financial markets, all within the framework of a financing structure that is compatible with Repsol Group's credit rating in the investment grade category. As a result, the Company relies on its shareholder to cover any incidental liquidity needs through issuance of additional loans.

For further information, including quantitative information and sensitivity analyses, please refer to Notes 14 and 15 to the financial statements.

Other risks

The exposure to other than financial risks is mainly due to the fact that the Company is part of the Repsol Group. Repsol Group's operations and results are subject to risks as a result of changes in the competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions. The Group's main risks are identified below taking into account a 5 year time horizon:

- Fluctuations in the reference prices of hydrocarbons, derivative products and other commodities
- Competitive depositioning
- Drop in demand
- Administrative, judicial and arbitration proceedings
- Regulatory risks
- Arbitrary actions and loss of assets due to government decisions
- Accident rate
- Deviations in organizational management and employees management
- Errors and failures in production and/or transport processes
- Attacks against people or assets

Some of these risks are sensitive to the phenomenon of climate change and to the scenarios of transition to a low carbon economy, particularly those associated with regulation, future trends in demand, fluctuations in hydrocarbon and other commodity prices and the potential upswing in competition. Given the emerging nature of the climate change risks in the current energy context, and consistently with the commitments made, the Repsol Group is extending the scope of the analysis of these risks according to a long-term time horizon.

Other operational Risks related to COVID-19

The continuity of the activities from an operational point of view is guaranteed because they do not require high investment in capital or other resources. The processes and operations of the Company may be carried out with a limited number of employees and basic software and hardware elements.

The Company, along with the recommendations from Repsol Group and the Dutch government, implemented the possibility of working from home to the total number of its employees, in anticipation of the latter measures implemented by the government. The Company has experience, and all means to offer this possibility to its employees, since this teleworking program was already in place for a long time for the benefit for a certain number of employees, including back up personnel and necessary tools and systems.

The outstanding public debt issued by the Company is guaranteed by Repsol, S.A., whose liquidity is robust enough to face upcoming maturities. Repsol Group has financial flexibility, a resilient portfolio and the liquidity necessary to cope with any reasonably possible scenario and is strongly committed to maintain its solid investment grade credit rating.

For further information on Repsol Group's risks and risk management, please refer to the Repsol Group Management Report for the financial year 2020, available on the website www.repsol.com.

Corporate Governance

The Company applies the same corporate governance principles as applied within Repsol Group. Repsol Group's system of corporate governance, which was established in accordance with best national and international practice and standards, guides the structure, organization, and operation of its corporate bodies in the interests of the Company and of its shareholder, and is based on the principles of transparency, independence, and responsibility. The internal regulations of the Repsol Group regarding corporate governance are available on the website www.repsol.com.

The board took into consideration the enactment of the EC Directive 2006/43/EU and its implementation by a Royal Decree of July 2008 (the "Decree") and the obligations from the fact that the Company, because of its listed securities, is a public interest organization. The board also took Regulation (EU) No 537/2014 into consideration.

It was decided to delegate the public governance compliance obligations as regards the Company in respect to article 2, section 3, sub a to d of the Decree to the Audit Committee of the Parent Company.

For further information on Repsol Group's Corporate Governance, please refer to the Repsol Annual Corporate Governance Report for the financial year 2020, available on the website www.repsol.com.

Research and development

The Company, due to its nature of business primarily being financing, does not engage in research and development activities.

Corporate responsibility

The Board of Directors of the Parent Company has analyzed the role of Repsol Group in the fight against climate change and took a new step in its commitment to leading the energy transition in line with the objectives of the Paris Agreement and the Sustainable Development Goals of the United Nations. Accordingly, Repsol Group will direct its strategy towards achieving net zero emissions by 2050. Repsol Group was the first in its industry to set this ambitious goal, which aims to limit planetary warming to less than 2 degrees centigrade compared with pre-industrial levels. These objectives are the basis for the 2021-2025 Strategic Plan.

Repsol Group in general, is strengthening its business strategy with the search for better energy solutions that contribute to sustainable development. This is possible thanks to a forward-looking vision that is based on the corporate responsibility as one of its key attributes.

Throughout 2020, the Company, through its Parent Company, has continued to expand the implementation of its corporate responsibility coordination system, through Sustainability Committees, the development of studies for identifying expectations and the publication of sustainability plans.

Number of employees

During 2020, the average number of employees was 11 (2019: 11).

Board of directors

The directors of the Company during the year were as follows:
R.W.A. van Nauta Lemke
J.M. Diaz Fernandez
V. de Luis Pastor
A. Manero Ruiz

Male/female partitioning of board members

The obligation under article 2:276 of the Dutch Civil Code to achieve that at least 30 per cent of the board members are female has ceased by way of law as from 1 January 2020 and there is no new law enacted nationally. Therefore, the Company is no longer under the obligation pursuant to article 2:276 of the Dutch Civil Code to achieve that at least 30 per cent of the board members are female. Anyway, the Company, when a board vacancy appears, will continue strive to appoint at least one more female board member, if suitable candidates can be identified.

Subsequent events

On 3 February 2021, the Company released a call option notice to redeem all currently outstanding 6-year Non-Call perpetual notes issued in 2015. The notes will be redeemed on 25 March 2021 at their outstanding principal amount (EUR 406.277 thousand) together with any accrued and unpaid interest.

No other significant events, which could have a material impact, occurred between year-end 2020 and the date on which the Directors approved and authorized these financial statements for issue.

Future outlook

It is envisaged that the Company will continue to provide loan capital to related parties. The future level of profits will be dependent on developments of the investments and financing activities. In the forecast environment, the Company will maintain its financial strength to perform the required demand while maintaining its returns.

Signing

The Hague, 26 February 2021

The Board of Directors:

R.W.A. van Nauta Lemke

J.M. Diaz Fernandez

V. de Luis Pastor

A. Manero Ruiz

The managing directors that attended this board meeting via video conference were not able to co-sign the management report and the accounts to be presented to the annual general meeting of shareholders but each of them in that meeting have agreed with the content of the management report and the accounts, and have empowered the undersigned to state such in this note.

Financial Statements

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Statement of financial position as at 31 December 2020

(before appropriation of result)

ASSETS	Notes	2020 EUR 1,000	2019 EUR 1,000
Non-current assets			
Equity-accounted investees	8	24,071	35,792
Loans and borrowings	9	6,664,464	4,823,510
Deferred tax assets	7	2,499	2,749
Total non-current assets		**6,691,034**	**4,862,051**
Current assets			
Loans and borrowings	9	3,894,350	5,825,030
Trade and other receivables	9	12,743	9,833
Cash and cash equivalents	10	6,446	6,075
Total current assets		**3,913,539**	**5,840,938**
TOTAL ASSETS		**10,604,573**	**10,702,989**

EQUITY AND LIABILITIES	Notes	2020 EUR 1,000	2019 EUR 1,000
Shareholders' equity			
Issued share capital	11	300,577	300,577
Share premium	11	286,449	286,449
Other reserves		(2,171)	644
Retained earnings		22,882	22,882
Unappropriated result		20,538	69,725
Total shareholders´ equity		**628,275**	**680,277**
Non-current liabilities			
Loans and borrowings	12	6,667,014	5,089,810
Total non-current liabilities		**6,667,014**	**5,089,810**
Current liabilities			
Loans and borrowings	12	3,308,750	4,663,735
Dividend payable to shareholders	11	-	263,022
Trade and other payables	13	534	6,145
Total current liabilities		**3,309,284**	**4,932,902**
Total liabilities		**9,976,298**	**10,022,712**
TOTAL EQUITY AND LIABILITIES		**10,604,573**	**10,702,989**

The notes on pages 16 to 44 are an integral part of these financial statements.

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Statement of comprehensive income for the year ended 31 December 2020

	Notes	2020 EUR 1,000	2019 EUR 1,000
Interest income	**5**	246,304	257,186
Interest expense	**5**	(238,642)	(231,061)
Changes in the fair value of financial instruments	**5**	17,789	48,798
Foreign currency translation difference	**5**	(19,962)	(3,422)
Net impairment gain/(loss) on financial assets	**9**	1,000	(6,398)
Other financial income/(expense)		(1,897)	(1,463)
Financial result		**4,592**	**63,640**
Employee benefit costs	**6**	(1,233)	(1,494)
Other operating expenses		(2,018)	(1,934)
Operating expenses		**(3,251)**	**(3,428)**
Share of profit of equity-accounted investees	**8**	**19,777**	**22,309**
Result before tax		**21,118**	**82,521**
Income tax expense	**7**	**(580)**	**(12,796)**
Result for the year		**20,538**	**69,725**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences translation foreign operations	**8**	(2,815)	644
Items that will not be reclassified to profit or loss			
Presentation currency translation differences	**2b**	-	6,272
Total comprehensive income		*17,723*	*76,641*

The notes on pages 16 to 44 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2020

	Issued share capital EUR 1,000	Share premium EUR 1,000	Other reserves EUR 1,000	Retained earnings EUR 1,000	Unappropriated result EUR 1,000	Total equity EUR 1,000
Balance as at 31 December 2019	**300,577**	**286,449**	**644**	**22,882**	**69,725**	**680,277**
Result for the year	-	-	-	-	20,538	20,538
Exchange differences translation foreign operations	-	-	(2,815)	-	-	(2,815)
Total comprehensive income for the year	**-**	**-**	**(2,815)**	**-**	**20,538**	**17,723**
Allocation of prior year result	-	-	-	69,725	(69,725)	-
Dividend distribution	-	-	-	(69,725)	-	(69,725)
Balance as at 31 December 2020	**300,577**	**286,449**	**(2,171)**	**22,882**	**20,538**	**628,275**

The notes on pages 16 to 44 are an integral part of these financial statements.

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Statement of changes in equity for the year ended 31 December 2019

		Issued share capital EUR 1,000 *	Share premium EUR 1,000 *	Other reserves EUR 1,000	Retained earnings EUR 1,000 *	Unappropriated result EUR 1,000 *	Total equity EUR 1,000 *
Balance as at 31 December 2018		**300,577**	**294,458**	**12,176**	**205,633**	**53,814**	**866,658**
Result for the year		-	-	-	-	69,725	69,725
Presentation currency translation differences	2b	2,194	2,149	(1,646)	3,575	-	6,272
Exchange differences translation foreign operations		-	-	644	-	-	644
Total comprehensive income for the year		**2,194**	**2,149**	**(1,002)**	**3,575**	**69,725**	**76,641**
Allocation of prior year result		-	-	-	53,814	(53,814)	-
Share capital revaluation		(2,194)	-	2,194	-	-	-
Change in functional currency 1 July 2019	2b	-	(10,158)	(12,724)	22,882	-	-
Dividend distribution		-	-	-	(263,022)	-	(263,022)
Balance as at 31 December 2019		**300,577**	**286,449**	**644**	**22,882**	**69,725**	**680,277**

*) Amounts in USD as included in the financial statements for the year ended 31 December 2018 are presented in EUR. Refer to Note 2 b) for more detailed information.

The notes on pages 16 to 44 are an integral part of these financial statements.

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Statement of cash flows for the year ended 31 December 2020

		2020 EUR 1,000	2019 EUR 1,000
Result before tax		**21,118**	**82,521**
Adjustments for:			
· Fair value changes derivative financial instruments		7,290	(8,240)
· Net finance costs investing and financing activities		10,810	(16,372)
· Share of profit of equity-accounted investees	**8**	(19,777)	(22,309)
Changes in working capital		(2,233)	501
Income tax paid		(13,908)	(12,490)
I. Cash flows from operating activities		**3,300**	**23,611**
Investments in loans and receivables		(9,470,173)	(10,467,172)
Proceeds from loans and receivables settlement		8,768,618	10,403,212
Interest on loans and receivables received		225,632	258,217
Dividends received	**8**	28,683	22,518
II. Cash flows from in investing activities		**(447,240)**	**216,775**
Proceeds from loans and borrowings		8,084,257	8,565,546
Repayments of loans and borrowings		(7,089,305)	(8,569,075)
Interest on loans and borrowings paid		(217,894)	(233,550)
Dividends paid to shareholders		(332,747)	-
III. Cash flows used in financing activities		**444,311**	**(237,079)**
Net increase / (decrease) in cash and cash equivalents		**371**	**3,307**
Cash and cash equivalents at the beginning of the year		6,075	2,768
Cash and cash equivalents at the end of the year	**10**	6,446	6,075
Net increase / (decrease) in cash and cash equivalents		**371**	**3,307**

The notes on pages 16 to 44 are an integral part of these financial statements.

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Notes to the financial statements

1. Reporting entity

Repsol International Finance B.V. (hereafter the ‘Company’), is a company domiciled in the Netherlands. The address of the Company’s registered office is Koninginnegracht 19, 2514 AB, The Hague, the Netherlands. The Company's Chamber of Commerce registration number is 24251372.

The financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and the Company’s interest in its associates.

The Company is a wholly owned subsidiary of Repsol S.A., located in Madrid, Spain. The Company and its subsidiary belong to the Repsol Group, a Spanish integrated oil and gas group engaged in all aspects of the petroleum and energy businesses and one of the largest industrial groups in Spain. The Company is consolidated in the financial statements of Repsol S.A. available on the website www.repsol.com.

The principal activity of the Company is financing of affiliated companies.

The Company is primarily involved in:

- issuing subordinated bonds, bonds under a Euro Medium Term Note Programme and issuing commercial paper under a Euro Commercial Paper Programme in various markets and advancing the net proceeds to various members of the Repsol Group;
- lending funds to and borrowing funds from affiliated companies.

Related to its activities as issuer of bonds that are listed in the Luxembourg Stock Exchange, the Company has chosen Luxembourg as its home Member State.

These financial statements were authorized for issue by the Board of Directors on 26 February 2021.

2. Basis of preparation

(a) Statement of compliance

The financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

(b) Functional and presentation currency

In 2019, the relevance of the USD transactions decreased and the relevance of the EUR transactions increased significantly, especially during the third quarter. After the analysis of all the facts and circumstances (including the immaterial USD net positions in the balance sheet and the future perspectives of the entity), it was concluded this was not a temporary situation and the functional currency was changed from USD to EUR. In accordance with IAS 21.35, the change has been applied prospectively as of 1 July 2019 (the beginning of the third quarter). Consequently, the presentation currency was changed to EUR. In accordance with IAS 8, the change has been applied retrospectively.

These financial statements are presented in EUR, which is the Company’s functional currency starting 1 July 2019. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The impact of the change in functional currency on the equity as at 1 July 2019 can be shown as follows:

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	1 Jul 2019 EUR 1,000
Share premium	(10,158)
Other reserves	(12,724)
Retained earnings	22,882
Shareholders' equity	**-**

During the period from 1 January 2019 to 30 June 2019 the functional currency was USD. The transactions during this period have been presented in these financial statements in EUR. For items included in the statement of financial position a conversion rate of 1.1371 USD to the EUR is used, which represents the rate as at 30 June 2019. For the items included in the statement of comprehensive income as well as other transactions a rate of 1.1297 USD to the EUR is used, which represents the average rate for the period from 1 January 2019 to 30 June 2019. For items included in the statement of cash flows a combination of the period closing rate and the average rate for the period is used.

Presentation currency translation differences are presented separately in the respective movement schedules. The presentation currency translation differences can be shown as follows:

	1 Jan - 1 Jul 2019 EUR 1,000
Equity-accounted investees	-
Deferred income taxes	8
Loans and borrowings receivable	90,333
Loans and borrowings payable	(77,632)
Other current assets and liabilities	(6,659)
Shareholders' equity	**6,050**
Issued share capital	2,194
Share premium	2,149
Other reserves	(1,646)
Retained earnings	3,575
Shareholders' equity	**6,272**

The exchange rates EUR against the USD used are as follows:

31 December 2020		31 December 2019	
Year-end closing rate	Cumulative average rate	Period closing rate	Cumulative average rate
1.2269	1.1422	1.1230	1.1195

(c) Changes in accounting Standards

The changes in accounting standards that have been applied by the Company as at 1 January 2020 have not had a significant impact on disclosures in the financial statements. The standards applicable from 1 January 2020 are:

- Amendments to IFRS 3 *Business Combinations*
- Amendments to IFRS 9, IAS 39 and IFRS 7: *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8: *Definition of Material*

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 16 *Leases Covid 19-Related Rent Concessions* (applicable from 1 June 2020)

(d) Basis of measurement

As a consequence of the outbreak of the COVID-19 pandemic in 2020 and market price developments during 2020, the Company, along with Repsol Group, is continuously analyzing the evolution of the situation and will take all necessary measures to guarantee the fulfilment of its obligations. With the above consideration, the financial statements, except for derivatives which were measured at fair value according to IFRS-EU, have been prepared on the historical cost basis and on a going concern basis.

(e) Statement of cash flows

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at the exchange rates at the dates of the transactions. Interest on loans and borrowings received and dividends received are included in cash from investing activities. Interest on loans and borrowings paid and dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, such as entering into a direction to pay agreement as a method of loan settlement, are not recognised in the cash flow statement. The transactions within this type of payments that are not reflected in bank accounts are presented as non-cash transactions.

(f) Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

The determination of the USD as the functional currency until 1 July 2019 and the EUR as the functional currency starting 1 July 2019, based on management analysis, is considered a material judgement.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2020 is the measurement of fair value of derivatives and financial instruments.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, specifically for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Valuation based on a quoted price in an active market for identical assets or liabilities.
- Level 2: Valuation is based on a quoted price in an active market for similar financial assets or liabilities that rely on observable market inputs.
- Level 3: Valuation based on inputs for the asset or liability that are not directly observable in the market.

The second type mainly corresponds to derivative financial instruments, based on the income approach, in accordance with accounting regulations, which entail the discounting to present value of future cash flows associated with said instruments, estimated using forward curves offered in the market, including adjustments for credit risk based on the duration of the instruments.

The most significant variables for valuing financial instruments vary depending on the type of instrument, but fundamentally include: exchange rates (spot and forward), interest rate curves, counterparty risk curves, prices of equity securities, and the volatilities of all the aforementioned factors. In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. Significant accounting policies

(a) Employee benefits

Defined contribution pension plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Repsol International Finance B.V. has recognized defined contribution pension plans for employees.

The annual cost of these plans is recognized under *Employee benefit costs* in the statement of comprehensive income.

(b) Finance income and finance costs

Finance income (the revenue of the company) comprises interest income on funds invested and gains on derivatives financial instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, impairment losses recognized on financial assets (other than trade receivables and derivatives) and losses on derivatives financial instruments that are recognized in profit or loss.

Changes in the fair value of derivatives are reported on a net basis as either finance income or finance costs depending on whether the changes in the fair value of derivatives represent a net gain or net loss position.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(c) Foreign currency

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 are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(d) Income taxes

Corporate income tax expense comprises current and deferred tax. It is recognized in profit or loss.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognized in respect of 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 recognized for:

- temporary differences 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 or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(e) Financial instruments

The Company classifies its non-derivative financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit and loss)
- those to be measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the trade date. All other financial assets and financial liabilities are also initially recognized on the trade date.

The Company derecognizes 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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

Financial assets and financial 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 them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Financial assets at amortized cost

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met:

a. the asset is held within a business model whose objective is to collect the contractual cash flows, and
b. the contractual terms give rise to cash flows that are solely payments of principal and interest.

These are financial assets with fixed or determinable payments that the Company does not intend to sell immediately or in the near term. They arise when the Company delivers goods or provides services or financing directly to a related or third party.

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iv) Derivative financial instruments

The Company holds derivative financial instruments to mitigate its foreign currency exposures.

Derivative financial instruments are measured at fair value and changes therein, including any interest and dividend income, are recognized in the statement of comprehensive income. Directly attributable transaction costs are directly recognized in the statement of comprehensive income, as incurred.

(f) Equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates**.**

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align with the accounting policies of the Company from the date that significant influence or joint control commences, until the date on which significant influence or joint control ceases.

(g) Impairment

Financial instruments

The Company assesses the expected credit losses associated with its debt instruments carried at amortized cost and fair value through operating comprehensive income. Expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses. Under this model, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses.

The expected credit loss is impacted by the exposure to default, the probability of default and the loss given default. The exposure to default represents the gross amounts of the financial assets. The probability of default is determined based on available statistics regarding the default rates of enterprises with a similar credit rating, in the same region and for the applicable time horizon, resulting in a general default rate of 0.16% (2019: 0.17%). There have not been any significant changes in the assumptions used and methodology applied between 2019 and 2020 in determining the expected credit loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

4. New standards and interpretations not yet adopted

A) The standards and amendments to standards that have been issued by the IASB and endorsed by the European Union and which will be mandatory in future reporting periods are listed below:

Mandatory application in 2021:

- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2*

With respect to the standards and amendments outlined above, given their nature and scope, the Company believes that their application will not have a material impact on its financial statements.

B) At the date of issuance of these financial statements, the standards and amendments that have been issued by the IASB and endorsed by the European Union but not yet effective are the following:

- IFRS 17 *Insurance contracts*
- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements 2018-2020*

With regard to the amendments and interpretations outlined in this section, the Company is currently assessing the impact their application may have on the financial statements. Given their nature and scope, the Company believes that their application will not have a material impact on its financial statements.

5. Financial result

A breakdown of interest income and interest expense can be presented as follows:

	2020 EUR 1,000	2019 EUR 1,000
Loans and receivables to shareholder	220,359	196,394
Loans and receivables to related parties	23,268	55,268
Bonds and other securities	2,677	5,524
Total interest income	**246,304**	**257,186**
Loans and borrowings from and to related parties	(15,330)	(31,146)
Bonds and other securities	(223,312)	(199,915)
Total interest expense	**(238,642)**	**(231,061)**

The foreign currency translation differences changed from an expense of EUR 3,422 thousand for the year ended 31 December 2019, to an expense of EUR 19,962 thousand for the year ended 31 December 2020. The foreign currency translation differences are mainly influenced by (i) movements and fluctuations in the exchange rate of the functional currency compared to other currencies and (ii) movements and fluctuations in the net financial position in other currencies. Derivative financial instruments are traded with the objective to limit the exposure of foreign currencies to the statement of comprehensive income, leading to an income of EUR 17,789 thousand for the year ended 31 December 2020 (2019: income of EUR 48,798 thousand). For additional information on derivatives refer to note 14 "Financial instruments".

6. Employee benefit costs

	2020 EUR 1,000	2019 EUR 1,000
Wages and salaries	1,023	1,290
Social security contributions	210	204
Total employee benefit costs	**1,233**	**1,494**
Average number of employees	**11**	**11**

Repsol International Finance B.V. has defined contribution plans for its employees, which conform to current legislation. The annual cost included in 'Employee benefit costs' in the statement of comprehensive income in relation to the defined contribution plans detailed above amounted to EUR 61 thousand in 2020 (2019: EUR 52 thousand). None of the employees work outside the Netherlands.

7. Income taxes

Corporate income tax

The Company is subject to Dutch corporate income tax at the general rate of 25% (2019: 25%) (16.5% on the first EUR 200 thousand taxable profits (2019: 19%)).

The Company was entitled to calculate its taxable profits using USD as functional currency until the end of fiscal year 2019. The Dutch corporate income tax due on the taxable profit in USD was translated in EUR against the average daily exchange rate for the book year concerned as published by the Dutch Central Bank (DNB). Starting fiscal year 2020 the Company calculates its taxable profits using EUR as functional currency.

Corporate income tax recognized in statement of comprehensive income

	2020 EUR 1,000	2019 EUR 1,000
Current income tax expense	330	14,293
Deferred income tax expense	250	(1,600)
Adjustment for prior years	-	103
Income tax expense	**580**	**12,796**

Reconciliation of effective tax rate

	2020		2019	
	%	EUR 1,000	%	EUR 1,000
Result before tax		**21,118**		**82,521**
Tax using the Company's domestic tax rate	25.0	**5,280**	25.0	**20,630**
Tax effect of:				
· Non-deductible expenses	1.1	**227**	0.3	**222**
· Effect of share of profits of equity-accounted investees	(23.4)	**(4,944)**	(6.8)	**(5,577)**
Change in estimates related to prior years	-	**-**	0.1	**103**
Functional currency change impact	-	**-**	(3.2)	**(2,658)**
Other impact	0.1	**17**	0.1	**76**
Income tax expense	**2.8**	**580**	**15.5**	**12,796**

The variance between the effective tax rate (ETR) and the nominal tax rate of 25% is shaped by several items, including share of profits of equity-accounted investees (pre-tax impact of EUR 19,777 thousand, 2019: EUR 22,309 thousand) and impact of functional currency change in 2019 (EUR 2,658 thousand). These items are partly offset by non-deductible expenses (EUR 227 thousand, 2019: EUR 222 thousand).

An income tax credit of EUR 457 thousand (2019: EUR 1,865 thousand) related to withheld taxes regarding interest on loans with counterparties from countries with whom The Netherlands has a tax treaty has been considered in determining the income tax payable to the Dutch tax authorities.

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Movement in deferred tax balances

2020	Net balance as at 1 January EUR 1,000	Deferred tax movements EUR 1,000	FX and other movements EUR 1,000	Net balance as at 31 December EUR 1,000	Deferred tax assets EUR 1,000	Deferred tax liabilities EUR 1,000
Loans and borrowings	2,749	(250)	-	2,499	2,499	-
Net deferred tax assets (liabilities)	**2,749**	**(250)**	**-**	**2,499**	**2,499**	**-**

2019	Net balance as at 1 January EUR 1,000	Deferred tax movements EUR 1,000	FX and other movements EUR 1,000	Net balance as at 31 December EUR 1,000	Deferred tax assets EUR 1,000	Deferred tax liabilities EUR 1,000
Loans and borrowings	1,141	1,600	8	2,749	2,749	-
Net deferred tax assets (liabilities)	**1,141**	**1,600**	**8**	**2,749**	**2,749**	**-**

Considering the deferred tax balances are related to the impairment on financial assets, which is calculated as the 12 months expected credit losses, the deemed recovery of the deferred tax asset is within 12 months.

Unrecognized deferred tax assets and liabilities

As at 31 December 2020, the Company does not have unrecognized deferred tax assets or deferred tax liabilities (2019: none).

Government and legal proceedings with tax implications

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the inspection period has expired. The Dutch Tax Authorities have imposed final corporate income tax assessments for the Company regarding the years up to and including 2019. Whenever discrepancies arise between the Company and the tax authorities with respect to the tax treatment applicable to certain operations, the company acts with the authorities in a transparent and cooperative manner in order to resolve the resulting controversy, using the legal avenues at its disposition with a view to reaching non-litigious solutions. As at 31 December 2020, the Company has not recognized any provisions to cover contingencies associated with lawsuits and other tax matters in the statement of financial position.

8. Equity-accounted investees

Movements in equity-accounted investees can be shown as follows:

	2020 EUR 1,000	2019 EUR 1,000
Balance as at 1 January	35,792	35,837
Dividends	(28,683)	(22,518)
Share of profit from continuing operations	19,777	22,309
Voluntary liquidation of group companies	-	-
Presentation currency translation differences	-	32
Foreign currency translation differences	(2,815)	132
Balance as at 31 December	**24,071**	**35,792**

No indications for impairment were identified.

The Company has the following participating interests which remains unchanged as of 2019:

Name	Location	Share in issued capital %
Other participating interests		
Direct		
SierraCol Energy Arauca, LLC (formerly: Occidental de Colombia LLC)	United States	25
Indirect		
SierraCol Energy Crude Sales, LLC (formerly: Occidental Crude Sales LLC)	United States	25

9. Loans and borrowings and trade and other receivables

	2020 EUR 1,000	2019 EUR 1,000
Loans to shareholder	7,660,051	6,212,502
Loans to related parties	2,908,760	4,447,035
Loss allowance debt investments at amortised cost	(9,997)	(10,997)
Total loans and borrowings	**10,558,814**	**10,648,540**
Derivative financial instruments	216	9,772
Tax receivables	10,893	-
Accounts receivable from shareholder	1,403	-
Other receivables	231	61
Total trade and other receivables	**12,743**	**9,833**
Total receivables	**10,571,557**	**10,658,373**

	2020 EUR 1,000	2019 EUR 1,000
Non-current	6,664,464	4,823,510
Current	3,894,350	5,825,030
Total loans and borrowings	**10,558,814**	**10,648,540**

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The total of accrued interest included in current loans and borrowings amounts to EUR 102,539 thousand (2019: EUR 110,809 thousand). The principal of the loans and borrowings amounts of EUR 10,466,272 thousand (2019: EUR 10,548,728 thousand).

More information regarding the loans to shareholder and other related parties is included in Note 16.

Loss allowance debt investments at amortized cost

The Company has one type of financial assets that is subject to the expected credit loss model:

- debt investments at amortized cost

If at the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. Applying the expected credit risk model resulted in a loss allowance of EUR 10,997 thousand on 31 December 2019 and a decrease to EUR 9,997 thousand in the current reporting period. The reversal of expense of EUR 1,000 thousand (2019: EUR 6,398 thousand expense) has been presented as part of the financial result in the statement of comprehensive income.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates based on past history, existing market conditions and information obtained from international rating agencies.

The company has not and has not been asked to grant any payment holidays on their loans issued to group companies.

10. Cash and cash equivalents

	2020 EUR 1,000	2019 EUR 1,000
Cash (equivalents) at bank and on hand	**6,446**	**6,075**

All cash and bank balances are available on demand.

11. Shareholder's equity

Issued share capital

The authorized and paid-in share capital of the Company consist of 300,577 shares with a par value of EUR 1,000. There are no specific rights, preferences and/or restrictions applicable.

Share premium

The share premium reserve concerns the receipts from the issuance of shares as far as this exceeds the nominal value of the shares.

Other reserves

The other reserves as at 31 December 2020 consists of a legal reserve for currency translation differences related to the Company's equity-accounted investee.

Dividend distribution

On 17 December 2020, the Company declared a dividend in the amount of EUR 69,725 thousand. In line with the shareholder's resolution to that end, the dividend was distributed on 21 December 2020.

On 27 December 2019, the Company declared a dividend in the amount of EUR 263,022 thousand. In line with the shareholder's resolution to that end, the dividend was distributed on 9 January 2020.

Dividend distribution was performed in accordance to Dutch law.

Unappropriated result

- Appropriation of result for the financial year 2019

The Annual report 2019 was adopted in the General Meeting held on 4 May 2020. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

- Proposal for appropriation of result for the financial year 2020

The General Meeting of Shareholders will be asked to approve the following appropriation of the result for the year 2020: an amount of EUR 20,538 thousand to be added to the retained earnings. The result for the year 2020 is included under the unappropriated result item in the shareholder's equity.

The Company can only make payments to the shareholder and other parties entitled to the distributable profit in so far as
(1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and
(2) the shareholder's equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test). If not, management of the Company shall not approve the distribution.

Capital management

The Company's primary objective is to maintain an optimal capital structure that supports its ability to continue as a going concern and safeguard the return for its shareholder, as well as the profits for the holders of equity instruments.

The Company's capital structure includes share capital, reserves and retained earnings. Specifically, the capital management policy is designed to ensure that a reasonable level of debt is maintained and to maximise the creation of shareholder value.

12. Loans and borrowings

Non-current liabilities

	2020 EUR 1,000	2019 EUR 1,000
Bond and other securities	6,667,014	4,824,895
Loans from related parties	-	264,915
Total non-current loans and borrowings	**6,667,014**	**5,089,810**

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Current liabilities

	2020 EUR 1,000	2019 EUR 1,000
Bond and other securities	2,872,045	3,744,162
Loans from related parties	436,705	919,573
Total current loans and borrowings	**3,308,750**	**4,663,735**

The total of accrued interest included in current bonds and other securities amounts to EUR 95,768 thousand (2019: EUR 101,491 thousand). The amortized cost of the principal of the bonds and other securities amounts to EUR 9,443,291 thousand (2019: EUR 8,467,566 thousand).
The total of accrued interest included in current loans from related parties amounts to EUR 580 thousand (2019: EUR 4,487 thousand). The principal of the loans from related parties amounts of EUR 436,125 thousand (2019: EUR 1,180,001 thousand).

More information about loans and borrowings is included in Notes 14 and 15.

13. Trade and other payables

	2020 EUR 1,000	2019 EUR 1,000
Accounts payable to shareholder	-	48
Accounts payable to related parties	16	570
Tax liabilities	180	2,963
Derivative financial instruments	-	2,266
Other payables	338	298
Total trade and other payables	**534**	**6,145**

Tax liabilities

	2020 EUR 1,000	2019 EUR 1,000
Corporate income tax	-	2,685
Value added tax	162	245
Wage tax and social securities	18	33
Total tax liabilities	**180**	**2,963**

Other payables

	2020 EUR 1,000	2019 EUR 1,000
Trade payables to suppliers	73	91
Other payables	265	207
Total other payables	**338**	**298**

More information about financial liabilities is included in Notes 14 and 15.

14. Financial instruments

The tables below include the carrying amounts and fair values of financial assets, financial liabilities, including information on their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Current and non-current financial assets

The breakdown of the different concepts that are included on the balance sheet is as follows:

	2020 EUR 1,000	2019 EUR 1,000
Non-current non-derivative financial assets	6,664,464	4,823,510
Current non-derivative financial assets	3,900,796	5,831,105
Current derivative financial assets	216	9,772
Total financial assets	**10,565,476**	**10,664,387**

The details, by type of assets, of the Company's financial assets as at 31 December 2020 and 2019, are as follows:

As at 31 December 2020	**Fair value through profit and loss** EUR 1,000	**Fair value through OCI** EUR 1,000	**Amortized cost** EUR 1,000	**Total** EUR 1,000
Other financial assets	-	-	6,664,464	6,664,464
Non-current financial assets	-	-	6,664,464	6,664,464
Derivatives	216	-	-	216
Cash and cash equivalents	-	-	6,446	6,446
Other financial assets	-	-	3,894,350	3,894,350
Current financial assets	216	-	3,900,796	3,901,012
Total financial assets	**216**	**-**	**10,565,260**	**10,565,476**

As at 31 December 2019	**Fair value through profit and loss** EUR 1,000	**Fair value through OCI** EUR 1,000	**Amortized cost** EUR 1,000	**Total** EUR 1,000
Other financial assets	-	-	4,823,510	4,823,510
Non-current financial assets	-	-	4,823,510	4,823,510
Derivatives	9,772	-	-	9,772
Cash and cash equivalents	-	-	6,075	6,075
Other financial assets	-	-	5,825,030	5,825,030
Current financial assets	9,772	-	5,831,105	5,840,877
Total financial assets	**9,772**	**-**	**10,654,615**	**10,664,387**

The classification of the financial assets recognized in the financial statements at fair value, by fair value calculation method level hierarchy, is as follows:

EUR 1,000	**Level 1 2020**	Level 1 2019	**Level 2 2020**	Level 2 2019	**Level 3 2020**	Level 3 2019	**Total 2020**	Total 2019
Derivatives	-	-	216	9,772	-	-	216	9,772
Other financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Total	**-**	**-**	**216**	**9,772**	**-**	**-**	**216**	**9,772**

The valuation techniques used for the instruments classified under level 2, which correspond to derivative financial instruments, are based on the income approach, in accordance with accounting regulations, which entail the discounting to present value of future cash flows associated with said instruments, estimated using forward curves offered in the market, including adjustments for credit risk based on the duration of the instruments.

The most significant variables for valuing financial instruments vary depending on the type of instrument, but fundamentally include: exchange rates (spot and forward), interest rate curves, counterparty risk curves, prices of equity securities, and the volatilities of all the aforementioned factors. In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies.

The fair value of the financial assets measured at amortized cost is detailed in the following table:

	Carrying amount		**Fair value**	
	2020 EUR 1,000	**2019 EUR 1,000**	**2020 EUR 1,000**	**2019 EUR 1,000**
Non-current	6,664,464	4,823,510	7,259,829	5,170,252
Current	3,900,796	5,831,105	3,934,200	5,858,228
Total loans and receivables	**10,565,260**	**10,654,615**	**11,194,029**	**11,028,480**

The return accrued on the financial assets disclosed in the table above was equivalent to an average interest rate of 2.26% in 2020 and 2.28% in 2019, respectively.

The maturity of non-current financial assets measured at amortized cost is as follows:

	2020 EUR 1,000	**2019 EUR 1,000**
Year 2	505,640	1,987,544
Year 3	-	505,116
Year 4	845,776	-
Year 5	1,742,853	-
Subsequent years	3,570,195	2,330,850
Balance as at 31 December	**6,664,464**	**4,823,510**

Current and non-current financial liabilities

This note discloses the categories of financial liabilities included in the balance sheet line-items outlined below:

	2020 EUR 1,000	2019 EUR 1,000
Non-current non-derivative financial liabilities	6,667,014	5,089,810
Current non-derivative financial liabilities	3,308,838	4,664,444
Current derivative financial liabilities	-	2,266
Total financial liabilities	**9,975,852**	**9,756,520**

The maturity of non-current financial liabilities measured at amortized cost is as follows:

	2020 EUR 1,000	2019 EUR 1,000
Year 2	498,755	998,603
Year 3	-	497,868
Year 4	845,996	-
Year 5	1,743,471	-
Subsequent years	2,086,845	2,598,555
Undated	1,491,947	994,784
Balance as at 31 December	**6,667,014**	**5,089,810**

Following is a breakdown of the financial liabilities acquired, most of which are secured with a guarantee from Repsol, S.A., as at 31 December 2020 and 2019:

As at 31 December 2020	**Financial liabilities held for trading EUR 1,000**	**Financial liabilities at amortized cost EUR 1,000**	**Total EUR 1,000**	**Fair value EUR 1,000**
Bonds and other securities	-	6,667,014	6,667,014	7,293,466
Other liabilities	-	-	-	-
Non-current financial liabilities	**-**	**6,667,014**	**6,667,014**	**7,293,466**
Bonds and other securities	-	2,872,045	2,872,045	2,905,621
Derivatives	-	-	-	-
Other liabilities	-	436,794	436,794	436,794
Current financial liabilities	**-**	**3,308,839**	**3,308,839**	**3,342,415**
Total financial liabilities	**-**	**9,975,853**	**9,975,853**	**10,635,881**

As at 31 December 2019	**Financial liabilities held for trading EUR 1,000**	**Financial liabilities at amortized cost EUR 1,000**	**Total EUR 1,000**	**Fair value EUR 1,000**
Bonds and other securities	-	4,824,895	4,824,895	5,199,320
Other liabilities	-	264,915	264,915	264,983
Non-current financial liabilities	**-**	**5,089,810**	**5,089,810**	**5,464,303**
Bonds and other securities	-	3,744,162	3,744,162	3,771,473
Derivatives	2,266	-	2,266	2,266
Other liabilities	-	920,282	920,282	920,282
Current financial liabilities	**2,266**	**4,664,444**	**4,666,710**	**4,694,021**
Total financial liabilities	**2,266**	**9,754,254**	**9,756,520**	**10,158,324**

The main inputs used to value financial liabilities vary by instrument but are mainly exchange rates (spot and forward), interest rate curves, counterparty risk curves, equity prices and volatility metrics for all of the listed inputs. In all instances the market data are obtained from reputed information providers or correspond to the prices published by official bodies. Fair value of listed bonds is based on information provided by Luxembourg Stock Exchange.

The classification of the financial liabilities recognized in the financial statements at fair value, by fair value calculation method level hierarchy, is as follows:

EUR 1,000	**Level 1 2020**	Level 1 2019	**Level 2 2020**	Level 2 2019	**Level 3 2020**	Level 3 2019	**Total 2020**	Total 2019
Derivatives	-	-	-	2,266	-	-	-	2,266
Total	**-**	**-**	**-**	**2,266**	**-**	**-**	**-**	**2,266**

The techniques used to value the financial liabilities classified as level 2 for fair value hierarchy purposes are based, in keeping with prevailing accounting rules, on an income approach and consist of discounting known or estimated future cash flows (estimated using implied forward curves provided by the market in the case of derivatives) to present value using discount curves built from benchmark market interest rates adjusted for credit risk as a function of the terms of the various instruments.

In relation with liquidity risk, disclosure of maturities relevant to Repsol funding as at 31 December 2020 and 2019 is provided in Note 15.

The breakdown of average loan balances outstanding and cost by instrument is as follows:

	2020		**2019**	
	Average volume EUR million	**Average cost %**	**Average volume EUR million**	**Average cost %**
Bonds	7,349	3.0	6,825	2.9
Other securities	1,606	(0.2)	1,836	(0.1)
Loans from related parties	808	1.4	1,090	2.9
Total	**9,763**	**2.5**	**9,751**	**2.4**

Bonds and other securities

The chart below discloses issues, buybacks and repayments of debt securities (recognized under current and non-current *Bonds and other securities*) in 2020 and 2019 (excluding accrued interest amounts):

	Balance as at 31 Dec 2019 EUR 1,000	(+) **Issuances EUR 1,000**	(-) **Repurchases or reimbursement EUR 1,000**	(+/-) **Exchange rate and other adjustments EUR 1,000**	**Balance as at 31 Dec 2020 EUR 1,000**
Bonds	6,624,895	3,831,442	(2,393,723)	10,677	8,073,291
Other securities	1,842,671	3,947,340	(4,424,505)	4,494	1,370,000
Total	**8,467,566**	**7,778,782**	**(6,818,228)**	**15,171**	**9,443,291**

	Balance as at 31 Dec 2018 EUR 1,000	(+) Issuances EUR 1,000	(-) Repurchases or reimbursement EUR 1,000	(+/-) Exchange rate and other adjustments EUR 1,000	Balance as at 31 Dec 2019 EUR 1,000
Bonds	6,975,321	750,000	(1,099,115)	(1,311)	6,624,895
Other securities	1,634,744	7,069,275	(6,864,164)	2,816	1,842,671
Total	**8,610,065**	**7,819,275**	**(7,963,279)**	**1,505**	**8,467,566**

Key issues and repayments carried out in 2020

Through the year, the Company has a medium term note program (the *EUR 10,000,000,000 Guaranteed Euro Medium Term Note (EMTN) Programme*). It is registered with the *Luxembourg Commission de Surveillance du Secteur Financier* and was renewed on 3 April 2020, with a limit up to EUR 10,000,000,000.

Under the scope of this program:

The Company applies for the admission to trading on the Luxembourg Stock Exchange any bonds to be issued under the Programme, as the Company filed with the competent authorities the relevant Base Prospectus (and its Supplements, when appropriate) in accordance with the laws and regulations governing public offers of securities and their admission to trading in regulated markets.

In 2020, the below listed bond was issued under the EMTN Programme:

- On 15 April 2020, a EUR 750 million 5.5-year bond at 99.967% of the aggregate nominal amount with a coupon of 2.000% fixed interest.
- On 15 April 2020, a EUR 750 million 10-year bond at 99.896% of the aggregate nominal amount with a coupon of 2.625% fixed interest.
- On 5 October 2020, a EUR 850 million 4-year bond at 99.753% of the aggregate nominal amount with a coupon of 0.125% fixed interest.

In 2020 the below listed bonds matured:

- A bond issued by the Company on 28 May 2013, in the amount of EUR 1,200 million, which carried a fixed annual coupon of 2.625%, matured on 28 May 2020.
- A bond issued by the Company on 16 December 2015, in the amount of EUR 600 million, which carried a fixed annual coupon of 2.125%, matured on 16 December 2020.

Furthermore the following issuances and repayments occurred in 2020:

- On 11 June 2020 the Company issued a EUR 750 million 6 year non-call undated subordinated bond which a coupon of 3.750% interest fixed for the first 6 years
- On 11 June 2020 the Company issued a EUR 750 million 8.5 year non-call undated subordinated deeply subordinated bond which a coupon of 4.247% interest fixed for the first 8.5 years
- On 12 June 2020 and in the context of a tender offer announces on 2 June, the Company purchased and redeemed EUR 593.7 million of the 6 year non-call undated subordinated bond issued on 25 March 2015, which carries a fixed annual coupon of 3.875%, for a market price of 101.20% (together with accrued and unpaid interests).

In addition, throughout the year, the Company has a EUR 2,000 million Euro Commercial Paper (ECP) Program (arranged on 26 March 2010) which is guaranteed by Repsol, S.A.

The outstanding balances of issues made under this program as at 31 December 2020, were EUR 1,370 million. ECPs are short-term in nature.

Key issues and repayments carried out in 2019

Through the year, the Company has a medium term note program (the *EUR 10,000,000,000 Guaranteed Euro Medium Term Note (EMTN) Programme*). It is registered with the *Luxembourg Commission de Surveillance du Secteur Financier* and was renewed on 4 April 2019, with a limit up to EUR 10,000,000,000.

Under the scope of this program:

The Company applies for the admission to trading on the Luxembourg Stock Exchange any bonds to be issued under the Programme, as the Company filed with the competent authorities the relevant Base Prospectus (and its Supplements, when appropriate) in accordance with the laws and regulations governing public offers of securities and their admission to trading in regulated markets.

In 2019, the below listed bond was issued under the EMTN Programme:

- On 2 August 2019, a EUR 750 million 8-year bond at 99.684 per cent of the aggregate nominal amount with a coupon of 0.25 per cent fixed interest.

In 2019 the below listed bonds matured:

- A bond issued by the Company in two tranches on 19 January 2012, and 14 February 2012, in the total amount of EUR 1,000 million, which carried a fixed annual coupon of 4.875%, matured on 19 February 2019.
- A bond issued by the Company on 15 July 2016, in the amount of EUR 100 million, which carried a fixed annual coupon of 0.125%, matured on 15 July 2019.

In addition, throughout the year, the Company had a EUR 2,000 million Euro Commercial Paper (ECP) Program (arranged on 26 March 2010) which is guaranteed by Repsol, S.A.

The outstanding balances of issues made under this program as at 31 December 2019, were EUR 1,627 million and USD 242 million. ECPs are short-term in nature.

Guaranteed debt security issues

In general, the terms and conditions of the bonds include standard early termination events. In the case of the bonds issued by the Company and guaranteed by Repsol, S.A. (face value of EUR 8,106 million; EUR 6,650 million in 2019), the terms and conditions of the bonds (except the undated subordinated bonds and the subordinated bond maturing in 2075, the “Subordinated Bonds”) contain certain early termination events (including cross-acceleration and cross default, applicable to the issuer and the guarantor) and negative pledge covenants in relation to bond issues (as long as any of the bonds remain outstanding, the issuer and the guarantor will not create or have outstanding any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its undertaking, assets or revenues or to secure any guarantee of or indemnity in respect to any bonds).

If an event of default is triggered, the trustee, at its sole discretion or at the behest of the holders of at least one-fifth of the bonds or on the basis of an extraordinary bondholder resolution, is entitled to declare all the obligations under the bonds due and payable immediately. In addition, the holders of the bonds issued in 2012 through 2018 may elect to have their bonds redeemed upon a change of control at Repsol if such change of control results in Repsol's credit ratings being downgraded to below investment grade status.

As regards the Subordinated Bonds, the issuer can defer the coupon payments without triggering an event of default. Coupons so deferred will be cumulative and must be paid in certain cases described in the related terms and conditions of the issue.

At the date of preparation of the accompanying financial statements for issue, the Repsol Group was not in breach of any of its financial obligations or of any other obligation that could trigger the early repayment of the bonds issued by the Company.

Other financial liabilities

The chart below discloses issuances, repurchases and reimbursements of other financial liabilities (recognized under current and non-current *Loans and borrowings*) in 2020 and 2019 (principal amounts only):

	Balance as at 31 Dec 2019 EUR 1,000	(+) Issuances EUR 1,000	(-) Repurchases or reimbursement EUR 1,000	(+/-) Exchange rate and other adjustments EUR 1,000	Balance as at 31 Dec 2020 EUR 1,000
Loans from related parties	1,180,002	1,894,555	(2,646,094)	7,662	436,125
Total	**1,180,002**	**1,894,555**	**(2,646,094)**	**7,662**	**436,125**

	Balance as at 31 Dec 2018 EUR 1,000	(+) Issuances EUR 1,000	(-) Repurchases or reimbursement EUR 1,000	(+/-) Exchange rate and other adjustments EUR 1,000	Balance as at 31 Dec 2019 EUR 1,000
Loans from related parties	992,505	777,375	(607,997)	18,119	1,180,002
Total	**992,505**	**777,375**	**(607,997)**	**18,119**	**1,180,002**

Net debt

The positive net debt of the Company can be specified as follows:

	2020 EUR 1,000	2019 EUR 1,000
Cash and cash equivalents	6,446	6,075
Investments - receivable within one year	3,894,350	5,825,030
Borrowings - repayable within one year	(3,308,750)	(4,663,735)
Current net debt	**592,046**	**1,167,370**
Investments - receivable after one year	6,664,464	4,823,510
Borrowings - repayable after one year	(6,667,014)	(5,089,810)
Non-current net debt	**(2,550)**	**(266,300)**
Total net debt	**589,496**	**901,070**

A breakdown of the net debt by interest rate profile can be shown as follows:

	2020 EUR 1,000	2019 EUR 1,000
Cash and cash equivalents	6,446	6,075
Net debt - fixed interest rates	(11,132)	(14,494)
Net debt - variable interest rates	594,182	909,489
Total net debt	**589,496**	**901,070**

Derivative transactions

The table below reflects the impact on the balance sheet of derivative financial instruments as at 31 December 2020 and 2019 as a result of changes in their fair value since their origination and their maturities:

Classification as at 31 Dec 2020 EUR 1,000	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Fair value
Other derivative financial instruments					
Exchange rate	-	216	-	-	216
Total	**-**	**216**	**-**	**-**	**216**

Classification as at 31 Dec 2019 EUR 1,000	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Fair value
Other derivative financial instruments					
Exchange rate	-	9,772	-	(2,266)	7,506
Total	**-**	**9,772**	**-**	**(2,266)**	**7,506**

Other derivative transactions

The Company has arranged a series of derivatives to manage its exposure to foreign exchange and price risk that do not qualify as accounting hedge under IAS 39. These derivatives include currency forward contracts which mature in less than a year, as part of its strategy to manage the exposure to exchange-rate risk.

Guarantees

As at 31 December 2020, the Company does not have extended guarantees to third parties or Repsol Group companies whose assets, liabilities and earnings are not presented in the financial statements (joint-ventures and equity-accounted investees).

15. Financial risk management

The Company identifies, evaluates and mitigates financial risks in close cooperation with its Parent Company's Financial Risk Department. This department, with the aim to promote best practices, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks.

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The management of each Group entity is involved in the risk management process.

The main financial risks are market risk, credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the market risks of changes in currency exchange rates, interest rates and credit ratings. Market risk (the risk that changes in market prices, such as currency exchange rates and interest rates) will affect the Company's income or the value of its holdings of financial instruments.

Exchange rate fluctuation risk

Fluctuations in exchange rates may adversely affect the result of transactions and the value of the Company's equity. In general, this exposure to fluctuations in currency exchange rates stems from the fact that the Company has assets, liabilities and cash flows denominated in a currency other than the functional currency of the Company.

In order to mitigate the risk, and when considered appropriate, the Company performs investing and financing transactions, using the currency for which risk exposures have been identified. The Company can also carry out transactions by means of financial derivative instruments for currencies that have a liquid market, with reasonable transaction costs.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against all other currencies as at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The only individual currency with material impact is USD.

EUR (million)	**Result for the year**		**Other comprehensive income**	
	2020	**2019**	**2020**	**2019**
Functional currency strengthens 5%	(2)	(1)	(1)	(2)
Functional currency weakens 5%	2	1	1	2

Interest rate risk

The market value of the Company's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations that could affect the interest income and interest costs of financial assets and liabilities tied to floating interest rates, as well as the fair value of financial assets and financial liabilities tied to a fixed interest rate.

When considered appropriate, the Company may decide to mitigate the interest rate risk by means of derivative financial instruments for which there is a liquid market, these hedging mechanisms are limited and, therefore, could be insufficient. Consequently, changes in interest rates could have an adverse effect on the Company's business, results and financial position.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management of the Company is as follows:

EUR (million)	**2020**	**2019**
Fixed-rate financial instruments	(11)	(14)
Variable rate financial instruments	594	909
Net interest bearing financial instruments	**583**	**895**

Sensitivity analysis

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

EUR (million)	**Result for the year**	
	2020	**2019**
Increase of 50 bps	3	5
Decrease of 50 bps	(3)	(5)

There is no significant impact on equity.

Credit rating risk

Credit ratings affect the pricing and other conditions under which the Company is able to obtain financing. Any downgrade in the credit rating could restrict or limit the Company's access to the financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's loans receivable from related parties and unsettled derivatives whose fair value is positive. The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their credit ratings.

The carrying amount of financial assets represents the maximum credit exposure.

Loans receivable from related parties

The credit risk of each loan is influenced by the individual characteristics of each counterparty. The Company applies IFRS 9 therefore if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month expected credit losses. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. However, the Company is not exposed to a significant credit risk due to the credit rating and liquidity of the debtors. No loan was overdue as at 31 December 2020 and 31 December 2019.

Derivative financial instruments

The derivative financial instruments are entered at investment grade with bank and financial institution counterparties that meet the standards of solvency in accordance with the market conventions regulating these kinds of financial transactions.

Cash and cash equivalents

The Company held cash and cash equivalents of EUR 6,446 thousand as at 31 December 2020 (2019: EUR 6,075 thousand). The cash and cash equivalents are held with bank and financial institution counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In this regard, the Company has a positive net debt balance of EUR 589 million as at 31 December 2020 (2019: EUR 895 million) and an excess of current assets over current liabilities of EUR 604 million as at 31 December 2020 (2019: EUR 908 million).

The Company's Treasury Department controls and monitors its financial needs ranging from the production of daily cash flow forecasts to the financial planning involved in the annual budgets and Repsol Group's strategic plan; it maintains diversified and stable sources of financing that facilitate efficient access to financial markets, all within the framework of a financing structure that is compatible with Repsol Group's credit rating in the investment grade category. As a result, the Company relies on its shareholder to cover any incidental liquidity needs through issuance of additional loans.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

	Financial liabilities as at 31 December 2020						
EUR (million)	2021	2022	2023	2024	2025	subsequent	TOTAL
Bonds and other securities	1,620	662	159	1,009	1,908	3,869	9,227
Other securities	1,370	-	-	-	-	-	1,370
Other liabilities	439	-	-	-	-	-	439
Total	**3,429**	**662**	**159**	**1,009**	**1,908**	**3,869**	**11,036**

	Financial liabilities as at 31 December 2019						
EUR (million)	2020	2021	2022	2023	2024	subsequent	TOTAL
Bonds	1,985	1,141	605	102	102	7,687	11,622
Other securities	1,842	-	-	-	-	-	1,842
Other liabilities	913	271	-	-	-	-	1,184
Total	**4,740**	**1,412**	**605**	**102**	**102**	**7,687**	**14,648**

16. Related parties

Parent and ultimate controlling party

The Company is a wholly owned subsidiary of Repsol, S.A, incorporated in Madrid, Spain. Repsol, S.A. is a Spanish integrated oil company engaged in all aspects of the petroleum and energy business and one of the largest industrial groups in Spain.

The Company undertakes transactions with related parties on an arm's length basis. For the purposes of presenting this information, the following are considered to be related parties:

a. Major shareholders: the Company's significant shareholder that is deemed a related party is Repsol, S.A. (100% share capital as at 31 December 2020 and 2019) and its group companies.
b. Executives and directors: includes members of the Board of Directors.
c. People, other companies or entities: includes transactions with other people, companies or entities (corresponding mainly to transactions undertaken with companies accounted for using the equity method).

Income, expenses and other transactions recorded in 2020 with related parties were as follows:

	Shareholder EUR 1,000	Other related parties EUR 1,000	Executive and Directors EUR 1,000	Group companies EUR 1,000	Total EUR 1,000
Expense and income					
Financial expenses	-	15,330	-	-	15,330
Derivative financial instruments		17,789	-	-	17,789
Other expenses	179	1,450	391	-	2,020
Total expenses	**179**	**34,569**	**391**	**-**	**35,139**
Financial income	220,359	23,268	-	-	243,627
Derivative financial instruments	-	17,789	-	-	17,789
Dividends received	-	-	-	28,683	28,683
Total income	**220,359**	**41,057**	**-**	**28,683**	**290,099**

	Shareholder EUR 1,000	Other related parties EUR 1,000	Executive and Directors EUR 1,000	Group companies EUR 1,000	Total EUR 1,000
Other transactions					
Finance agreements: credits and capital contributions (lender)	7,660,051	2,898,763	-	-	10,558,814
Finance agreements: credits and capital contributions (borrower)	-	(436,705)	-	-	(436,705)
Derivative financial instruments	-	216	-	-	216
Other receivables	1,403	-	-	-	1,403
Other payables	-	(16)	-	-	(16)

Income, expenses and other transactions recorded in 2019 with related parties were as follows:

	Shareholder EUR 1,000	Other related parties EUR 1,000	Executive and Directors EUR 1,000	Group companies EUR 1,000	Total EUR 1,000
Expense and income					
Financial expenses	-	31,146	-	-	31,146
Derivative financial instruments	-	7,549	-	-	7,549
Other expenses	247	1,669	420	-	2,336
Total expenses	**247**	**40,364**	**420**	**-**	**41,031**
Financial income	196,989	54,673	-	-	251,662
Dividends received	-	-	-	22,518	22,518
Total income	**196,989**	**54,673**	**-**	**22,518**	**274,180**

	Shareholder EUR 1,000	Other related parties EUR 1,000	Executive and Directors EUR 1,000	Group companies EUR 1,000	Total EUR 1,000
Other transactions					
Finance agreements: credits and capital contributions (lender)	6,212,502	4,436,038	-	-	10,648,540
Finance agreements: credits and capital contributions (borrower)	-	(1,184,488)	-	-	(1,184,488)
Dividend payable to shareholders	(263,022)	-	-	-	(263,022)
Derivative financial instruments	-	9,772	-	-	9,772
Other payables	(48)	(570)	-	-	(618)

The related party transactions performed by the Company form part of the Company's ordinary business activities in terms of their purpose and terms and conditions. All transactions are considered to be at arm's length.

17. Auditor's remuneration

The fees listed below relate to procedures applied to the Company by PricewaterhouseCoopers Accountants N.V., the Netherlands, the external independent auditor as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by other Dutch and foreign-based PricewaterhouseCoopers individual partnerships and legal entities:

	2020 EUR 1,000	2019 EUR 1,000
Financial statements audit fees	57	56
Other assurance and non-assurance fees	-	-
Total auditor's remuneration	**57**	**56**

18. Directors' remuneration

The emoluments, including pension costs as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the Company amounted to EUR 391 thousand (2019: EUR 420 thousand) for managing directors and former managing directors. Solely the managing directors qualify as key management personnel and all their emoluments regard short-term employee benefits. Other directors do not receive any remuneration from the Company.

There are no loans, advances and guarantees granted by the Company to its directors.

19. Corporate Governance

The board took into consideration the enactment of the EC Directive 2006/43/EU implemented by a Royal Decree of 26 July 2008 ('the Decree') and the obligations, because of its listed securities, as a public interest organization. The corporate governance compliance obligations in respect of article 2, section 2, sub a to f of the Decree has been delegated to the Audit Committee of its parent company, Repsol, S.A. The board also took Regulation (EU) No 537/2014 into consideration.

20. Non-cash transactions

Certain financial transactions occur without actual cash flows on the Company's bank accounts. There are four relevant categories of these transactions:

1. capitalization of accrued interest in an existing loan
2. netting of existing loans receivable and loans payable with the same related party
3. agreements on assignment of loans receivable and loans payable from one related party to another
4. arrangements on payments to settle transactions without the use of the Company's bank accounts

These transactions are part of the Company's ordinary activities. All relevant transactions are transactions between Repsol Group companies.

The non-cash investing and financing activities of the Company, which are not reflected in the statement of cash flows, can be presented as follows:

	2020 EUR 1,000	2019 EUR 1,000
Changes in working capital	-	-
Loans receivable new issuance	(2,338,783)	(108,799)
Loans receivable settlements	3,107,757	540,489
Interest on loans and receivables received	22,058	55,621
Investment in equity-accounted investees	-	-
Dividends paid to shareholders	-	(487,311)
Loans payable new issuance	1,629,889	66,775
Loans payable settlements	(2,407,763)	(2,201)
Interest on loans and borrowings paid	(13,158)	(64,574)

21. Subsequent events

On 3 February 2021, the Company released a call option notice to redeem all currently outstanding 6-year Non-Call perpetual notes issued in 2015. The notes will be redeemed on 25 March 2021 at their outstanding principal amount (EUR 406.277 thousand) together with any accrued and unpaid interest.

No other significant events, which could have a material impact, occurred between year-end 2020 and the date on which the Directors approved and authorized these financial statements for issue.

22. Signing of the financial statements

The Hague, 26 February 2021

The Board of Directors:

R.W.A. van Nauta Lemke

J.M. Diaz Fernandez

V. de Luis Pastor

A. Manero Ruiz

The managing directors that attended this board meeting via video conference were not able to co-sign the management report and the accounts to be presented to the annual general meeting of shareholders but each of them in that meeting have agreed with the content of the management report and the accounts, and have empowered the undersigned to state such in this note.

Other information

1. Independent auditor's report

Reference is made to the independent auditor's report included hereafter.

2. Provisions in the Articles of Association governing the appropriation of profit

Article 22 of the Company's Articles of Association provides that the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Independent auditor's report

To: the general meeting of Repsol International Finance B.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of Repsol International Finance B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Repsol International Finance B.V., Den Haag.

The financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the following statements for 2020: the statement of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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

YK6ZD3JESJ7Q-216952071-31

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Independence

We are independent of Repsol International Finance B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Repsol S.A. as disclosed in note 14 to the financial statements. The Company has derivative financial instruments in place to mitigate interest rate risk and currency risk. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 2(f) of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the measurement of expected credit losses, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the existence of the loans issued as a key audit matter because of the importance of existence for users of the financial statements.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included specialists in the area of valuation in our team.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €106,000,000 (2019: €107,079,000). As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders. Inherent to the nature of the Company's business, the amounts in the statement of financial position are large in proportion to the statement of comprehensive income line items employee benefit costs, other operating expenses and income tax expense. Based on qualitative considerations we performed audit procedures on those statement of comprehensive income line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €5,300,000 (2019: €5,353,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Due to the nature of the Company, key audit matters do not change significantly year over year. As compared to last year there have been no changes in key audit matters.

Key audit matter	***How our audit addressed the matter***
Measurement of expected credit losses *Note 9* We considered the valuation of the loans to group companies, as disclosed in note 9 to the financial statements for a total amount of €10,558,814,000, to be a key audit matter. This is due to the size of the loan portfolio and relevant impairment rules. Management has determined that all loans to group companies are categorised as stage 1 loans, hence only a 12-month expected credit loss ('ECL') has been recognised. As stated in paragraph 2(d) to the financial statements, management of the Company has assessed that the impact of Covid-19 has been limited on the Company, due to the sector in which the group operates (energy sector). As disclosed in note 9 to the financial statements, the Company has not and has not been asked to grant any payment holidays on their loans to group companies.	We performed the following procedures to test management's assessment of the expected credit loss to support the valuation of the loans to Repsol S.A. group companies: • With respect to the ECL calculation, we determined that the loans qualify as stage 1 loans by assessing the actual performance of the loans (i.e. no significant deterioration of credit risk). • We evaluated the financial position of the counterparties of loans to group companies by assessing observable data from rating agencies, developments in credit spreads, the latest available financial information and other publicly available data in order to assess if there are no adverse conditions present suggesting to classify the loans as stage 2 or

Key audit matter	How our audit addressed the matter
The impairment rules in IFRS 9 are complex and require judgement to calculate the ECL. Amongst other things, this applies to choices and judgements made in the impairment methodology, including the determination of the point in time probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD'). These calculations also take into account forward-looking information of macro-economic factors considering multiple scenarios. Management monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance. Mainly with respect to the PD and LGD used in the determination of the expected credit losses, management has applied significant judgement given the low default character of the entity's loan portfolio. As a result, there is limited internal historical data to support and back-test the PD and LGD. In the absence of internal historical losses and default information, management used data from external data source providers in determining the ECL.	stage 3 loans. We have assessed management's position on the impact of the COVID-19 on the financial position of the counterparties of the loans to group companies as part of our procedures. • For the expected credit loss, we assessed that the impairment methodology and model applied by the entity were in accordance with the requirements of IFRS 9. We assessed that the forward-looking information used by the client as part of the impairment methodology was appropriate considering the characteristics of the loan portfolio of Repsol International Finance B.V. We have assessed management's position on the impact of the COVID-19 on the forward-looking information as part of our procedures. • We assessed for a sample of financial instruments that the PD and LGD and the assumptions applied by management, are appropriate and were based upon data from external data source providers including indicators for potential management bias. We have recalculated the impairment recorded in the financial statements. We found management's assessment to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.
Existence of the loans to group companies *Note 9* We considered the existence of the loans to group companies, as disclosed in note 9 to the financial statements for a total amount of €10,558,814,000, to be a key audit matter. Significant auditor's attention is necessary because of the size of the loan portfolio and the importance of existence for users of the financial statements.	We performed the following procedures to support the existence of the loans to Repsol S.A. group companies: • We confirmed the existence of the loans with the counterparties on a sample basis. • We compared interest receipts with bank statements Based on the procedures as set out above, we found no material differences.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

The board of directors is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Repsol International Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held on 9 October 2017. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of three years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 17 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 26 February 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.P.A. Corver RA

Appendix to our auditor's report on the financial statements 2020 of Repsol International Finance B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

STATEMENT

The members of the Board of Directors of REPSOL INTERNATIONAL FINANCE B.V. (the "Company") state that, to the best of our knowledge, the Financial Statements for the year ended on the 31st of December 2020, approved by the Board of Directors on 26 February 2021, and prepared in accordance with the applicable accounting principles give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and that the management reports include a fair view of the development and performance of the business and the position of the Company, as well as a description of the principal risks and uncertainties facing it.

_______________________	_______________________
Mr. José Manuel Díaz Fernández Director	Mr. Rolf Wim Adriaan Van Nauta Lemke Director
_______________________	_______________________
Mr. Alfredo Manero Ruiz Director	Ms. Virginia de Luis Pastor Director