

# ANNUAL REPORT 2013

Letter from the Chairman

Legal status and objectives of ICO

General Board and executives

Activity Report

A. ICO's lending activity in 2013

A.1. Lines of financing distributed through second-floor facilities

A.2. Loans distributed directly by ICO

B. Funding

C. Operations managed by the State

D. Investments in capital, quasi-capital and guarantee funds

E. Investments in companies

F. Balance Sheet and Income Statement for the year

G. Human Resources

Appendices

## LETTER FROM THE CHAIRMAN



Nearly six years since the onset of the Great Recession, in 2013 the Spanish economy began a gradual recovery relying partly on progressive improvement of financing conditions and on the strong performance of the export sector, driven by the competitiveness gains of recent years.

The dissipation of the perception of a risk of a rupture in the eurozone reversed the dynamics seen in 2012, thus leading the Spanish economy into a virtuous circle. The gradual reduction in financial fragmentation and the State's improving financing conditions are being felt in the real economy in the form of lower interest rates in new loans to SMEs and in better conditions applied by banks. Further, simultaneously with the ongoing improvement in the economic outlook, the demand for credit is increasing, driven by companies' financing needs for fixed capital investments. As a result, the better supply and demand conditions brought about an uptick in the flow of new loans to SMEs in the latter half of the year that is in line with the slowdown in the same period in the contraction of the total financing stock for companies.

In addition, the Spanish economy continued its process of international expansion and rotation of its productive structure. The first surplus in 25 years was attained (0.7% of GDP) in the current account balance and external demand continued to make a positive input (1.5pp) to GDP growth. Although Spanish exports of goods and services barely represented 27% of GDP in 2007, they now represent more than 34%, above countries like the UK, Italy, France, the United States or Japan. This strength of the Spanish export sector, in combination with the incipient stabilisation of domestic demand induced by the momentum of investment in capital goods and machinery, allowed the Spanish economy to exit the recession in the third quarter and quickened the pace of quarter-on-quarter growth (up to +0.2%) in the last three months of the year.

In the midst of this change of cycle, ICO kept up an active presence in the Spanish financial system, offering a counter-cyclical response to Spanish companies' financing needs as well as helping to revive the flow of credit. This presence in the system resulted in an increase in the weight of ICO loans as part of the total loans at more than 1 year of the entire financial system, amounting to 11.4% in December 2013, the highest in this historical series, up from 10.6% of the previous year. As a result, the weight of the ICO balance sheet as part of the total assets of the system also mildly increased from 3.4% in 2012 to 3.5% in 2013, and the ICO remained the seventh largest bank in Spain in terms of the size of its balance sheet (€102,203 million).

ICO activity aims to provide Spanish companies with a framework of adequate financing to enable them to undertake their productive activity. In this regard, last year 190,217 loan operations were formalised amounting to €15,140 million, up 17% on 2012. To be able to undertake these operations, ICO raised €11,495 million, of which 73% was raised through medium and long-term term issues in capital markets, where ICO remains one of Spain's leading fixed-income issuers. The other 27% was raised through bilateral loans both from multilateral bodies (European Investment Bank (EIB), Development Bank of Latin America (CAF) and the Council of Europe Development Bank (CEB)) and foreign institutions that are similar to ICO (Kreditanstalt Für Wiederaufbau (KfW) of Germany). ICO not only managed to increase to 47% (as against 41% of the previous year) the proportion of instruments placed among foreign investors, but also successfully carried out its first issues in foreign currencies (dollars and yens) since 2011.

92% of the new loans granted in 2013 (€13,884 million) were carried out through so-called “second-floor facilities” which are articulated with credit institutions and aim to finance investment projects or the liquidity needs of Spanish companies. A second-floor facility is a form of co-operation that, since its inception more than 20 years ago, has been establishing itself as one of the most efficient systems for the distribution of ICO financing. In this regard, the volume of new second-floor loans granted in 2013 was 21% higher than in the previous year.

The total activity managed by ICO grew to €156,435 million in 2013, up 19% on 2012. This amount includes not only the stock of credit and guarantees in the financial statements at the end of last year (€74,827 million) but also funds the management of which was transferred to ICO, in its capacity as State Financial Agency, by the Government. Among such funds would be the Fund for the Financing of Payments to Suppliers (FFPP) (€33,342 million), the Autonomous Region Liquidity Fund (FLA) (€39,091 million) and various foreign sector support instruments, such as the Development Promotion Fund (FONPRODE), the Corporate Internationalisation Fund (FIEM) the Water and Sanitation Co-operation Fund (FCAS) and the Reciprocal Interest Adjustment Contract (CARI).

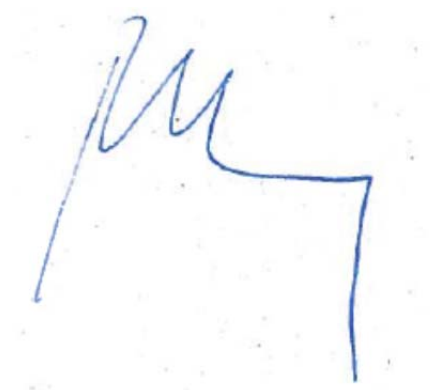
Further, AXIS Participaciones Empresariales, SGEER, ICO's venture capital management subsidiary, launched FOND-ICO Global in 2013, a fund of funds with €1,200 million that has the objective of investing in more than 40 private funds and raise €5,000 million over the next four years. The investment selection process of the fund, which made an initial investment of €189 million in six private funds in late 2013, is articulated on the basis of the principles of public tenders: publicity, competition, equality and transparency.

It is also important to note that the most important growth experienced in recent years both in terms of both the size of the balance sheet and the activities managed by ICO has not occurred, in any way, at the cost of a deterioration in the main financial ratios. In fact, prudent management of our balance sheet, in line with best market practices has allowed us to improve our solvency ratios (from 14.5% in 2012 to 19.8% in 2013) and efficiency ratios (from 4.7% to 4.5% in the ratio of conversion expenditure

over ordinary gross income) while we have maintained our NPL rate (5.3%) and coverage of the same (132%) at levels significantly better than those of the Spanish financial system as a whole.

2014 will be the year of consolidation of the process of gradual recovery that began in the latter half of 2013. This change of cycle creates new challenges and opportunities for the Spanish business community, whose internationalisation ICO will continue to support both in the quantity and variety of products and in their quality and adequacy for the needs of our companies.

I would like to conclude this letter by expressing my personal thanks to all the employees of ICO for their effort, commitment and dedication to press on with this difficult task, and without whom these results would not have been possible.

A handwritten signature in blue ink, appearing to be 'Román Escolano', written over a faint grid background.

Román Escolano

Chairman of ICO

## LEGAL STATUS AND OBJECTIVES OF ICO

Instituto de Crédito Oficial (ICO) is a public corporate entity under the Ministry of Economy and Competitiveness through the Secretary of State for the Economy and Business Support, which has the legal status of a credit institution, and is considered a State Financial Agency, with its own legal status, assets and treasury, as well as having independent management to carry out its activities.

ICO's main objectives are to sustain and promote economic activities that contribute to growth and the improved distribution of national wealth, guided by the principle of financial equilibrium. These objectives are accomplished by ICO in its dual role of Specialised Credit Institution and State Financial Agency.

As State Financial Agency, by express instruction of the Government, it finances situations of serious economic crisis, natural disasters or similar situations and manages funds for the official support of internationalisation and development.

As a Specialised Credit Institution it acts in two ways: through so-called second-floor facilities, in which ICO finances small and medium sized companies and self-employed workers through loans granted by private lenders, which assume the credit risk; directly funding large, public or private productive investment projects by Spanish companies in Spain or abroad, assuming the risk of the operations.

ICO is not financed by the State Budgets, but rather in the capital markets, with the Spanish government guarantee on debts and other liabilities incurred by raising funds in these markets.

## GENERAL BOARD AND ORGANISATIONAL CHART

(on 31 December 2013)

### GENERAL BOARD

Chairman:

ROMÁN ESCOLANO

Members:

ROSA MARÍA SÁNCHEZ-YEBRA

Director of the Minister of Economic Affairs and Competitiveness Office  
Ministry of Economy and Competitiveness

CARMEN CÁRDENO

Director General of Domestic Trade  
Ministry of Economy and Competitiveness

FELIPE MARTÍNEZ

Director of the Minister of Finance and Public Administration's Office  
Ministry of Finance and Public Administrations

JAIME IGLESIAS

Director General of Budgets  
Ministry of Finance and Public Administrations

JUAN MIGUEL BÁSCONES

Director General of Economic Programming and Budgets  
Ministry of Public Works

MARÍA DEL CORISEO GONZÁLEZ-IZQUIERDO

CEO

Instituto Español de Comercio Exterior (Spanish Institute for Foreign Trade, or ICEX)

ADOLFO DÍAZ-AMBRONA

Technical Secretary General  
Ministry of Agriculture, Food and Environment

JAIME PONCE

Assistant Director General of Legislation and Financial Policy  
Ministry of Economy and Competitiveness

IGNACIO MEZQUITA  
Director General for Economic Policy  
Ministry of Economy and Competitiveness

Secretary of the Board:

IDOYA ARTEAGABEITIA  
Secretary of the General Board  
Assistant Director General of Legal Counsel of ICO

## ORGANISATIONAL CHART

FERNANDO NAVARRETE  
Chief Financial Officer

JOSÉ MARÍA GEFAELL  
Chief Investment Officer

GERARDO GIMENO  
Chief Risk Officer

MARÍA TERESA MOGÍN  
Chief Human Resources Officer



## ACTIVITY REPORT

In 2013, the Spanish economy underwent a gradual and sustained recovery, successfully overcoming - especially in the latter part of the year - the critical phase it passed through in 2012.

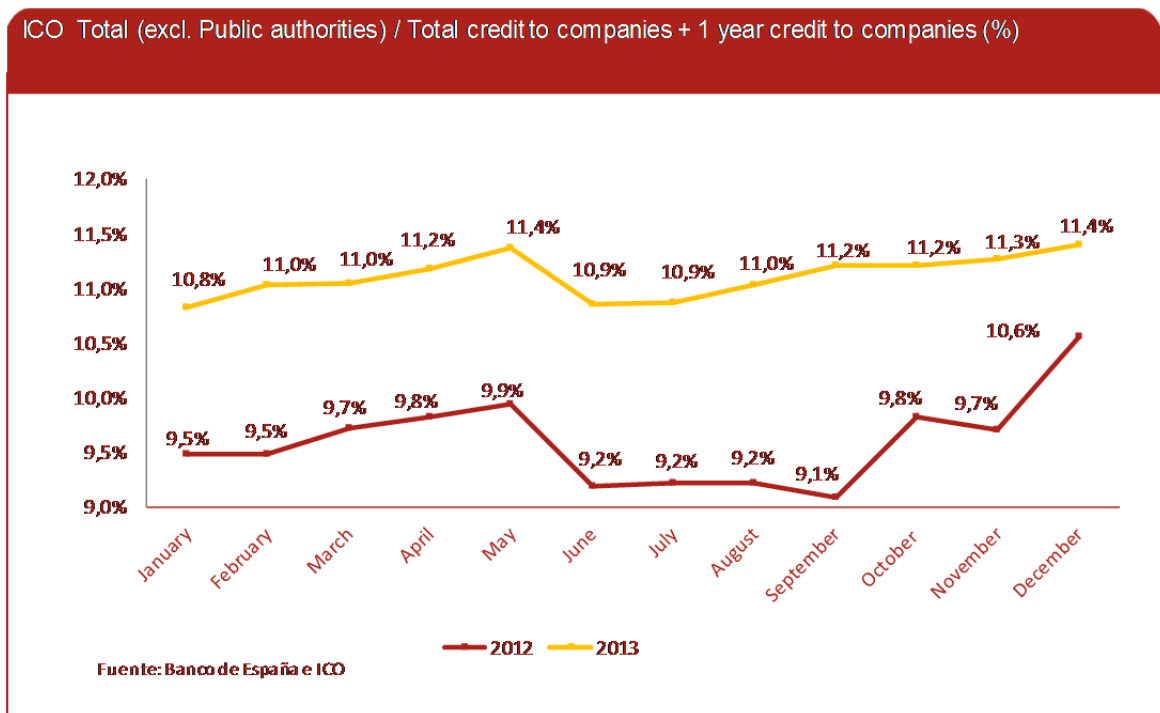
This performance was mainly due to the easing of financial tensions brought about by the economic measures taken in Europe and Spain, to the contribution of the foreign sector and improving confidence.

Although the Spanish financial market benefited from improvements in the eurozone, resulting in a steady decline of the risk premium against Germany, these improvements were not fully passed on to companies. Nevertheless, the pace of the decline in lending to companies began to fall from mid-2013, with a reactivation seen in the final stretch of the year, allowing new operations of less than one million euros to end the year at positive year-on-year rates for the first time since the onset of the crisis.

With this economic and financial environment, Instituto de Crédito Oficial, according to its nature and the functions assigned to it, has continued to maintain an active presence in the Spanish financial system, playing an essential role in channeling credit to companies.

In 2013, ICO completed lending operations amounting to €15,140 million. Of this amount, €13,884 million was granted through second-floor facilities retailed by the private financial sector, up 21% on the previous year. This financing took the form of more than 190,000 loans, of which nearly 69% were granted to microbusinesses (with fewer than 9 workers) and 52% of operations amounted to less than €25,000, which illustrates ICO's support for the work of the self-employed and SMEs, the largest portion of the Spanish productive sector. Also noteworthy this year is the start-up of a new catalogue of comprehensive credit lines in support of internationalisation, with the aim of supporting the foreign presence of Spanish companies.

The notable increase in this ICO lending activity in recent years has resulted in a greater presence of ICO in the Spanish credit system, offering a counter-cyclical response to companies' financing necessities. At the end of the year, the assets on the ICO balance sheet represented 3.5% of the system and the amount of credit with maturity greater than one year granted by ICO - not including credit to public authorities - accounted for 11.4% of the total at year end, surpassing every month the market share reached in 2012.



For the financing of these operations, in 2013 ICO raised medium and long-term funding of €11,495 million. The normalisation of access to financial markets has enabled the ICO to obtain more competitive conditions and once again establish a presence in foreign markets, issue in currencies other than the euro and regain its traditional investor base.

Of the above amount, 73% was raised through issues in the capital markets. The other 27%, more than €3,100 million was raised through bilateral agreements with international and multilateral financial institutions (European Investment Bank (EIB), Development Bank of Latin America (CAF), Council of Europe Development Bank (CEB) and Kreditanstalt Für Wiederaufbau (KfW)). They have enabled ICO to undertake long-term borrowing in favourable conditions, and to transfer such conditions to the credit operations granted to SMEs by means of a reduction of effective interest rates.

In addition to its own credit activity and the granting of guarantees, ICO manages instruments and funds at the instruction of the Government, including the Autonomous Region Liquidity Fund (FLA) and the Fund for the Financing of Payments to Suppliers (FFPP). This activity is carried out on account of the State and is not included in ICO's financial statements. At year-end 2013, the outstanding balance of such operations amounted to €81,608 million, which represents an increase of 53% on year-end 2012.

The aggregate of own operations and those carried out on account of the State presented an outstanding balance at 31 December 2013 of €156,435 million, with a year-on-year increase of 19%.

In 2013, also of note are ICO's strategic operations through its wholly-owned investee, the venture capital company AXIS Participaciones Empresariales S.G.E.C.R, S.A.U, which launched the first fund of funds of Spanish public capital, with €1,200 million. The purpose of the fund, called FOND-ICO Global, is to foster the creation of privately-managed venture capital funds to make investments mainly in Spanish companies. FOND-ICO Global has a time horizon of 4 years and seeks to acquire holdings in more than 40 private funds, mobilising an approximate total of €5,000 million.

In 2013, the ICO's before-tax profit was up 20% on the previous year, amounting to €101 million. This profit comes after ICO recognised net provisions and asset write-offs of €679 million.

This activity has continued while maintaining the main banking business indicators of solvency, efficiency, NPL rate, and hedging at satisfactory levels.

## A. ICO'S LENDING ACTIVITY IN 2013

### A.1. LINES OF FINANCING DISTRIBUTED THROUGH SECOND-FLOOR FACILITIES

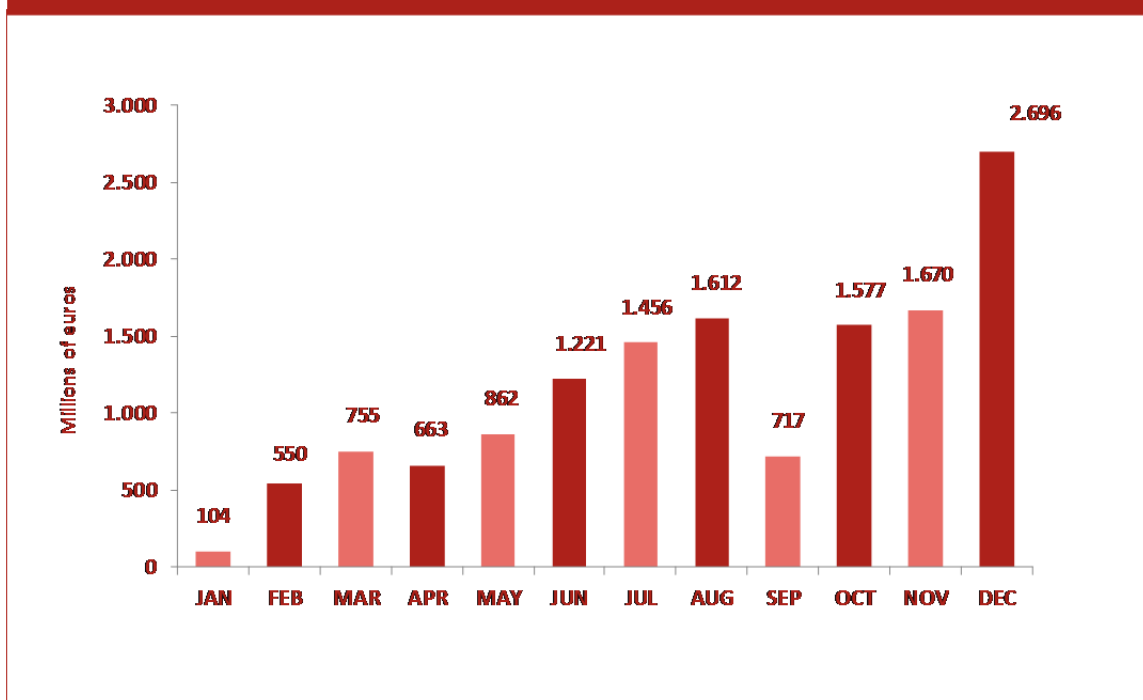
Throughout the 2013 financial year, ICO continued to finance the liquidity and investment needs of Spanish small and medium sized companies through second-floor facilities. These are lines of finance in which ICO grants funds with the intermediation of credit institutions operating in Spain, and it establishes the main characteristics and financial conditions. For their part, these institutions are responsible for processing, study, and approval of operations and they accept the risk of default.

In 2013, ICO moved to unify and simplify existing products and to cover the different financing needs of companies and the self-employed, both in Spain and abroad. ICO set up a comprehensive product catalogue to support the internationalisation of Spanish companies by financing both foreign investments and export activity, which are the growth engines of the Spanish economy at present.

#### In 2013, the amount of lending increased by 21%

In 2013, ICO granted through these lines €13,884 million, with an upward trend in distributions from the month of April (except in September, for seasonal reasons), and a substantial uptick in the last quarter. In December, €2,696 was disbursed, which is 157% higher than in the same month of the previous year. The final amount disbursed in the year represents an increase of 21% on the year 2012. This financing was formalised through 190,168 credit operations, which represents a 17% increase on those formalised in 2012 (162,076).

Monthly second-floor disbursements 2013



From an operational point of view, there are two main areas of activity within these lines: Companies and Entrepreneurs and Internationalisation.

**Companies and Entrepreneurs.** The purpose of lines in these areas of activity is to provide Spanish self-employed and companies with financing to undertake investments within Spain and cover their liquidity needs. In 2013, 176,251 operations were formalized, with an amount disbursed of €12,208 million, which represents an 8.4% increase on the previous year. Within the activity of Companies and Entrepreneurs, a specific line has been designed to finance projects that are guaranteed by a mutual guarantee company (ICO Mutual Guarantee Company Facility 2013). The amount disbursed in this line totaled €72 million, with an increase of 51.8% on 2012.

Second-floor loans formalised in the year (millions of euros and no. of transactions) Distribution by lines of credit		
	Amount	No. of transactions
Companies and Entrepreneurs	12.208	176.251
<b>ICO-Companies and Entrepreneurs 2013</b>	<b>12.114</b>	<b>175.140</b>
ICO-Mutual Guarantee Company 2013	72	665
<b>Others <sup>(1)</sup></b>	<b>22</b>	<b>446</b>
Internationalisation	1.675	13.898
<b>ICO-International Facility 2013</b>	<b>277</b>	<b>773</b>
ICO-Export Facility 2013 <sup>(2)</sup>	1.398	13.125
<b>Others <sup>(3)</sup></b>	<b>1</b>	<b>19</b>
<b>Total</b>	<b>13.884</b>	<b>190.168</b>

(1) Includes sub-lines ICO-ICAA 2013, ICO Retail 2013 and ICO Bonds 2013  
 (2) Includes sub-lines ICO-Exporters Short Term 2013 and ICO-Exporters Medium and Long Term 2013  
 (3) Includes lines ICO-Fomit 2011/2012 and ICO-Natural Disasters Law 14/2012

**Internationalisation.** The purpose of credit lines in this area of activity is to provide Spanish self-employed and companies with financing to undertake investments within Spain, export activity and cover the liquidity needs arising in such investments. Within internationalisation, 13,898 operations were formalized, for a total amount of €1,675 million.

In order to boost export potential, ICO has commercialized the ICO Export Facility 2013, which has the purpose of providing liquidity by means of advances on invoices issued in the export activity of the self-employed and companies. In 2013, this lending amounted to €1,398 million, with 13,125 export operations formalized with destinations in 144 countries.

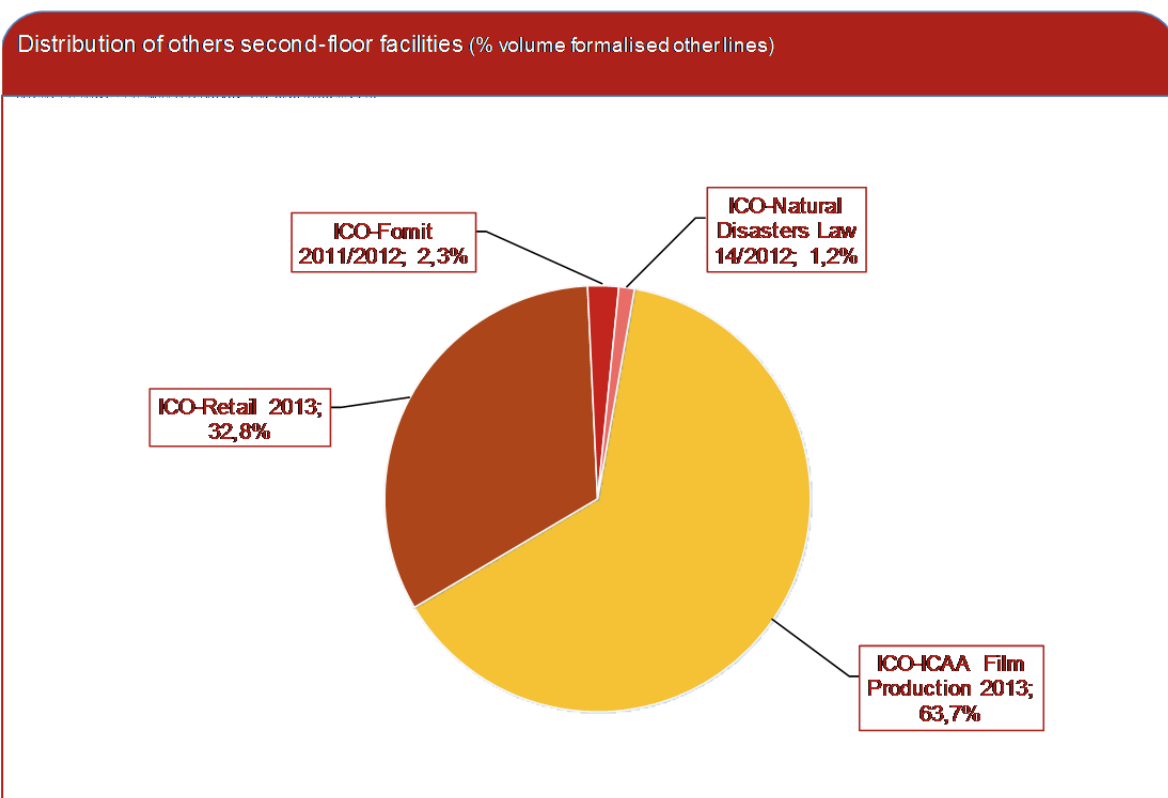
Through the ICO International Facility 2013, foreign investments have been financed in 82 countries, amounting to €277 million, which represents 20% more volume than in 2012.

Along with these figures, mention must be made of the start-up towards the end of the year of the ICO Mutual Guarantee Company Facility, which is aimed at backing Spanish companies that participate in international tender and bidding processes.

In addition to these two major second-floor facilities (ICO SMEs and Entrepreneurs Facility and ICO International Facility), also in operation are others aimed at mitigating the consequences of natural catastrophes (ICO Natural Disasters, Law 14/2012) or supporting specific sectors: ICO ICAA (Film and Audiovisual Arts Institute), ICO Retail and ICO Fomit (State Fund and Modernization of Tourist Infrastructures). The following table shows details of the volume disbursed in these lines.

Amount of other second-floor facilities formalised in the year (Millions of euros and no. of transactions)		
	Amount	No. of transactions
ICO-ICAA <sup>(1)</sup> Film Production 2013	14,8	22
<b>ICO-Retail 2013</b>	<b>7,6</b>	<b>424</b>
ICO-Fomit <sup>(2)</sup> 2011/2012	0,5	1
<b>ICO-Natural Disasters Law 14/2012</b>	<b>0,3</b>	<b>18</b>
<b>Total</b>	<b>23,2</b>	<b>465</b>

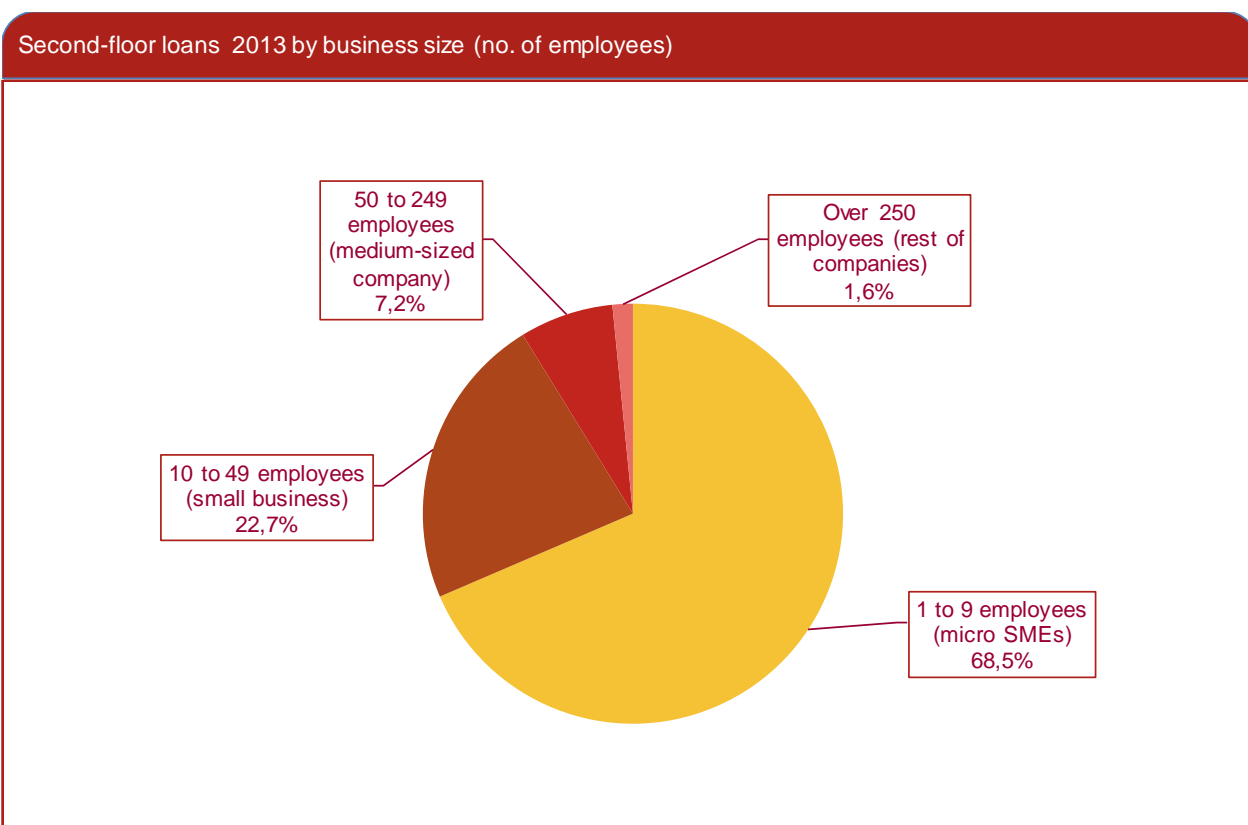
(1) Film and Audiovisual Arts institute  
 (2) State Fund for the Modernization of Tourist Infrastructures



**Credit operations are disbursed mainly among the self-employed and small enterprises.**

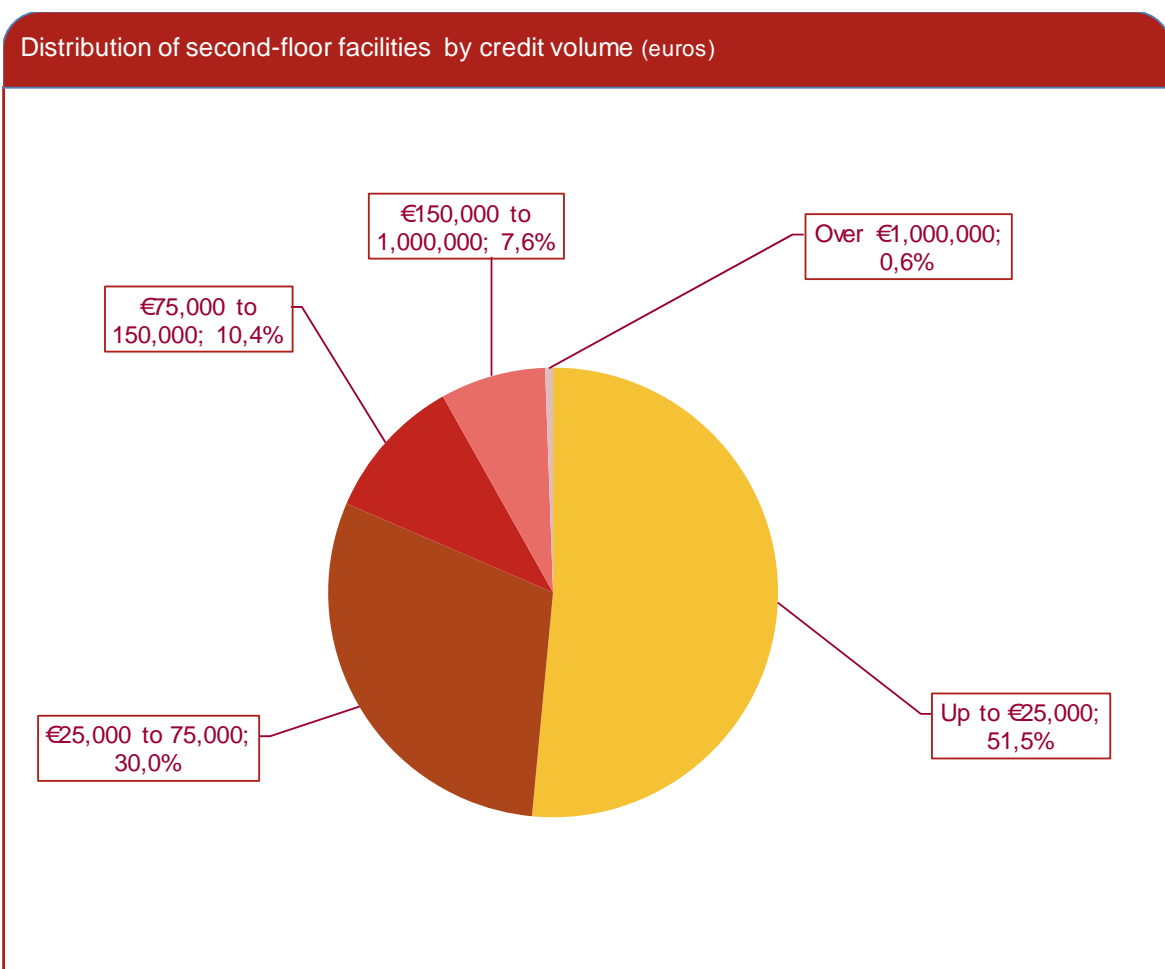
An analysis of operations by companies staff size shows that 68.5% were given to micro-enterprises with between 1 and 9 employees and 91.2% had less than 50.

Company size (employees)				
	2013			
	Loan Amount (millions of euros)	%/Total Credit	No. of contracts	%/Total Transactions
1 to 9 employees (micro SMEs)	5.196	37,4%	130.357	68,5%
10 to 49 employees (small business)	4.131	29,8%	43.124	22,7%
50 to 249 employees (medium-sized company)	3.004	21,6%	13.703	7,2%
Over 250 employees (rest of companies)	1.554	11,2%	2.984	1,6%
<b>Total</b>	<b>13.884</b>	<b>100%</b>	<b>190.168</b>	<b>100,0%</b>



51.5% of the credits granted were less than €25,000 and 81.5% were less than €75,000. These indicators show the high degree of capillarity of ICO loans, which are targeted mainly at the self-employed and SMEs.

Credit ranges (euros)				
	2013			
	Loan Amount (millions of euros)	%/Total Credit	No. of contracts	%/Total Transactions
Up to €25,000	1.315	9,5%	97.933	51,5%
<b>€25,000 to 75,000</b>	<b>2.501</b>	<b>18,0%</b>	<b>57.003</b>	<b>30,0%</b>
€75,000 to 150,000	2.145	15,5%	19.723	10,4%
<b>€150,000 to 1,000,000</b>	<b>4.944</b>	<b>35,6%</b>	<b>14.430</b>	<b>7,6%</b>
Over €1,000,000	2.979	21,5%	1.079	0,6%
<b>Total</b>	<b>13.884</b>	<b>100,0%</b>	<b>190.168</b>	<b>100,0%</b>





## The volume of credit earmarked for foreign investments and export activity has increased.

With regard to the geographic destination of second-floor loans, in 2013, 87.9% of funds were disbursed to finance liquidity and investment projects in Spain and 12.1% to foreign investments and to support export companies.

Second-floor loans formalised in the year (millions of euros)		
	2013	2012
Spain	12.209	11.267
<b>Abroad</b>	<b>1.675</b>	<b>244</b>
<b>Total</b>	<b>13.884</b>	<b>11.511</b>

The volume of second-floor loans for financing foreign investments and export activity very significantly increased on the previous year (€244 million in 2012). This growth reveals the extent of ICO's efforts in 2013 to support the internationalisation of Spanish companies. The following table breaks down the distribution of the investment by destination country.

Second-Floor loans formalised in the year (millions of euros). Distribution by investee country.		
	Amount	%/Total
France	296	17,7%
<b>Germany</b>	<b>161</b>	<b>9,6%</b>
Italy	137	8,2%
<b>UK</b>	<b>113</b>	<b>6,8%</b>
United States	100	6,0%
<b>Portugal</b>	<b>75</b>	<b>4,5%</b>
Others	794	47,4%
<b>Total</b>	<b>1.675</b>	<b>100,0%</b>

## Industry and retail are the predominant borrower sectors.

Formalised credit shows broad sectorial distribution. Approximately half of loans are provided finance investments or liquidity needs of SMEs and the self-employed whose activity is related to industry and retail.

Formalisation of second-floor facilities 2013 (%/Total formalised) Distribution by sector	
Industry	25,1%
<b>Retail</b>	<b>20,8%</b>
Energy	12,1%
<b>Financial, professional, scientific act and public admin</b>	<b>10,8%</b>
Construction and real estate activities	9,8%
<b>Others</b>	<b>6,7%</b>
Agriculture, livestock farming, forestry and fishing	5,9%
<b>Hospitality</b>	<b>5,6%</b>
Health and social services	2,3%
<b>Education</b>	<b>0,9%</b>
<b>TOTAL</b>	<b>100,0%</b>

## A.2. LOANS DISTRIBUTED DIRECTLY BY ICO

Most of ICO's lending activity is aimed at small and medium sized companies, to which funding comes through the second-floor facility system. Furthermore, the Institute participates in corporate financing and structured financing for large public or private production investment projects. These operations, in which ICO often participates with other financial institutions are analysed directly by the Institute and it assumes the credit risk of the loans granted.

In 2013, direct operations were formalised amounting to €1,253 million, of which €803 million were loans or guarantees to finance large investment projects of Spanish companies. By sectors, transport and energy accounted for 42.2% of the total formalised. Geographically, 81.9% of the volume was located in Spain.

Direct loans and guarantees formalised with large companies in the year (millions of euros).  
Distribution by sector

	Amount	%/Total
Transport and energy	339	42,2%
<b>Financial, professional, scientific, technical, administrative, ancillary services,</b>	<b>160</b>	<b>19,9%</b>
Construction and real estate activities	134	16,7%
<b>Retail and other services</b>	<b>102</b>	<b>12,7%</b>
Information, communication, artistic, recreational and leisure activities	48	6,0%
<b>Industry</b>	<b>20</b>	<b>2,5%</b>
<b>Total</b>	<b>803</b>	<b>100,0%</b>

The remaining €450 million was provided to the Fund for Financing of Payments to Suppliers (FFPP). This Fund, which is discussed below, is managed by ICO and main objective is to carry out long-term credit operations for the payment of outstanding obligations with suppliers of Spanish territorial authorities.

## B. FUND-RAISING

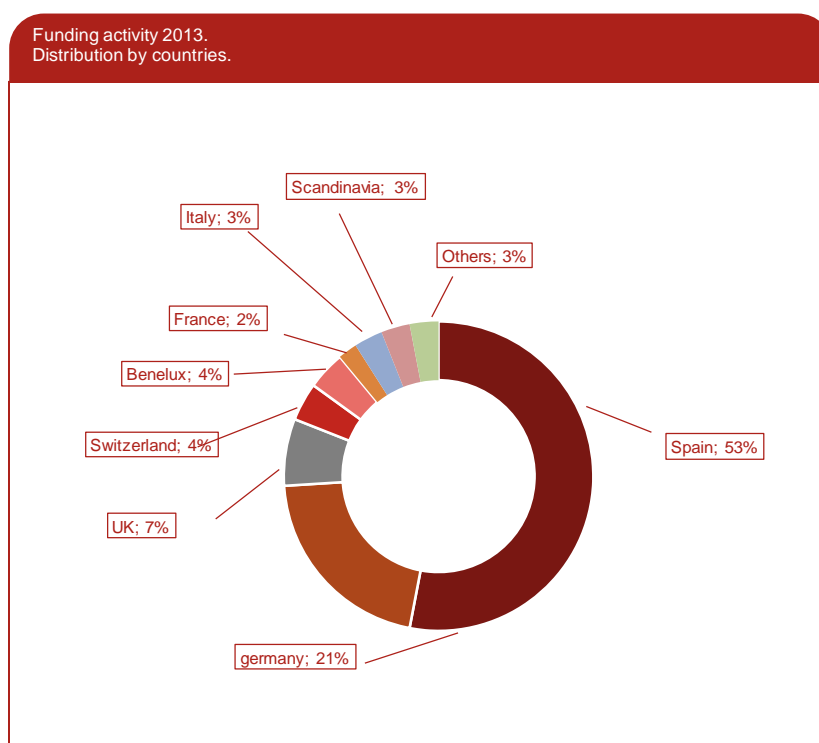
In order to carry out its lending activity, ICO raised medium and long-term funding of €11,495 million during the year. 73% of this amount was raised through issues in capital markets and the remaining 27% through bilateral loans from multilateral bodies and foreign institutions that are similar to ICO.

ICO is guaranteed by the Spanish State in the debts and other obligations it undertakes to raise funds in the markets. This guarantee is express, irrevocable, unconditional and direct.

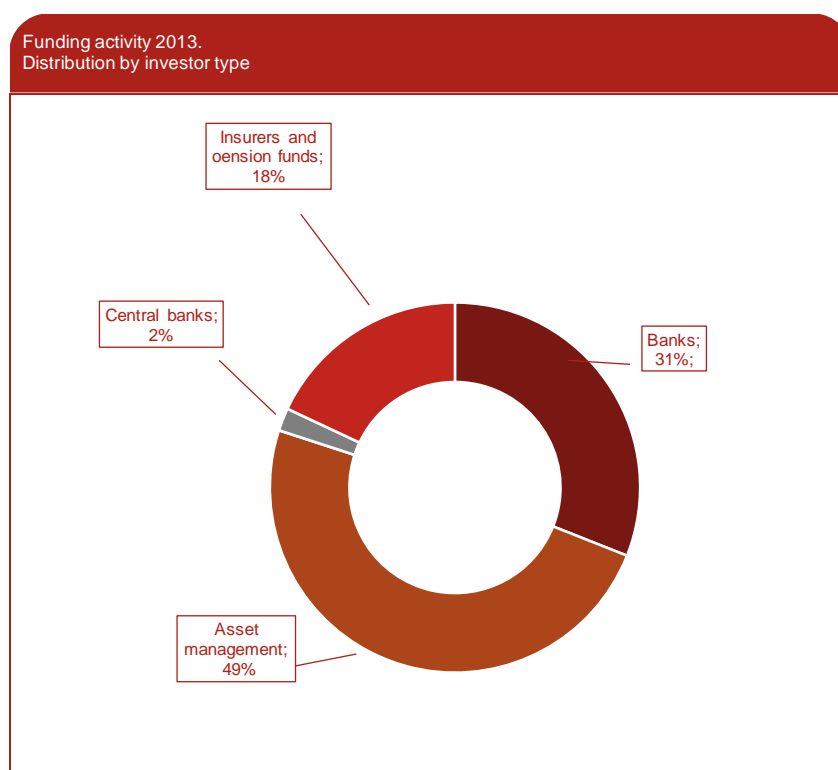
Most ICO financing in the capital markets in 2013, as usual, came from bond issues in public transactions, private placements and structured placements (€8,362 million). ICO is the second largest public issuer of debt instruments, after the Treasury.

**The normalisation of the investor base began in 2013, with a return to the status quo prior to the crisis.**

47% of investors were foreigners, particularly residents of Germany (21%) and the UK (7%). This shows that foreign confidence in the acquisition of Spanish assets is recovering.



By investor type, noteworthy are asset managers (49%) and banks (31%).



By currency, the majority of issues in 2013 were in euros (97%), although an issue of \$250 million (€183 million) was made, as was another of 13 billion yen (€94 million), the latter targeted mainly at Japanese retail investors. This is ICO's first issue in the Japanese market since June 2011, and it illustrates process of normalising ICO for accessing foreign markets.

Along with financing in capital markets, a significant amount was raised through international financial institutions during the year. Specifically, €3,132 billion was formalised in bilateral loans with multilateral bodies (European Investment Bank (EIB), Development Bank of Latin America (CAF), the Council of Europe Development Bank (CEB) and foreign institutions similar to ICO (Kreditanstalt Für Wiederaufbau (KFW)). All such funds, which were raised in advantageous financial conditions, were used to finance SMEs. Notable is the loan signed in November 2013 with the European Investment Bank for €1,000 million, which is the largest loan by that body to an EU financial institution to finance investments by SMEs.

### C. OPERATIONS MANAGED BY THE STATE

ICO, acting as a financial agent, manages certain operations for the State, as instructed by the Government. Regarding these instruments, ICO arranges and manages its operations and performs all the related financial tasks.

The total amount of funds managed by ICO amounted to €81,608 million at year-end 2013, up 53% on year-end 2012.

These operations are implemented separately from the rest of its operations and are booked independently of the Institute's accounts.

State-managed transactions (millions of euros and percentages) Balance at 31 December			
	2013	2012	Year-on-year variation(%)
Regional Liquidity Fund (FLA)	39.091	16.656	134,7%
<b>Fund for the Financing of Payments to Supplier:</b>	<b>33.342</b>	<b>27.372</b>	<b>21,8%</b>
FIEM	5.115	5.168	-1,0%
<b>CARI</b>	<b>2.703</b>	<b>2.761</b>	<b>-2,1%</b>
FONPRODE	812	833	-2,6%
<b>FCAS</b>	<b>546</b>	<b>506</b>	<b>7,8%</b>
<b>TOTAL</b>	<b>81.608</b>	<b>53.296</b>	<b>53,1%</b>

#### AUTONOMOUS REGION LIQUIDITY FUND (FLA)

Under Royal Decree-Law 21/2012, on liquidity measures for the Public Administrations, the Autonomous Region Liquidity Fund (FLA) was created as a mechanism to support the liquidity of the Autonomous Regions, in a temporary and voluntary way, which allows them to meet their financial needs. In August 2012, the Government instructed ICO to manage the Fund and to formalise the related loans to be signed with the Autonomous Regions.

The total amount authorised for the FLA in 2013 was €23,000 million, with €22,453 executed. Of this amount, ICO paid 357,106 invoices directly to suppliers and creditors of Autonomous Region authorities coming to €6,523 million.

In total, from the FLA's creation to the end of 2013, ICO has paid 560,426 invoices, amounting to €13,276 million. The outstanding balance of the Fund amounted to €39,091 million at 31 December 2013.

## **FUND FOR THE FINANCING OF PAYMENTS TO SUPPLIERS (FFPP)**

Royal Decree-Law 4/2012, of 24 February, created the Fund for the Financing of Payments to Suppliers, as a public law entity with legal personality and full legal capacity and appointed ICO as paying agent in charge of the administration and management of its operations.

In May 2012 the Fund entered into a syndicated loan of €30 billion involving 26 financial institutions, with ICO the main participant of the same, providing 23.3% of the total.

For the implementation of this payment mechanism, ICO was commissioned to design, manage and implement the structure that has allowed the invoices to be paid in a very short period of time and the relevant loan agreements to be signed with the Local Authorities and Autonomous Regions.

Charged to the FFPP, payments were made in 2012 amounting to €27,372 million through the payment of 5.5 million invoices for works and services provided by suppliers, the majority of them SMEs and the self-employed, to Autonomous Regions and Local Authorities. In 2013, payments amounted to €6,509 million, representing some 0.5 million invoices.

From the first payments in May 2012 until year-end 2013, €33,881 million was injected into the Spanish economy, through 9,169 transactions and the payment of more than 6 million invoices.

At 31 December 2013, the outstanding balance of the Fund amounted to €33,342 million, with an increase of 23% on the previous year.

## **CORPORATE INTERNATIONALISATION FUND (FIEM)**

The FIEM is a fund without its own legal personality managed by the Ministry of Economy and Competitiveness, through the Secretary of State for Commerce that was created in 2011 (under Law 11/2010, of 28 June, to reform the system of financial support for the internationalisation of Spanish companies). The objective of the fund is to promote the internationalisation of Spanish companies by assisting them in entering new markets or positioning them in key markets for Spanish trade policy and granting these companies the financing they cannot find in financial markets.

IC acts as Financial Agent, formalising, in the name and representation of the Spanish Government, and on behalf of the State, the relevant credit arrangements, loans, or donations. The Institute also provides services of technical support, accounting, cash management, paying agency, control and, generally, all such financial services relating to operations authorised on account of the FIEM.

Corporate Internationalisation Fund (FIEM) (millions of euros and percentages)  
Figures at 31 December

	2013	2012	Year-on-year variation	
			Absolute	as %
<b>Credit activity in the year</b>				
Loans granted	150	476	(326)	(68)
Loans formalised	288	117	171	147

During the year, this instrument has gained in complexity through the broadening of the range of products that may be eligible for financing: project finance, corporate operations, purchase credit in commercial conditions and even capital contributions to funds.

In 2013, 57 operations were formalised on account of FIEM, amounting to €288 million. The outstanding balance of the credit portfolio at 31 December 2013 was €5,115 million.

#### RECIPROCAL INTEREST ADJUSTMENT CONTRACT (CARI)

The CARI system aims to encourage the participation of lenders in long-term financing of Spanish exports. One of the conditions necessary for use of the system is that the interest rates set for the operations by lending institutions are those listed in the Consensus of the Organisation for Economic Cooperation and Development (OECD).

The interest adjustment contracts assure lenders receipt of a certain net interest on the outstanding balance of each loan received into the system, eliminating the risks arising from the difference between the fixed rate of the loan and the cost conventionally attributed to the resources that it finances. When the difference is negative, the State, through ICO, pays these lenders the amount of said difference. When the result is positive, it is the lenders that must deposit the calculated differences with ICO.

Over 2013, 13 CARI operations have been signed worth €24 million. The main export destination countries, by volume formalised, were as follows: Mexico (accounting for 86%), Honduras (12%) and Brazil (2%).

The outstanding balance of the CARI portfolio, to 31 December 2013 came to €2,703 billion. Of the total portfolio, 69% corresponds to operations signed in dollars and 31% in euros.



Reciprocal Interest Adjustment Contract (millions of euros and percentages)  
Figures at 31 December

	2013	2012	Year-on-year variation	
			Absolute	as %
<b>Credit activity in the year</b>				
Amount of operations submitted	584	575	9	2
<b>Amount of operations formalised</b>	<b>24</b>	<b>108</b>	<b>(85)</b>	<b>(78)</b>

### DEVELOPMENT PROMOTION FUND (FONPRODE)

The Development Promotion Fund was set up in 2011 under Law 36/2010 of 22 October, as an instrument of Spanish development co-operation, managed by the Ministry of Foreign Affairs and Cooperation, through the Secretary of State for International Cooperation and the Spanish Agency for International Development Cooperation. The Development Promotion Fund Office, as part of the aforementioned Agency, is responsible for administration.

ICO acts as financial agent of the fund and is responsible for formalising, in the name and representation of the Spanish Government, and on account of the State, the corresponding agreements with beneficiaries indicated in Royal Decree 845/2011 of 17 June 2011 Regulating the FONPRODE. The Institute also provides financial services for Fund actions.

The Fund is aimed at eradicating poverty, reducing inequalities and social inequities between individuals and communities, gender equality, protection of human rights and the promotion of sustainable human development in poor countries.

The aid provided by the Development Promotion Fund is intended for:

- Non-financial multilateral development agencies.
- States and the state public sector (Regional, provincial and local public administrations) in developing countries.
- Microfinance management institutions.
- International development financial institutions.
- Companies carrying out technical assistance, feasibility studies, as well as ex ante and ex post appraisal programs.

At 31 December 2013, the outstanding balance of FONPRODE amounted to €812 million.

## **WATER AND SANITATION CO-OPERATION FUND (FCAS)**

The Water and Sanitation Co-operation Fund (FCAS) was created under the sixty-first additional provision of Law 51/2007, of 26 December, on the General State Budget for 2008, with the aim of facilitating access to water and sanitation as one of the essential elements for human welfare and development, included in the Millennium Development Goals signed in 2000

The fund is currently managed by the Ministry of Foreign Affairs and Cooperation, through the Directorate of Sectorial and Multilateral Cooperation of the AECID and its purpose is to award aid and, where appropriate, untied loans aimed at financing projects in the areas of water and sanitation, under a co-financing framework with the national authorities in the partner countries of Spanish Co-operation.

ICO is the financial agent, responsible for formalising in the name and representation of the Spanish Government, and on account of the State, the corresponding agreements to be signed with beneficiaries and to provide financial services related to Fund actions.

In 2013, no new contributions were made. The balance of contributions granted since the Fund was created to 31 December 2012 was €546 million.

## D.INVESTMENTS IN CAPITAL, QUASI-CAPITAL AND GUARANTEE FUNDS

In 2013, ICO continued to promote the various funds in which it invests, some managed through its 100% holding, AXIS Participaciones Empresariales S.G.E.C.R., S.A.U. from the Institute or other institutions or companies.

AXIS is a venture capital firm focused on minority investments in growth capital for the amount of €1.5 to €15 million to support companies in their growth. In 2013, Axis launched FOND-ICO Global and continued to manage the other existing funds: FOND-ICOpyme, which directly invests in capital and quasi-capital companies; and FOND-ICOinfraestructuras, with the mission of financing infrastructures. Although AXIS manages these funds, they are owned by ICO.

AXIS has been operating in the venture capital market for over 25 years and throughout its history it has made investments in over 150 companies for a total of over €350 million.

### **FOND-ICO Global**

This is the first fund of funds comprising Spanish public capital, provisioned with €1,200 million. It addresses one of the main requests of the venture capital sector, which demanded greater involvement of the public sector in forms of alternative non-bank financing for companies, and it is part of the Economic Stimulus and Entrepreneur Support Plan approved by the Government in February 2013.

The objective of the fund is to support the creation of privately-managed venture capital funds that make investments mainly in Spanish companies in every phase of their development. FOND-ICO Global has a time horizon of 4 years and seeks to acquire holdings in more than 40 private funds, mobilising an approximate total of €5,000 million.

The Fund will invest in projects that combine innovation and entrepreneurship by investing in companies either in their start-up phase, or in a state of greater maturity. Indirectly, the Fund seeks to promote, above all, job creation, attract international investors and boost the internationalisation of Spanish companies.

The first public tender, amounting to €189 million, was carried out in December 2013, with six venture capital funds selected pursuant to an investment commitment of €685 million. Of these, three are venture capital funds, and the other three capital expansion funds. The selection process was based on the principles of a public tender: publicity, competition, equality and transparency.

## FOND-ICOpyme, FCR

The Venture Capital Fund FOND-ICOpyme was created with provisions of €250 million and maturity in 2022. It is a general-purpose fund, its objective focusing both on companies that, having reached a certain degree of maturity, want to finance their expansion and/or growth, and companies in early stages that, having survived the initial stages, need resources to continue their development. In both cases the investment is made, preferably, in joint ventures with other financial, technological or industrial partners.

Among others, FOND-ICOpyme is involved in internationalisation projects or those with a strong innovative component, regardless of the sector to which they belong.

Also, seeking greater capillarity in the early stages of projects, FOND-ICOpyme invests in other funds, mostly private and with a certain degree of specialisation.

Currently it has investments in 29 companies and holdings in a further 20 venture capital firms, amounting to €128 million.

Additionally, in order to cover the even earlier phases associated with entrepreneurship, in 2013, FOND-ICOpyme together with the FEI and NEOTEC initiative launched the “Fondo Isabel La Católica - European Angels Fund” to support the investment of Business Angels with provisions of an initial amount of €30 million.

FOND-ICOpyme, FCR Portfolio of formalised investments. Balance at December 2013 (millions of euros)		
	No. of transactions	Amount
Capital (shares and holdings)	17	46
<b>Participatory loans</b>	<b>12</b>	<b>32</b>
Venture capital entities	20	50
<b>TOTAL</b>	<b>49</b>	<b>128</b>

## **FOND-ICOinfraestructuras, FCR**

This fund has provisions of €500 million, maturing in 2031. It is a fund that invests primarily in “greenfield” sustainable transport, energy and environment projects initially in Spain.

Within the current framework of public budget constraint, the objective of FOND-ICOinfraestructuras is to contribute to the development, construction and co-management of infrastructure projects focusing on Public Private Partnership schemes.

In this sense, among the FOND-ICOinfraestructuras's objectives is that of strengthening the capitalisation of projects accompanying minority interests in capital or quasi-capital in infrastructure management companies FOND-ICOinfraestructuras acts in a stable horizon of long-term investment commitment and low market parameters in terms of the required profitability (time/profitability).

The fund has four investees in the sectors of wind energy, railway infrastructure, motorways and hospital infrastructure.

## **JEREMIE**

ICO manages JEREMIE (Joint European Resources for Micro to Medium Enterprises Fund), created in December 2009. This Fund comes under the FEDER operating programme, an initiative promoted by the European Commission in order to facilitate the use of the structural funds to fund RD&I activities carried out by companies. The initial provisions of the Fund were €70 million, €47 million of which were contributed by the European Union through the Technology Fund, the remainder coming from ICO.

With a duration until 31 December 2015, the Fund is mainly designed to establish a credit line guarantee for offering bank endorsements to companies that carry out RD&I projects qualifying for aid from the CDTI (Centre for Industrial Technological Development) within the framework of the Technology Fund. Thanks to this guarantee line they can offer advances to beneficiary companies so they can get access to up to 75% of funding right from the start of the project.

In 2013, 203 projects were formalised, amounting to €57 million. As of December 2013, since the beginning of the activity of the fund, 679 projects have been formalised, amounting to €219 million.

## OTHER CAPITAL FUNDS

ICO also invests, with different contributions, in the following capital funds:

- Fons Mediterrània, FCR, Venture Capital Fund for the implementation of investment operations in Morocco, Tunisia, and Algeria.
- FC2E, Carbon Fund for Spanish Companies, promoted by Instituto de Crédito Oficial and Santander Investment. It is the first joint venture managed carbon fund in Spain. It was created to assist Spanish companies in achieving compliance with regulations on greenhouse gas emissions.
- Fondo de Carbono Postkyoto, was created in 2008 by five European public financial institutions: the European Investment Bank, la Caisse des Dépôts, Instituto de Crédito Oficial, KFW Bankengruppe and the Nordic Investment Bank. It aims to buy and sell carbon credits generated from 2013 for environmental projects.
- Marguerite Fund, a European capital fund, with the objective of backing investments in infrastructures that contribute to the fight against climate change, energy security and Trans-European Transport Networks.

## E. INVESTMENTS IN COMPANIES

Instituto de Crédito Oficial is involved in the shareholding of the companies listed below.

- It holds all of the capital of AXIS Participaciones Empresariales S.G.E.C.R, S.A.U. manager of venture capital funds incorporated in 1986.
- In Compañía Española de Reafianzamiento, S.A (CERSA) it has a 24.15% capital holding. CERSA is a state corporation under the Ministry of Industry, Tourism and Commerce through the Directorate General of Policy of Small and Medium sized Companies, whose activity is based on refinancing or partial coverage of risk assumed by the Mutual Guarantee Societies with small and medium sized companies that require additional guarantees to solve their financial problems, prioritising the financing of investments and innovative projects, as well as microbusinesses and new or recently created companies.
- ICO owns 20.31% of the share capital of Compañía Española de Financiación al Desarrollo, S.A (COFIDES), a state corporation set up in 1988. Its purpose is to provide medium- and long-term financing for viable private investment projects abroad where there is a Spanish interest of some kind, in order to assist, on the basis of profitability criteria, in both in the development of the countries receiving investments as well as the internationalisation of the economy and of the Spanish companies.
- The ICO holding in EFC2E Gestión, S.L totals 50% of the capital This organisation is engaged in the management of the assets of the Carbon Fund for Spanish Companies (FC2E).

## F. BALANCE SHEET AND INCOME STATEMENT FOR THE YEAR

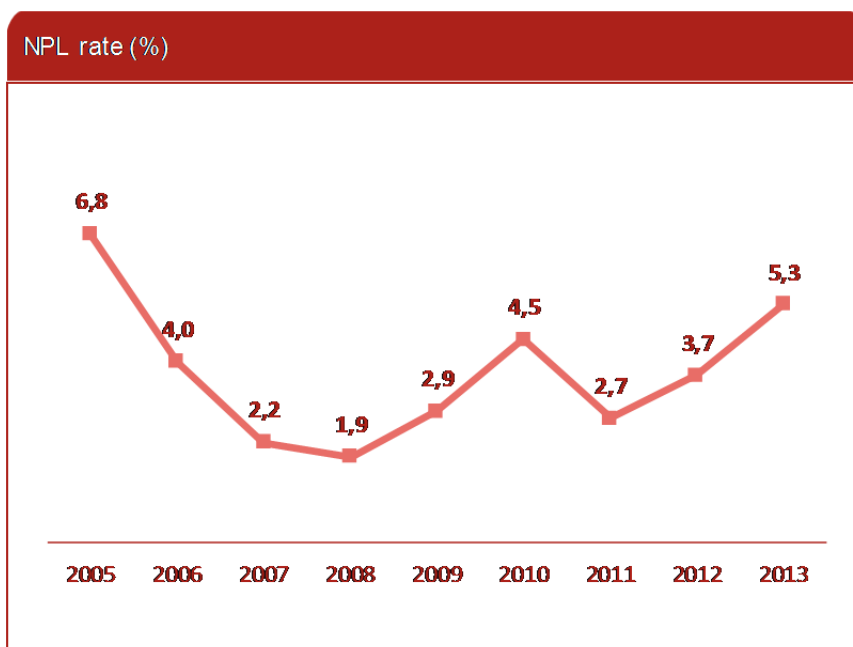
The ICO Balance Sheet has virtually quadrupled since 2005. At 31 December 2013, ICO assets account for 3.5% of the Spanish financial system overall, as it continues to be the seventh largest Spanish credit institution by assets.

During the year, the size of the balance sheet was down on 2012, mainly due to the repayment of credit lines to securitisation funds (non-recurring activity of ICO).

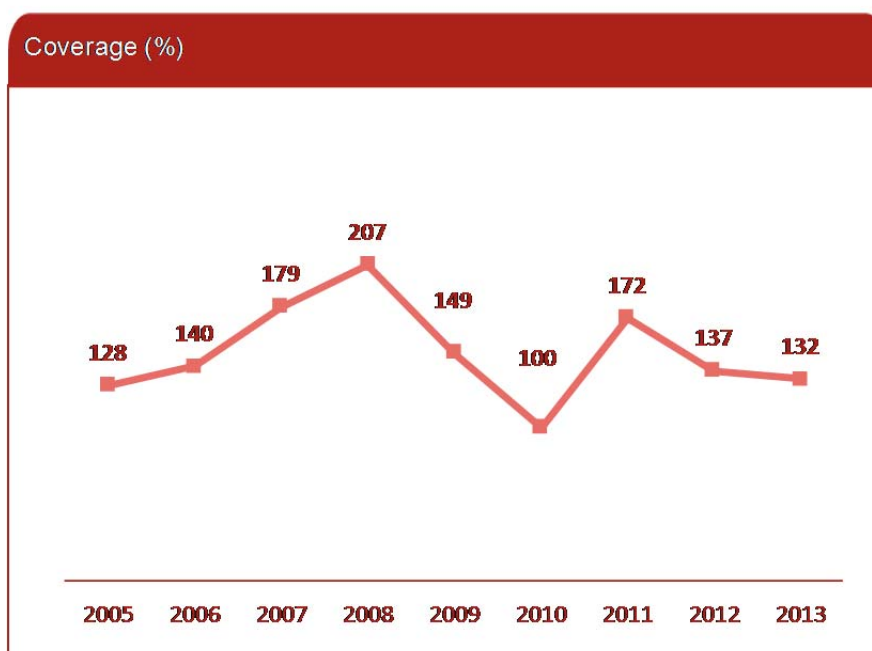
Public Balance Sheet		millions of euros and percentages		
	31/12/13	31/12/12	Annual variation	
			absolute	as %
Cash and Balance with central banks	18	284	(266)	(93,7)
Trading portfolio	401	555	(154)	(27,7)
Available for sale financial assets	1.105	202	903	447,0
Loans and receivables	78.096	91.132	(13.036)	(14,3)
Held-to-maturity investment portfolio	20.661	19.440	1221	6,3
Hedging derivatives	1.509	3.019	(1.510)	(50,0)
Non-current assets held for sale	-	1	(1)	(100,0)
Investments	44	47	(3)	(6,4)
Tangible and intangible assets	104	106	(2)	(1,9)
Other Assets	265	444	(179)	(40,3)
<b>TOTAL</b>	<b>102.203</b>	<b>115.230</b>	<b>(13.027)</b>	<b>(11,3)</b>
Own Funds	4.520	4.069	451	11,1
Valuation adjustments	(54)	70	(124)	(177,1)
<b>Equity</b>	<b>4.466</b>	<b>4.139</b>	<b>327</b>	<b>7,9</b>
Trading portfolio	398	553	(155)	(28,0)
Financial liabilities at amortised cost	96.669	109.583	(12.914)	(11,8)
Hedging derivatives	354	338	16	4,7
Provisions	285	305	(20)	(6,6)
Other Liabilities	31	312	(281)	(90,1)



In 2013, the non-performing loans rate was 5.3%, far below the sector average of 13.6%.



Furthermore, ICO maintains a prudent coverage and write-off policy. The final coverage ratio was 132%, far above the industry average (58.0%).



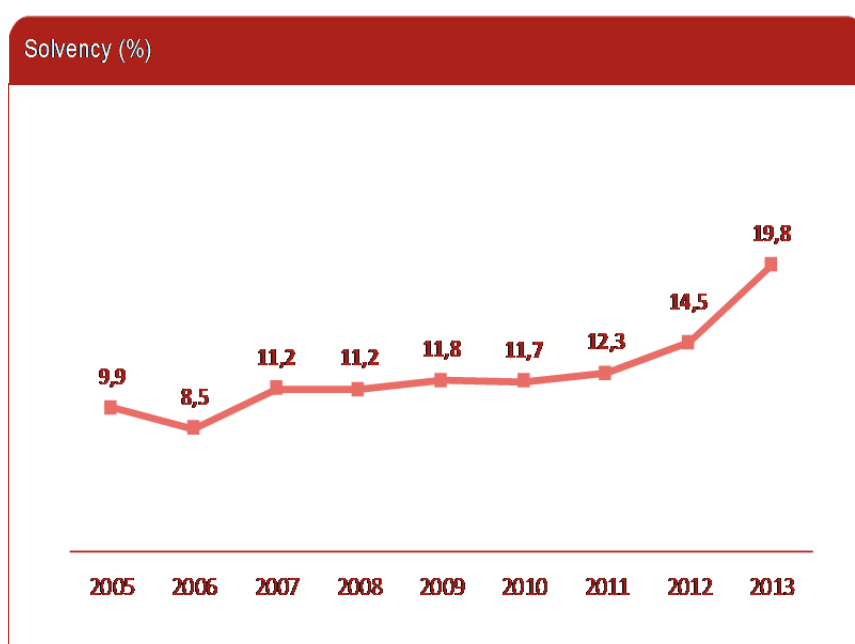
Meanwhile, as was the case in 2012, ICO continued to maintain its portfolio of financial assets during 2013, in order to achieve a comfortable liquidity position and minimise risks that may arise from volatility in the capital markets.

ICO's borrowed funds at year-end 2013 amounted to €96,669 million, where bond issues account for 67% of this amount.

The Institutes own funds at 31 December 2013 amounted to €4,520 million, with a year-on-year increase of 11.1%, and they are of the highest quality (capital and reserves it has generated itself). It has not issued any hybrid debt instruments (preferred shares or subordinated debt).

In 2013, ICO's capital increased by €380 million, up to €3,610 million at year end.

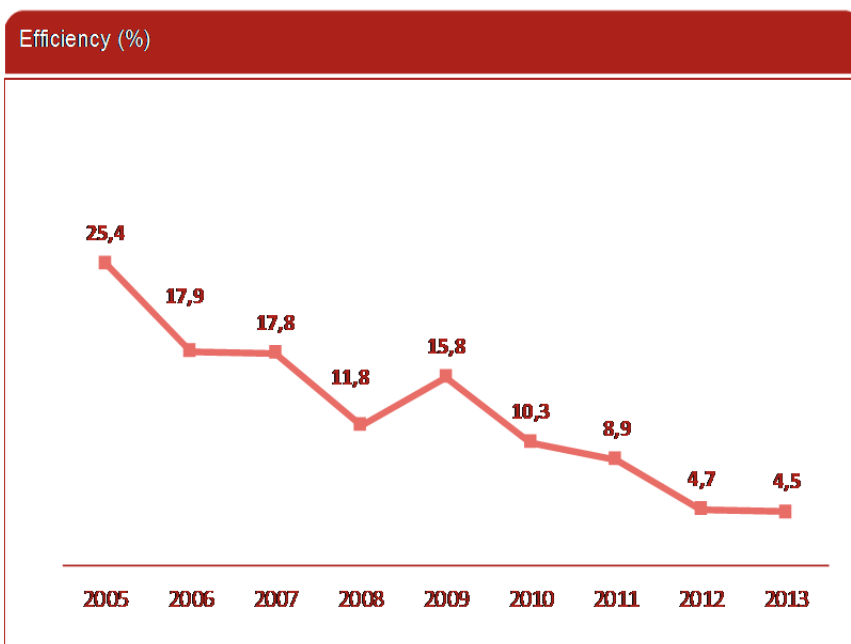
The Institute's solvency ratio increased in 2013, to 19.8%, which is well above regulatory minimums.



Net Interest Income earned by ICO in 2013 rose to €727.2 million, down 4.3% one the previous year. Nevertheless, the strong performance of fees and of earnings from financial transactions yielded a Gross Margin of €816.5 million, 2% higher than in the previous year.

Income Statement by margins		millions of euros and percentages		
			Year-on-year variation	
	31/12/2013	31/12/2012	absolute	as %
Interest and similar income	2.945,5	3.470,7	(525,2)	(15,1)
<b>Interest expense and similar charges</b>	<b>(2.218,3)</b>	<b>(2.710,8)</b>	<b>492,5</b>	<b>(18,2)</b>
Net Interest Income	727,2	759,9	(32,7)	(4,3)
<b>Other products and ordinary costs</b>	<b>89,3</b>	<b>40,9</b>	<b>48,4</b>	<b>118,3</b>
Gross operating income	816,5	800,8	15,7	2,0
<b>Staff costs</b>	<b>(18,4)</b>	<b>(17,2)</b>	<b>(1,2)</b>	<b>7,0</b>
Other administrative expenses	(12,7)	(13,2)	0,5	(3,8)
<b>Depreciation and amortization charge</b>	<b>(6,0)</b>	<b>(7,4)</b>	<b>1,4</b>	<b>(18,9)</b>
Financial asset impairment losses and provisions	(665,3)	(678,3)	13,0	(1,9)
<b>Net operating profit</b>	<b>114,2</b>	<b>84,7</b>	<b>29,4</b>	<b>34,7</b>
Impairment losses on other assets	(13,4)	(0,9)	(12,5)	1.388,9
<b>Other profit and loss</b>	<b>0,3</b>	<b>0,2</b>	<b>0,1</b>	<b>50,0</b>
Profit before tax	101,0	84,0	17,0	20,2
<b>Income tax</b>	<b>(29,8)</b>	<b>(24,0)</b>	<b>(5,8)</b>	<b>24,2</b>
<b>Net Profit for the Year</b>	<b>71,2</b>	<b>60,0</b>	<b>11,2</b>	<b>18,7</b>

During 2013, operating expense was down 2% over the previous year, continuing the cost containment policy initiated in previous years. This, together with the increase in Ordinary Gross Income, generated an efficiency ratio of 4.5% at year end.



The before-provision profit amounted to €779.4 million, which allowed ICO to make net provisions and asset write-offs of €678.7 million, which is in line with those carried out in the previous year, and achieve a high rate of coverage as noted above.

The before-tax profit amounted to €101 million, representing an increase of 20.2% on 2012.

## G. HUMAN RESOURCES

Instituto de Crédito Oficial, as a financial institution with the legal form of Public Corporate Entity, must be prepared to permanently adapt to the evolution of the financial sector, marked by increased

competition, unification of markets and new technological challenges. Simultaneously, and in its role as State Financial Agency, the Institute must be able to address with a total guarantee of success the challenges that are demanded by the various social agents. Thus, human capital is the most important factor that ICO relies on for effectively performing its functions.

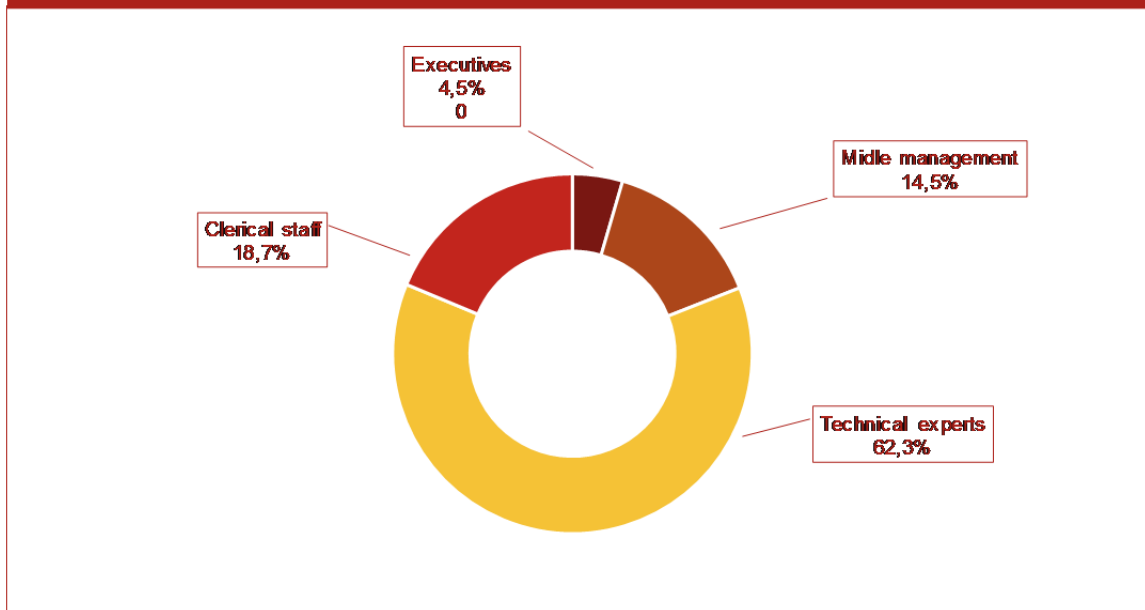
## PERSONNEL INFORMATION

At 31 December 2013, the staff of the Institute consisted of a total of 310 employees. The distribution of employees by professional groups is reflected in the following table:

Workforce distribution by professional groups (no. of employees at 31 December)			
	2013	2012	Variation
Executives	14	14	0
Middle management	45	45	0
Technical Experts	193	190	3
Clerical staff	58	64	-6
<b>TOTALES</b>	<b>310</b>	<b>313</b>	<b>-3</b>

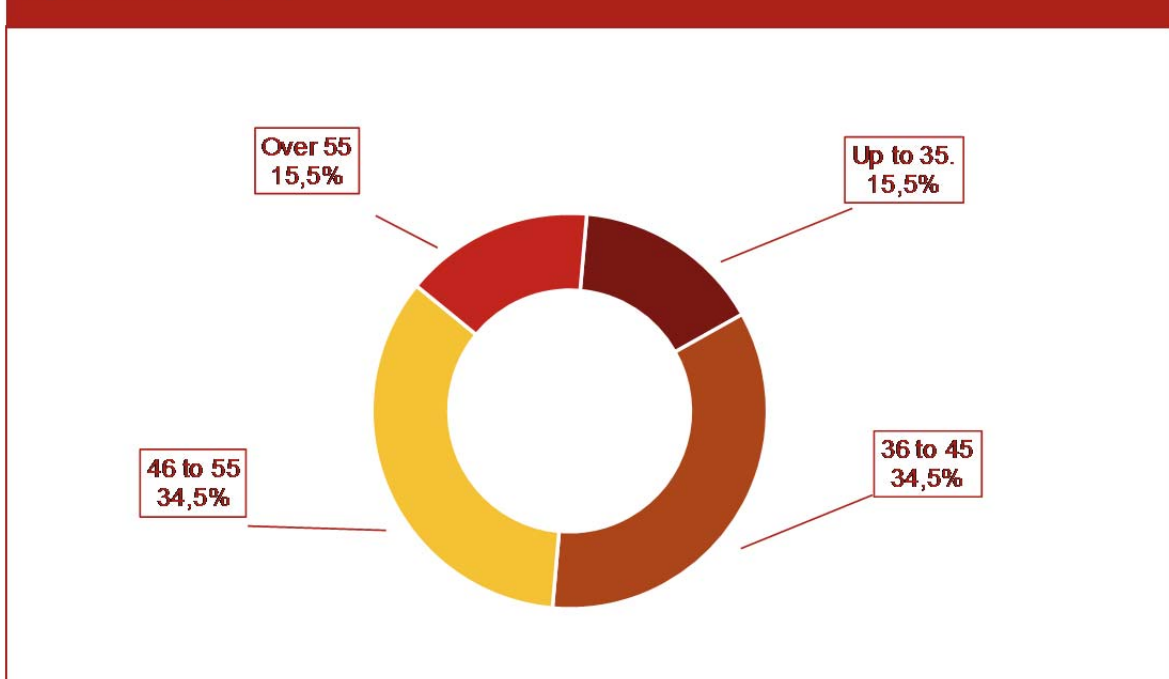
The level of professionalism of ICO employees is very high: excluding managers, 76.8 %% of the staff is in the professional expert category.

Workforce distribution by professional groups (2013)



The average age of the workforce is 45.6. 58% of the employees are in the range of 36 to 50 years old. Women account for 61% of the workforce and 51% of the middle and senior management positions.

Age distribution (2013)



## TRAINING

ICO has maintained its commitment to education and training as a key tool for improving the skills, abilities and development capabilities of its workforce. This training strategy is aligned with ICO's overall objectives, focusing on supporting the internationalisation, specialisation and solvency of ICO as a financial institution and facilitating improvements in its management as State Financial Agency.

The Training Plan approved by the Institute for 2013-2014 rests on the following foundations:

- Language training with a view to preparing the workforce for future challenges that ICO must assume in supporting Spanish companies in the internationalisation process. As a result, the number of hours employed in language training increased by 34.7% compared to 2012 and the percentage of staff receiving language training reached 71% (62% in 2012).
- Introduction of a new training area, general interest talks, which have been highly successful among the staff. 292 attendees were recorded.
- Boost in skills training, which saw a large increase in the number of hours (121%) on 2012.

**92% of the ICO workforce received training in 2013, with an average of 70 hours per person (49 hours in 2012).**

In 2013, there was an 85% increase in the number of attendees in training courses (1,235 attendees, as against 668 in 2012). The number of hours provided increased by 55% on 2012.

No. of training hours by training areas			
	Participants	No.of hours	%
Languages	331	11.266	52%
<b>Training in the post</b>	<b>345</b>	<b>4972</b>	<b>23%</b>
Training in new technology	164	540	2%
<b>Training for development</b>	<b>7</b>	<b>3260</b>	<b>15%</b>
Training in skills	96	1.260	6%
<b>Talks</b>	<b>292</b>	<b>532</b>	<b>2%</b>
<b>TOTAL</b>	<b>1.235</b>	<b>21.830</b>	<b>100%</b>

## MANAGEMENT BY OBJECTIVES SYSTEM

The Management by Objectives (MBO) system was introduced in 2007 with the aim of establishing a system for defining, implementing and monitoring the Institute's objectives. The system's development continued in 2013, allowing for measuring each employee's contribution to attaining objectives and rewarding their work through a previously established variable remuneration system.





## ASSETS SUMMARY

Balance at 31 December

millions of euros

	Total 1 = 2a 6 + 8 a 10	Cash 2	Loans to Credit Entities 3	Second-floor loans 4	Créditos a clientes 5	Securities Portfolios		Tangible Assets 8	Other Assets 9	Accrual Accounts 10
						Total 6	of which shares and holdings 7			
1991	19.398	16	15.112	-	1.904	6	6	23	26	2.311
1992	19.788	74	12.542	12	5.001	0	0	27	240	1.893
1993	19.412	12	11.542	384	5.404	26	17	56	115	1.874
1994	19.456	11	10.540	1.297	5.624	28	20	78	80	1.798
1995	19.821	11	9.080	2.708	5.866	43	28	80	340	1.694
1996	18.702	11	7.167	3.762	5.909	44	44	85	118	1.607
1997	20.087	4	7.528	5.078	5.528	49	49	90	36	1.774
1998	21.369	21	7.706	6.032	5.940	82	82	119	69	1.400
1999	23.562	27	7.930	7.086	6.755	91	91	106	270	1.296
2000	24.704	23	7.705	7.575	7.311	216	91	99	461	1.314
2001	25.601	31	6.934	8.132	8.000	635	100	89	651	1.128
2002	24.749	62	6.317	8.789	7.846	407	101	77	595	655
2003	26.419	30	7.138	9.614	8.005	679	101	64	342	547
2004	24.551	24	5.275	10.053	8.099	851	125	115	133	0
2005	26.956	74	3.871	12.102	8.496	1.139	128	163	1.111	1
2006	32.292	237	3.105	17.240	10.739	151	151	168	653	0
2007	39.882	128	3.193	11.017	13.550	10.815	152	169	1.008	1
2008	52.970	344	2.523	17.981	17.784	10.991	156	169	3.178	-
2009	60.360	75	858	28.522	18.846	9.340	159	121	2.598	-
2010	77.860	424	1.212	42.163	22.784	5.623	225	119	5.534	-
2011	94.577	31	2.240	47.842	30.042	8.483	216	113	5.826	-
2012	115.230	284	2.379	44.104	44.648	19.688	248	106	4.020	-
2013	102.203	18	1.196	42.448	34.452	21.810	253	104	2.175	-

**LIABILITIES SUMMARY**  
Balance at 31 December

millones de euros

	Total 1=2+5 a 10	Special funding			Ordinary funding 5	Other liabilities 6	Provisions 7	Equity and Reserves 8	Profits for the year 9	Accrual Accounts 10
		Total 2=3+4	State loans 3	Covered bonds 4						
1991	19.398	9.562	3.871	5.692	8.520	27	128	511	33	618
1992	19.788	8.522	3.871	4.652	10.094	195	60	544	66	307
1993	19.412	7.525	3.871	3.654	10.899	43	14	610	10	312
1994	19.456	6.413	3.865	2.548	11.894	79	98	620	15	338
1995	19.821	5.145	3.738	1.406	13.342	213	108	617	41	356
1996	18.702	1.947	1.334	613	12.766	344	159	2.871	115	501
1997	20.087	1.220	1.106	114	14.831	333	328	2.798	86	490
1998	21.369	1.106	1.028	78	16.186	369	334	2.776	97	502
1999	23.562	990	949	42	18.614	300	324	2.776	86	472
2000	24.704	873	870	4	19.828	295	321	2.776	80	532
2001	25.601	790	790	-	21.864	870	276	1.173	129	498
2002	24.749	711	711	-	21.115	1.077	248	1.107	301	190
2003	26.419	632	632	-	21.873	2.337	215	1.107	100	155
2004	24.551	320	320	-	18.784	3.888	405	1.092	55	5
2005	26.956	275	275	-	23.486	1.657	248	1.240	50	0
2006	32.292	229	229	-	27.655	2.782	225	1.295	107	1
2007	39.882	-	-	-	32.780	4.791	241	1.984	82	-
2008	52.970	-	-	-	43.039	7.341	208	2.292	89	-
2009	60.360	3.571	3.571	-	46.863	6.955	250	2.696	24	-
2010	77.860	3.434	3.434	-	64.762	6.057	376	3.199	31	-
2011	94.577	2.708	2.708	-	82.448	5.322	414	3.646	40	-
2012	115.230	-	-	-	105.967	4.829	305	4.069	60	-
2013	102.203	-	-	-	93.290	4.162	285	4.394	71	-

## INCOME STATEMENT BY MARGINS

millions of euros

	1	2	3 = 1 - 2	4	5	6	7 = 4 - 5 + 6	8	9 = 7 + 8
	Financial margins	Financial costs	Net interest income	Gross margin	Amortisation, personnel costs and general overheads	Provisions and other impairments	Operating profit	Non recurring income/Other profit and losses	Profit before tax
1991	1.506	1.418	88	85	13	(26)	47	3	51
1992	1.469	1.402	68	89	10	(54)	26	75	101
1993	1.548	1.476	73	72	14	(156)	(97)	107	10
1994	1.464	1.396	69	76	21	(146)	(85)	100	15
1995	1.447	1.395	52	60	25	(190)	(155)	196	41
1996	1.299	1.175	124	126	27	3	102	13	115
1997	1.097	1.008	88	91	28	(7)	56	30	86
1998	969	916	52	54	27	(7)	20	77	97
1999	803	725	78	82	33	(13)	37	94	130
2000	1.015	928	87	93	31	42	105	22	127
2001	1.055	952	103	110	34	(308)	(230)	555	325
2002	877	762	115	123	38	(80)	3	381	384
2003	707	603	104	113	37	(23)	53	56	109
2004	623	531	92	94	33	17	79	-	79
2005	670	580	90	130	33	(34)	64	-	64
2006	1.068	872	196	207	38	(13)	159	-	159
2007	1.648	1.440	207	227	41	(80)	108	-	108
2008	2.171	1.876	295	350	41	(187)	122	-	122
2009	1.437	1.240	197	270	43	(197)	30	-	30
2010	1.420	1.067	353	437	45	(350)	42	(0)	41
2011	2.625	2.190	434	472	42	(372)	57	(2)	55
2012	3.471	2.711	760	801	38	(678)	85	(1)	84
2013	2.945	2.218	727	817	37	(665)	114	(13)	101

**TABLE IV**  
**FUNDING OF INVESTMENTS IN SPAIN**  
**Loans formalised in the year. Distribution by Autonomous Region**

millions of euros

2013	Ordinary transactionos				Special and exceptional transactions 5
	Total 1=2+5	Total 2=3+4	Second-floor loans 3	Direct loans 4	
Andalucía	1.636	1.636	1.581	55	-
Aragón	501	501	449	52	-
Asturias	340	340	333	7	-
Balearic Islands	443	443	426	17	-
Canary Islands	425	425	425	0	-
Cantabria	76	76	76	-	-
Castilla-La Mancha	412	412	377	35	-
Castilla-Leon	651	651	630	21	-
Cataluña	2.778	2.778	2.483	295	-
Ceuta	27	27	27	-	-
Valencia	1.095	1.095	1.061	34	-
Extremadura	154	154	151	3	-
Galicia	715	715	712	2	-
La Rioja	133	133	133	-	-
Madrid	2.132	2.132	2.127	5	-
Melilla	-	-	-	-	-
Navarra	188	188	187	1	-
Basque Country	582	582	582	-	-
Murcia	487	487	435	51	0,3
National level	541	541	15	526	-
<b>TOTAL</b>	<b>13.316</b>	<b>13.316</b>	<b>12.209</b>	<b>1.107</b>	<b>0</b>

millions of euros

2012	Ordinary transactionos				Special and exceptional transactions 5
	Total 1=2+5	Total 2=3+4	Second-floor loans 3	Direct loans 4	
Andalucía	3.316	3.316	1.437	1.879	-
Aragón	590	590	436	155	-
Asturias	350	350	275	75	-
Balearic Islands	725	725	386	338	-
Canary Islands	531	531	371	160	-
Cantabria	210	210	121	90	-
Castilla-La Mancha	1.647	1.647	389	1.258	-
Castilla-Leon	941	941	592	349	-
Cataluña	4.096	4.096	2.055	2.041	-
Ceuta	25	25	6	19	-
Valencia	5.197	5.197	1.192	4.005	-
Extremadura	220	220	137	83	-
Galicia	721	721	653	68	-
La Rioja	114	114	96	19	-
Madrid	3.015	3.015	1.949	1.067	-
Melilla	7	7	6	1	-
Navarra	184	184	183	1	-
Basque Country	539	539	389	150	-
Murcia	1.100	980	591	389	120,0
National level	439	439	-	439	-
<b>TOTAL</b>	<b>23.969</b>	<b>23.849</b>	<b>11.263</b>	<b>12.586</b>	<b>120</b>



**Table VI**  
**SECOND FLOOR LOANS. Distribution by purpose.**  
Amount of funding provided. 2013

2013	Companies and entrepreneurs		internationalisation	
	Amounts provided	% / total	Amounts provided	% / total
Agriculture, livestock farming, forestry and fishing	771	6	49	3
Mining	62	1	14	1
Food industry	836	7	233	14
Textile industry	241	2	82	5
Paper industry	143	1	14	1
Chemical industry	361	3	145	9
Computer, elect. and optical prods.	45	0	21	1
Other manufacturing industries	943	8	417	25
Energy, electricity, gas and water	232	2	17	1
Construction	859	7	52	3
Wholesale trade	1.701	14	326	19
Retail trade	851	7	14	1
Transport and storage	1.340	11	96	6
Hotels and catering	738	6	33	2
Art and leisure communications	583	5	35	2
Finance, professional, science etc. Activities	1.381	11	112	7
Real estate activities	440	4	7	0
Education	119	1	1	0
Health and social services	312	3	5	0
Other services	215	2	3	0
Other	34	0	-	-
<b>TOTAL</b>	<b>12.209</b>	<b>100</b>	<b>1.675</b>	<b>100</b>

- The heading "Companies and Entrepreneurs" includes the lines ICO-SMEs and Entrepreneurs 2013, ICO-Mutual guarantee Comapny 2013, ICO-ICAA 2013, ICO-Realit 2013, ICO-Fomit 2011/2012 and ICO-Natural Disasters Law 14/2012

- The heading "Internationalisation" includes the lines ICO-International 2013 and ICO-Exports Short Therm 2013 2013.

**TABLE VII**  
**SECOND-FLOOR LOANS. Distribution by region.**  
Amount of loans provided. 2013

2013	Comanies and Entrepreneurs	Internationalisation	Total	%/Total
Catalonia	2.487	310	2.797	20%
Madrid	2.137	143	2.280	16%
Andalucía	1.581	103	1.683	12%
Valencia	1.061	214	1.275	9%
Basque Country	582	260	842	6%
Galicia	714	112	825	6%
Castilla-Leon	630	49	679	5%
Aragón	449	77	526	4%
Murcia	436	83	519	4%
Balearic Islands	425	38	463	3%
Canary islands	425	15	440	3%
Castilla-La Mancha	377	57	434	3%
Asturias	333	53	386	3%
Navarra	187	68	255	2%
Extremadura	151	21	172	1%
La Rioja	133	15	148	1%
Cantabria	76	14	90	1%
Others	-	41	41	0%
Ceuta	14	1	15	0%
Melilla	13	1	13	0%
<b>TOTAL</b>	<b>12.209</b>	<b>1.675</b>	<b>13.884</b>	<b>100%</b>

- The heading "Companies and Entrepreneurs" includes the lines ICO-SMEs and Entrepreneurs 2013, ICO-Mutual guarantee Comapny 2013, ICO-ICAA 2013, ICO-Realit 2013, ICO-Fomit 2011/2012 and ICO-Natural Disasters Law 14/2012

- The heading "Internationalisation" includes the lines ICO-International 2013 and ICO-Exports Short Therm 2013 2013.



PASEO DEL PRADO 4 – 28014

[www.ico.es](http://www.ico.es)