

**Instituto de Crédito Oficial**



**Instituto de Crédito Oficial**

**ANNUAL REPORT  
2012**

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## LETTER FROM THE CHAIRMAN



In 2012 the Spanish economy experienced what has probably been one of the most difficult years since the start of the crisis. Renewed stress in the sovereign debt markets between April and July last year caused the financing costs for the state to reach exceedingly high levels, in effect closing the wholesale financing markets to banks and Spanish companies. This situation resulted in a further tightening of credit conditions, contributing to the acceleration of the deleveraging process of our economy. Although the decisive intervention of the European Central Bank (ECB) last summer managed to stabilise the situation by eliminating the so-called 'redenomination risk', the deterioration in expectations extended to all the Eurozone countries, negatively affecting business and consumer sentiment in the latter part of the year in the core of the Eurozone.

However, 2012 was also a year of major reforms at both a national and European level. In Spain, the government adopted several measures, including structural reforms of the labour market, the financial system and the Public Administrations, which are already helping to improve our economy's growth potential and competitive position. In the European Union, not only has a political commitment been reached but also a roadmap has been drawn for the creation of a banking union to strengthen the institutional design of European monetary union. The decision to give the ECB responsibility for banking supervision of the major banks in the Eurozone is a step of the utmost importance giving credibility to the path taken.

In the aforementioned context of a severe credit crunch and weak solvent demand for credit, ICO remained active in the Spanish financial system, offering a counter-cyclical response to financing needs as well as seeking to revive the flow of credit. This presence in the system resulted in an increase in the balance sheet of 22% over the previous year, reaching €115,230 million in December 2012, which represents more than 3% of the total assets of the credit institutions in Spain and places the Instituto de Crédito Oficial (ICO) as the seventh largest bank by balance sheet size.

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 162,167 loan operations were formalised amounting to €27,309 million, up 31% on 2011. To be able to undertake these operations, ICO went to the capital markets and carried out medium- and long-term financing operations, amounting to €21,055 million, making it one of the largest bond issuers in the country.

42% of the loans (€11,511 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. Indeed, the volume of second-floor facility loans granted by ICO in Spain in 2012 was higher than the total volume of SME loans granted by the European Investment Bank (EIB) last year in the whole of Europe.

On the other hand, in 2012 the Supplier Payment Plan was launched, which permitted the payment of more than 5 million invoices to over 135,000 suppliers of the 14 Autonomous Regions and nearly 4,000 Local Councils, with a total volume of €27,372 million (2.6% of GDP) in liquidity injected directly into the real economy between the months of May and June. ICO has played a major role in the design, creation and management of this scheme, not only by contributing 23.3% (€6,387 million) of the financing for the Fund for the Financing of Payments to Suppliers (FFPP) but also by acting as an agent for completing these payments. According to theoretical studies, the multiplier effect of this injection of liquidity, of up to 1 point of GDP in the 12 months following this injection, would have helped cushion the decline in overall economic activity in the second half of 2012 and the first half of 2013.

In this sense, the total activity managed by ICO grew to €131,600 million in 2012, 60% up on the previous year. This amount includes not only the stock of loans and guarantees contained in the Institute's financial statements at the end of last year (€90,680 million) but also the funds of which management has been transferred to ICO, in its capacity as the State Financial Agency, by the Government. Among such funds would be the FFPP (€27,372 million), the Autonomous Region Liquidity Fund (FLA) (€16,656 million) and various foreign sector support instruments, such as the Development Promotion Fund (FONPRODE), the Corporate Internationalisation Fund (FIEM), the Reciprocal Interest Adjustment Contract (CARI) and the Water and Sanitation Co-operation Fund (FCAS).

It is also important to note that the most important growth experienced in 2012 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 12.3% to 14.5%) and efficiency ratios (from 7.5% to 3.8% in the ratio of conversion expenditure over ordinary gross income) while we have maintained our default ratio (3.7%) and coverage of the same (137%) at levels significantly better than those of the financial system as a whole.

The economic situation remains complex, which is why ICO in 2013 will continue to perform its role of supporting Spanish business, giving strong and imaginative responses to their financing needs, encouraging the development of new products and especially promoting the process of foreign reorientation of our production structure, through support for both our exporters and all those companies who want to internationalise their activities.

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.



## 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 a Specialised Credit Institution it acts in two ways: Directly funding large, public or private productive investment projects by Spanish companies in Spain or abroad, assuming the risk of the operations; and 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.

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.

ICO is financed in the capital markets, with the Spanish government guarantee on debts and other liabilities incurred by raising funds in these markets.

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**GENERAL BOARD OF THE ICO AND ORGANISATIONAL CHART**

(On 31 December 2012)

GENERAL BOARD

Chairman:

ROMÁN ESCOLANO<sup>1</sup>

Members:

ROSA MARÍA SÁNCHEZ-YEBRA<sup>2</sup>

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

CARMEN CÁRDENO<sup>2</sup>

Director General of Domestic Trade  
Ministry of Economy and Competitiveness

FELIPE MARTÍNEZ<sup>2</sup>

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

JAIME IGLESIAS<sup>2</sup>

Director General of Budgets  
Ministry of Finance and Public Administrations

JUAN MIGUEL BÁSCONES<sup>2</sup>

Director General of Economic Programming and Budgets  
Ministry of Public Works

MARÍA DEL CORISEO GONZÁLEZ-IZQUIERDO<sup>2</sup>

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

ADOLFO DÍAZ-AMBRONA<sup>2</sup>

Technical Secretary General  
Ministry of Agriculture, Food and Environment

JAIME PONCE<sup>3</sup>

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

IGNACIO MEZQUITA<sup>4</sup>

Director General for Economic Policy  
Ministry of Economy and Competitiveness

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<sup>1</sup> Appointment by RD 77/2012 of 5 January (BOE 06.01.2012)

<sup>2</sup> Board Members since 15.02.2012

<sup>3</sup> Board Member since 15.06.2012

<sup>4</sup> Board Member since 20.11.2012

Legal Counsel and Secretary of the Board:

IDOYA ARTEAGABEITIA

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

MEMBERS OF THE GENERAL BOARD WHO OCCUPIED THE POSITION DURING 2012:

Chairman:

JOSÉ MARÍA AYALA (Until termination by RD 76/2012 of 5 January (BOE 06.01.2012))

Members

JUAN ANTONIO CORTECERO (Until 15.02.2012)

ÁNGEL TORRES (Until 15.02.2012)

FERNANDO ROJAS (Until 15.02.2012)

JORGE SERRANO (Until 15.02.2012)

PEDRO ANTONIO RÍOS (Until 15.02.2012)

JESÚS MANUEL GÓMEZ (Until 15.02.2012)

JOSÉ CARLOS GARCÍA DE QUEVEDO (Until 15.02.2012)

FERNANDO SALAZAR (Until 15.02.2012)

JAIME SUÁREZ (Until 15.03.2012)

RAÚL SAUGAR (Until 15.06.2012)

FERNANDO VARELA (Until 20.11.2012)

## ACTIVITY REPORT

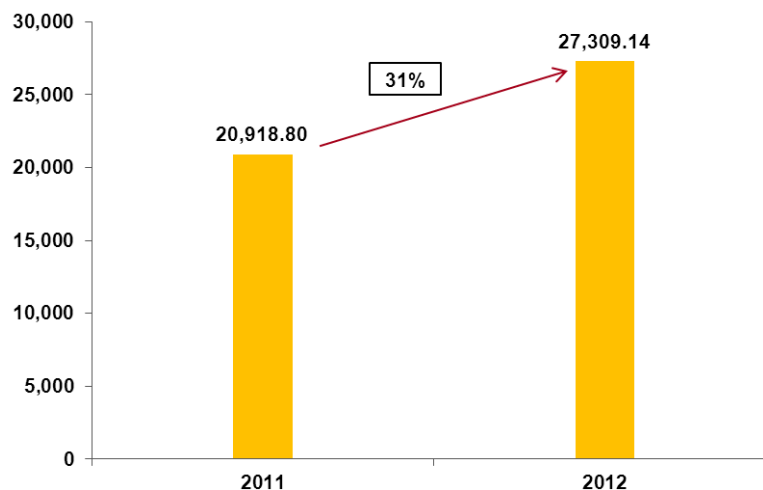
In 2012, the consequences of the international financial crisis intensified in most advanced economies, resulting in the case of our country, in a fall in activity that caused a reduction in real GDP of 1.4% for the year.

This performance was mainly due to poor financial conditions abroad that our economy faced for much of the year caused by the requirement of very high returns on Spanish bonds. The peak came early in the summer, the risk premium on its ten-year benchmark reaching 650 basis points. This circumstance meant that, during the second and third quarters, the capital markets were virtually closed to our agents. The immediate consequence of this situation has been the reduction of the bank balance sheets of our financial institutions, causing an 8% decline in credit in 2012.

With this adverse 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 offering a counter-cyclical response to the financing needs of companies, seeking to revive the flow of credit and providing liquidity mainly to the group of self-employed workers and SMEs.

During the 2012 financial year, the Institute's lending activity was up 31% compared to 2011, reaching a total of €27,309 million in completed operations, which represents about 3% of our country's GDP.

**Loans formalised in the year**  
(millions of euros)

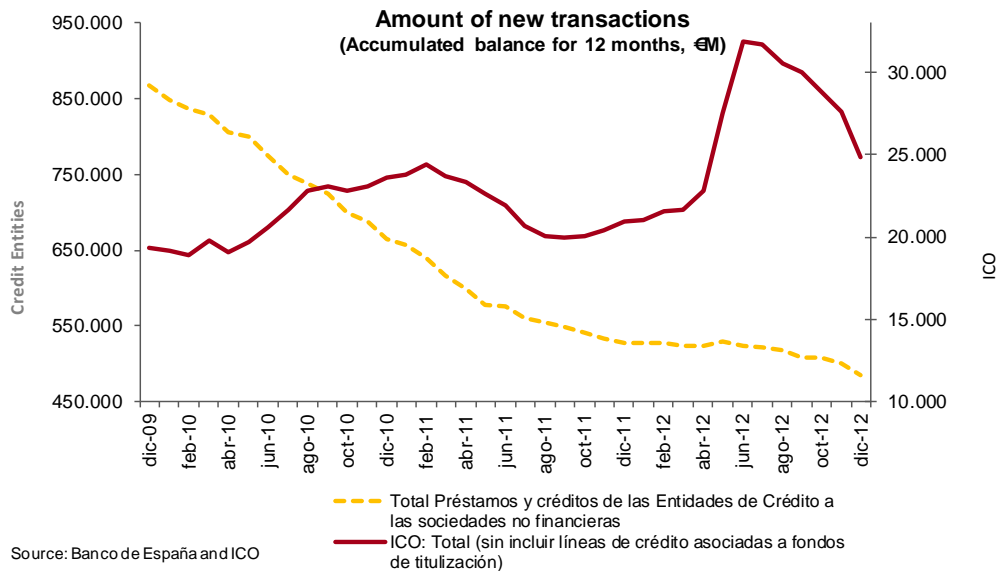


This counter-cyclical response has been received in the credit system since mid-2008 with an increase in new loans granted with funds of the Institute, while the rest of the Spanish financial sector was in free fall. This growing trend in funds provided by the Institute persisted in 2012, being more pronounced in the first half of the year, coinciding with the financing of the Fund for the Financing of Payments to Suppliers.

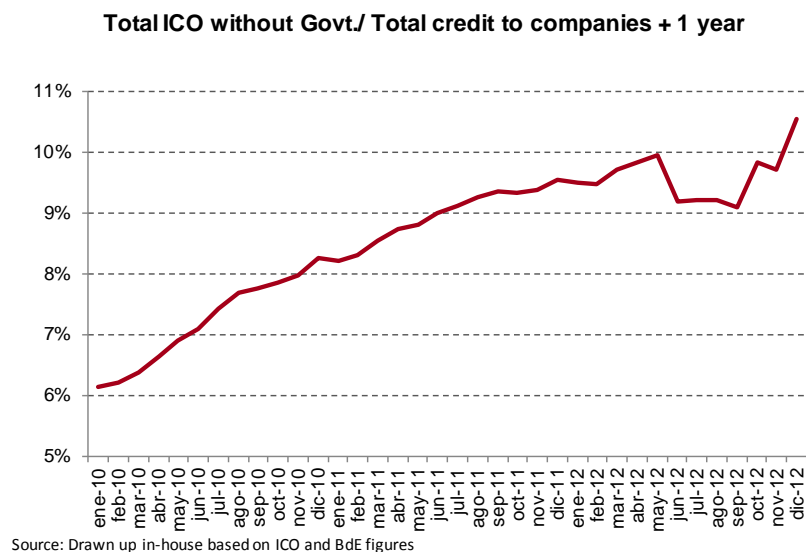


Through this Fund a mechanism was launched to pay the outstanding invoices of suppliers to Local Councils and Autonomous Regions, amounting to €27,372 million.

The ICO participates in the Fund for the Financing of Payments to Suppliers (FFPP), on the one hand, as payment agent, designing, managing and executing the structure of the Fund, and secondly, as the main financier, contributing €6,387 million, 23.3% of its total.



The substantial increase in ICO's lending activity in recent years has resulted in significant growth in its assets and a greater presence of the organisation in the Spanish credit system. The participation of the Institute as a proportion of the total credit in the sector to companies with maturities exceeding one year, without taking into account the loans to Public Administrations, stood at 11% at the end of 2012.



ICO's lending activity helped to partially alleviate the overall fall in credit in the system.

In 2012, to finance activity the Institute made a major effort to raise funds in financial markets, reaching a total of €21,055 million in medium- and long-term financing.

As a result, the ICO balance sheet has undergone a 22% increase over 2011, continuing the upward trend of recent years and gaining weight among the group of the Spanish credit institutions, ranked as the seventh Spanish bank for volume of assets.

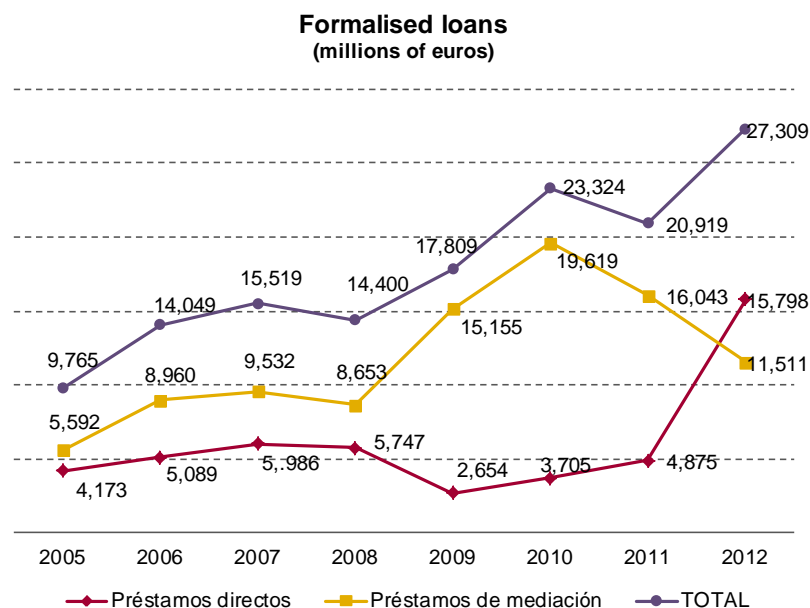
Profit before tax increased by 53% compared to that obtained in 2011, reaching €84 million. This result was made possible not only by the aforementioned increase in credit activity, but due to the proper management of the returns on assets and liabilities and its operating cost containment policy, which had already begun in previous years. These expenses were down 10% compared to 2011. As a result, the efficiency ratio (measured as conversion expenditure on gross ordinary income) has experienced a significant improvement, going from 7.5% at end of 2011 to 3.8% in late 2012.

Profits were obtained after the Institute made net provisions of €678 million in 2012.

Besides lending itself, ICO provides guarantees and is instructed to manage operations for the State. The latter do not form part of the Institute's financial statements. During 2012, in addition to managing operations in place from previous years (CARI, FIEM, FONPRODE and FCAS), the management of two new funds was incorporated: The aforementioned Fund for the Financing of Payments to Suppliers (FFPP) and the Autonomous Region Liquidity Fund (FLA). This has meant that the volume of State funds ICO manages increased by 510% over the previous year, coming to €53,065 million at the end of 2012.

## A. ICO'S LENDING ACTIVITY IN 2012.

Over the 2012 financial year, ICO formalised loans amounting to €27,309 million, which represented an increase of 31% over the previous year.



During 2012 the ICO continued financing the liquidity and investment needs of small and medium sized companies, through Second-floor Facilities that are distributed by the private financial sector, increasing the funds granted to €11,511 million. In turn, there was an increase in loans granted directly by the Institute (direct loans) in which ICO assumes the risk of the operation.

Virtually all the loans formalised by the Institute in 2012 were ordinary operations; loans to respond to serious social and/or economic crisis situations amounted to €120 million related to the lines enabled for the natural disasters in Lorca and the island of El Hierro.

Formalised loans (millions of euros)	2005	2006	2007	2008	2009	2010	2011	2012
Second floor floans	5,592	8,960	9,532	8,653	15,155	19,619	16,043	11,511
Direct loans <sup>(*)</sup>	4,173	5,089	5,986	5,747	2,654	3,705	4,875	15,798
<b>TOTAL</b>	<b>9,765</b>	<b>14,049</b>	<b>15,519</b>	<b>14,400</b>	<b>17,809</b>	<b>23,324</b>	<b>20,919</b>	<b>27,309</b>
Ordinary transactions	9,003	13,281	15,430	14,059	17,790	23,323	20,917	27,190
Funding investments/liquidity in Spain	7,621	11,260	13,732	12,167	17,218	22,706	20,456	26,674
Funding investments/liquidity abroad	1,382	2,021	1,699	1,892	572	617	460	516
Special transactions (disaster victims)	762	768	89	341	18	1	2	120

(\*) In 2012, the heading Direct loans includes €2,825 million corresponding to credit lines associated with securitisation funds.

The more than €27 billion that the ICO formalised in 2012 materialised in 162,170 loan operations, mostly to small and medium sized companies and the self-employed, whose method of accessing ICO financing was mainly through the second-floor facilities of the banks and savings banks with which they usually operate.

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

Through ICO funds distributed through the second-floor facilities in 2012, 162,075 loans were granted to the self-employed and small and medium sized companies, amounting to €11,511 million.

For over twenty years, second-floor facilities have been confirmed as the most efficient formula for the distribution of ICO financing using the branch network of virtually all the credit institutions operating in Spain, in order to get ICO loans to SMEs and the self-employed nation-wide. For this purpose, each year ICO signs relevant partnership agreements with these institutions.

In 2012, 89,741 operations were formalised totalling €6,775 million, through the ICO-Liquidez liquidity facility. Likewise, a further €4,175 million in loans were formalised though the ICO-Inversión investment facility to 65,728 businesses to finance new projects. Through the ICO-Internacionalización internationalisation facility, 462 international expansion projects by Spanish companies were financed for a total of €231 million.

**Amount of second floor facilities formalised in the year (millions of euros)****Distribution by lines of credit**

	<b>2012</b>
ICO-Liquidity 2012	6,775
ICO-Investment 2012(*)	4,175
ICO-International Facility 2012	231
ICO-Companies and Entrepreneurs Facility 2012	141
Others	189
<b>TOTAL</b>	<b>11,511</b>

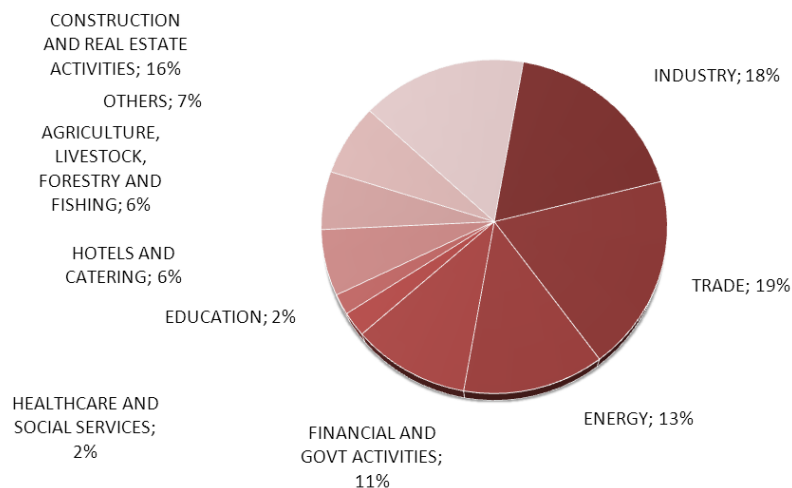
**Number of mediation transactions formalised in the year (millions of euros)****Distribution by credit line**

	<b>2012</b>
ICO-Liquidity 2012	89,741
ICO-Investment 2012(*)	65,728
ICO-ICO International Facility 2012	462
ICO-Companies and Entrepreneurs Facility 2012	4,261
Others	2,053
<b>TOTAL</b>	<b>162,245</b>

Besides the second-floor facilities specified in the tables above, during 2012 other facilities have been in place aimed at providing support to the self-employed and SMEs belonging to specific sectors, those affected by natural disasters (ICO-Lorca Earthquake facility RD 6/2011 or ICO-El Hierro Tourism facility) or that associated with certain key economic activities, in need of additional financial support in the current economic situation (ICO-Retail Liquidity facility, for example).

In the chart below we can see the details of the volume provided through the main second-floor facilities that are grouped under the heading "Rest".

**Distribution of mediation loans (second floor facilities) by sector 2012**  
(%/Total formalisations in the year)



Regarding the geographical destination of these second-floor facility loans, in 2012 98% of the funds were used to finance liquidity and investment projects in Spain.

**Second floor facilities formalised in the year (millions of euros)**

**Distribution by investment purpose**

	<b>2012</b>
Investments in Spain	11,267
Investments abroad	244
<b>TOTAL</b>	<b>11,511</b>

Regarding the volume of second-floor facility loans to finance foreign investments (€244 million in 2012); the following table shows the distribution by investment destination country.

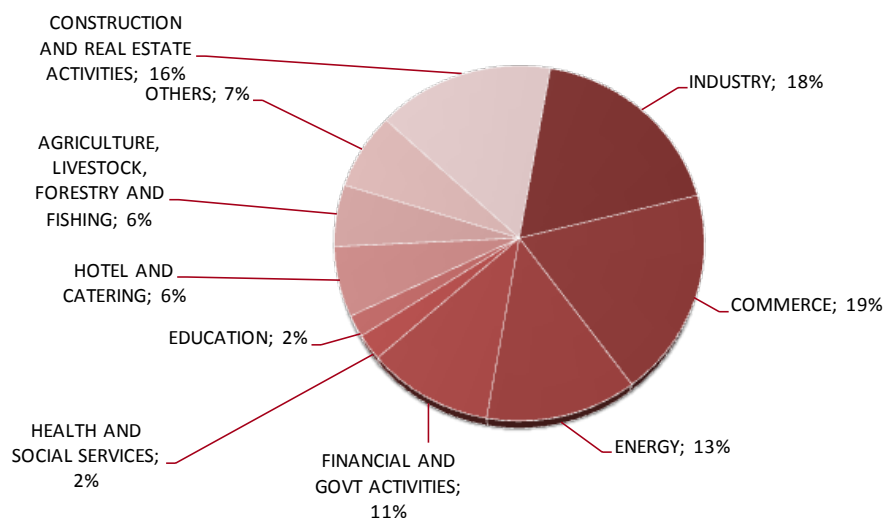
**Second floor facilities formalised in the year (millions of euros)**

**Investment abroad. Distribution by investee country**

Brazil	35
Mexico	30
USA	25
France	16
Russia	12
Others	126
<b>TOTAL</b>	<b>244</b>

Credit formalised through second-floor facilities showed a broad sectorial distribution. About half the loans were to finance investments or the liquidity needs of SMEs and the self-employed whose activity is related to the industry, commerce and energy sector.

**Distribution of mediation loans (second floor facilities) by sector 2012**  
(% Total formalisations in the year)



## **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 2012, direct operations were formalised amounting to €15,798 million, highlighting in this amount the Fund for the Financing of Payments to Suppliers, to which the ICO provided €6,387 million, and the financing line to the Autonomous Regions to provide for the maturity of its financial debt, amounting to €5,397 million. This temporary funding mechanism has been replaced by the Autonomous Region Liquidity Fund (FLA), in which ICO acts as financial manager without providing funds for its financing.

Regarding wholesale banking activities, loans totalling €1,074 million were formalised in 2012 to finance the investment projects of large companies.

In relation to operations undertaken as State Financial Agency, in 2012 ICO launched a direct financing facility to alleviate the effects of the earthquake in the town of Lorca, amounting to €115 million.

## **A.3.FUND FOR THE FINANCING OF PAYMENTS TO SUPPLIERS**

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 appoints ICO as paying agent in charge of the administration and management of its operations. It is set up with an initial provision of €30 billion, expandable to €35 billion and its main objective is to carry out long-term credit operations for the payment of outstanding obligations with suppliers to government authorities at all levels.

In May 2012 the Fund subscribed 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 has been 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 subscribed with the Local Authorities and Autonomous Regions. Since May 2012, €27,372 million has been injected into the Spanish economy, through the payment of more than 5 million invoices relating to works and services provided by 135,450 suppliers, the vast majority SMEs and self-employed workers.

In late May, the outstanding invoices of the Local Authorities were paid: 1,967,000 invoices from 106,283 Suppliers, amounting to €9,750 million. Of these suppliers, 65% were SMEs, 34% self-employed workers and 1% large companies.

In June 2012 the outstanding invoices of the Autonomous Regions were paid: 3,960,000 invoices from 29,108 suppliers, amounting to €17,700 million. Of these suppliers, 74% were companies and 26% self-employed workers.

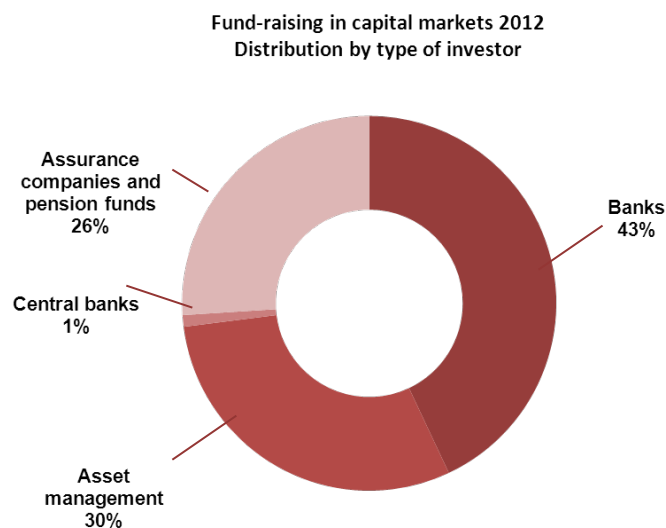
The effects of these payments have been beneficial for the Spanish economy as a whole, as they have led to a direct injection of liquidity for companies and self-employed workers equivalent to 2.6% of GDP, against a backdrop of a credit crunch.

## B. FUND-RAISING

In order to carry out its lending activity and address the funding needs in the first few months of 2013, the Institute made a major effort in 2012 to raise funds in the financial markets, reaching gross financing of €26,942 million during the year, mostly with medium- and long-term maturity.

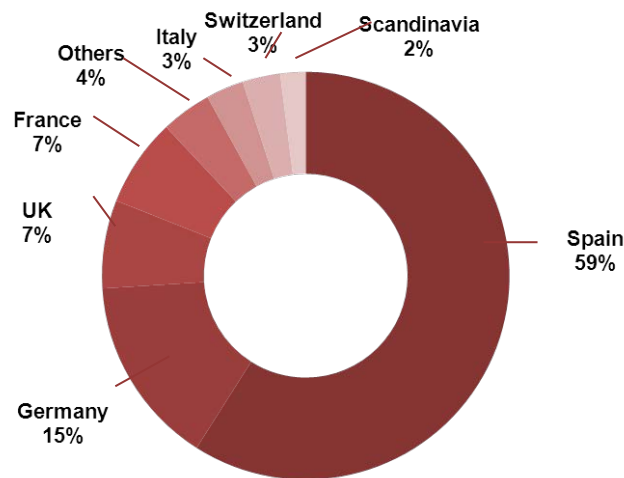
Most ICO financing in the capital markets in 2012, as usual, came from bonds and debentures (over €25 billion) mainly in the euro market, and the rest was obtained through loans from other credit institutions.

The investors are mostly, credit institutions and asset managers.



As for the country distribution of these investors, 59% were Spanish. Most foreign investors were inside the European Union.

Fund-raising in capital markets 2012  
Distribution by countries



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

In 2012, 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 private equity firm focused on minority investments in growth capital for the amount of €1.5 to €15 million to support companies in their growth. During 2012, it managed two funds: FOND-ICOpyme, which directly invests in capital and quasi-capital companies; and FOND-ICOinfraestructuras, with €500 million to finance infrastructures. AXIS has been operating in the venture capital market for over 25 years and throughout its history it has made investments in over 140 companies for a total of over €300 million.

#### FOND-ICOpyme, FCR

The Venture Capital Fund FOND-ICOpyme has provisions of €422 million and maturity expected in 2022. It is a general-purpose fund, its objective focussing 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.



Additionally, in order to cover the even earlier phases associated with entrepreneurship, in 2012, FOND-ICO<sub>pyme</sub> 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 M.

Currently it has investments in 30 companies and holdings in a further 17 private equity firms, amounting to €124 million.

#### **FOND-ICO<sub>pyme</sub>, FCR**

##### **Portfolio of formalised investments. Balance at December 2012 (millions of euros)**

<b>2012</b>		
	<b>No. of transactions</b>	<b>Amount</b>
Capital (shares and holdings)	21	46
Participating loan agreements	19	44
Venture capital entities	17	34
<b>TOTAL</b>	<b>57</b>	<b>124</b>

#### **FOND-ICO<sub>infraestructuras</sub>, 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.

The implementation and improvement of infrastructures under a prism of sustainability is an essential part of economic growth, development of public services and improving competitiveness. Within the current framework of public budget constraint, the objective of FOND-ICO<sub>infraestructuras</sub> 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-ICO<sub>infraestructuras</sub>'s objectives is that of strengthening the capitalisation of projects accompanying minority interests in capital or quasi-capital in infrastructure management companies.

FOND-ICO<sub>infraestructuras</sub> will act in a stable horizon of long-term investment commitment and low market parameters in terms of the required profitability (time/profitability).

In late 2012 the internationalisation of the Fund began, accompanying Spanish companies in their overseas expansion.

#### **FOND-ICO<sub>infraestructuras</sub>, FCR**

##### **Portfolio of formalised investments. Balance at December 2012 (millions of euros)**

<b>2012</b>		
	<b>No. of transactions</b>	<b>Amount</b>
Capital (shares and holdings)	2	3
Loans and credit to investee companies	2	9
<b>TOTAL</b>	<b>4</b>	<b>12</b>

## 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, and is 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, which is also in charge of managing the Fund.

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 funding right from the start of the project.

As of December 2012, since the beginning of the activity of the fund, 476 projects have been formalised, amounting to €162 million.

<b>JEREMIE fund</b>		
<b>Global portfolio. Balance at December 2012 (millions of euros)</b>		
	<b>2012</b>	
	<b>No. projects</b>	<b>Amount</b>
Formalised projects	476	162

## OTHER CAPITAL FUNDS

ICO also invests, with different contributions, in the following capital funds, all managed by different companies:

- **Fons Mediterrània, FCR**, Venture Capital Fund for the implementation of investment operations in Morocco, Tunisia, and Algeria.
- **FC2E, Carbon Fund for Spanish Enterprises**, promoted by Instituto de Crédito Oficial and Santander Investment. It is the first joint venture managed carbon fund in Spain.
- **Fondo de Carbono Postkyoto**, which aims to buy and sell rights generated as of 2013 for environmental projects.
- **Fondo Marguerite**, 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.

## **D. INVESTMENTS IN COMPANIES**

Instituto de Crédito Oficial owns shares in 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. During 2012 it managed FOND-ICOpyme, FCR and FOND-ICOinfraestructuras, FCR.

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 micro companies and new or recently created companies.

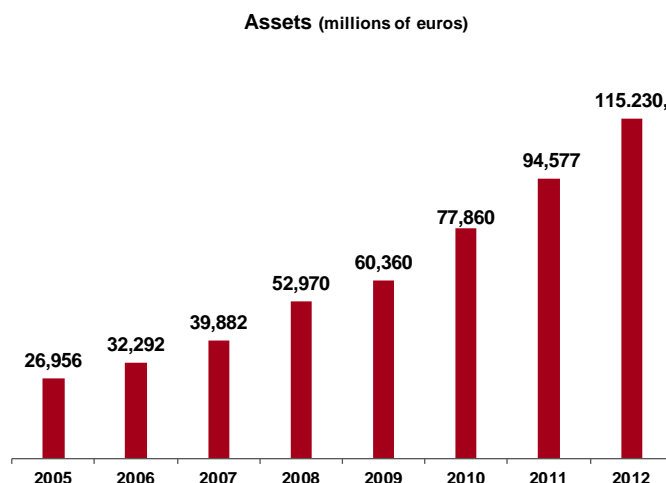
ICO owns 25.25% of the share capital of Compañía Española de Financiación al Desarrollo, S.A (COFIDES), a state corporation set up in 1988. Its purpose is to provide medium- and long-term financing for viable private investment projects abroad where there is a Spanish interest of some kind, to help with profitability criteria, both in the development of the countries receiving investments as well as the internationalisation of the economy and the Spanish companies.

Lastly, the 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 Enterprises (FC2E).

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

In 2012 ICO's balance sheet was up 22% over the previous year, reaching a total of €115,230 million.

ICO assets account for 3.4% of the system overall, ranking it as the seventh Spanish credit institution by assets.



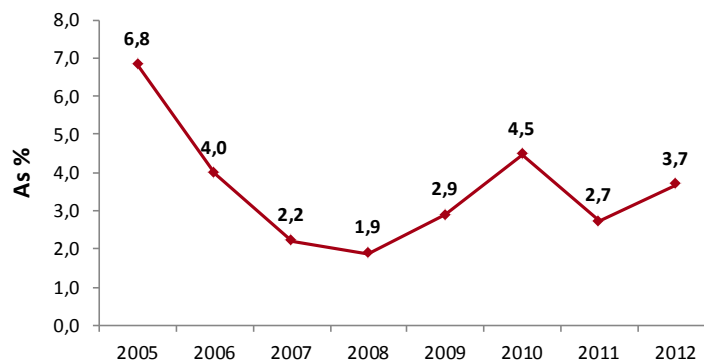
The balance of the ICO's loans and receivables, minus net provisions, increased in 2012 by 14% to €88,752 million. This balance is broken down equally between loans granted directly by the Institute, of which the balance increased in 2012 by 49% over the previous year and loans distributed by the Institute through “second-floor facilities”, of which the net balance decreased 8%.

Asset operations and funding. Summarised balance sheets  
Balances at 31 December

	millions of euros and percentages			
	2012	2011	Annual variation	
			absolute	as %
Cash and Banco de España	284	31	253	814
Trading portfolio	555	452	103	23
Loans and receivables	88,752	77,885	10,868	14
- Mediation loans	44,104	47,842	(3,738)	(8)
- Customer loans	44,648	30,042	14,606	49
Other loans to credit entities	2,379	2,240	139	6
Securities portfolio	248	1,070	(822)	(77)
Held-to-maturity investment portfolio	19,440	7,413	12,028	162
Hedging derivatives	3,019	5,207	(2,188)	(42)
Tangible assets	106	113	(7)	(6)
Other asset accounts	446	167	279	166
<b>TOTAL ASSETS = LIABILITIES</b>	<b>115,230</b>	<b>94,577</b>	<b>20,653</b>	<b>22</b>
Trading portfolio	553	443	110	25
External resources	109,583	89,252	20,331	23
Hedging derivatives	338	671	(333)	(50)
Provisions and funds	305	414	(109)	(26)
Own resources	4,009	3,440	569	17
Valuation adjustments	70	206	(136)	(66)
Profits for the year	60	40	20	50
Other liability accounts	312	112	200	179

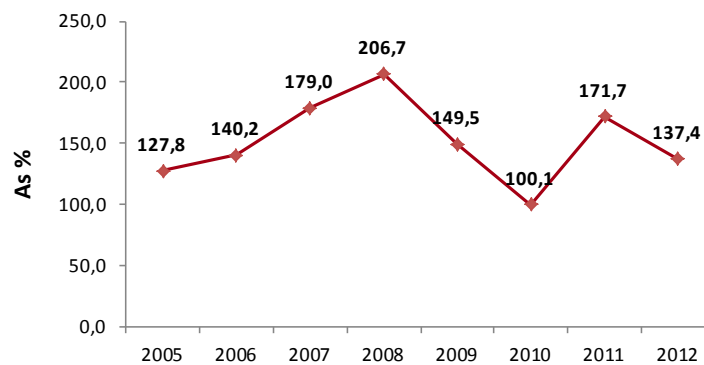
Although in 2012 the delinquency increased slightly compared to 2011, at the end of the year reaching 3.7%, it remains at a very moderate level and well below that of the financial sector (industry default 10.4%).

### Non performing loans ratio



Furthermore, ICO maintains a prudent coverage and write-off policy, whereby the coverage ratio stood at 137.4%, much higher than the industry average (73.9%).

### Provision coverage ratio



Meanwhile, as was the case in 2011, ICO continued increasing its portfolio of financial assets during 2012, in order to maximise returns on surplus cash and strengthen its liquidity position, given the high volatility of the capital markets.

ICO's counter-cyclical activity in this period of economic crisis and the credit activity it has implied, has necessitated a 23% increase in the balance of the institution's borrowed funds in 2012 to nearly €110 billion. Of this amount, 87% corresponds to medium- and long-term liabilities.

ICO's own resources 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).

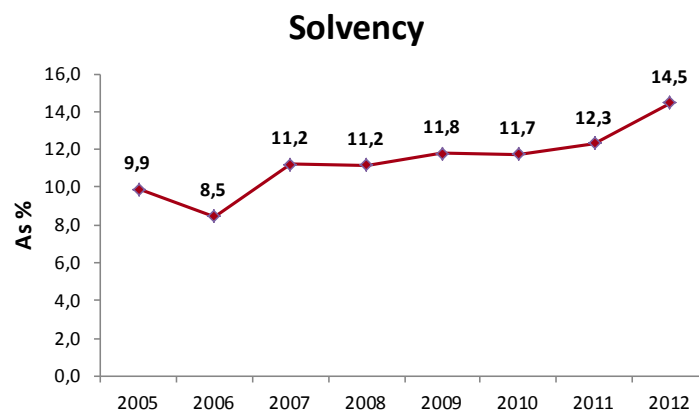
The sum of Equity and Reserves increased by 17% in 2012 to reach €4,009 million. Adding the profits for the year and valuation adjustments, net assets rose to €4,139 million, 12% up on the previous year.

**Capital accounts**  
**Balances at 31 December**

	millions of euros and percentages			
	2012	2011	Annual variation	
			absolute	as %
Capital	3,230	2,701	530	20
Reserves	779	739	40	5
Valuation adjustments	70	206	(136)	(66)
Profit for the year	60	40	20	50
<b>TOTAL</b>	<b>4,139</b>	<b>3,686</b>	<b>454</b>	<b>12</b>

In 2012, ICO's capital increased by almost €530 million as a result of the contribution under the General State Budget of €520 million and the capitalisation of economic policy loan recoveries, based on the provisions of the Eleventh Additional Provision of Law 24/2001, of 27 December, on Tax, Administrative and Social Order Measures.

The Institute's solvency ratio increased in 2012 and remains well above regulatory minimums.

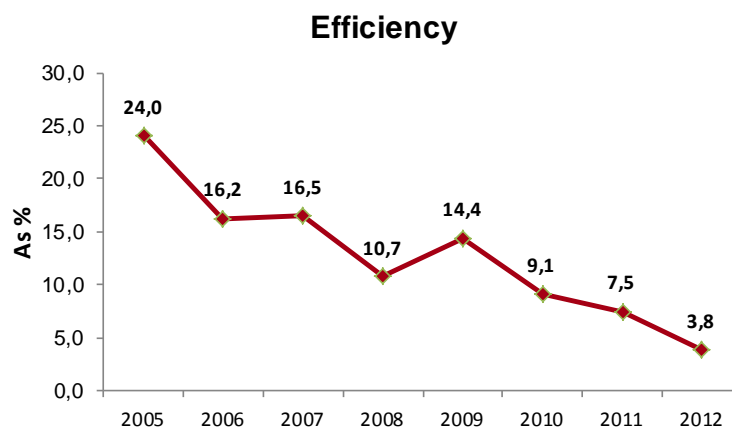


Net Interest Income earned by ICO in 2012 rose to €760 million, up 75% over the previous year. Its Gross Margin, Operating Profit and Profit increased significantly.

**Income statement by margins**  
**Figures at 31 December**

	millions of euros and percentages			
	2012	2011	Year-on-year variation	
			absolute	as %
Financial products	3,471	2,625	846	32
Financial costs	(2,711)	(2,190)	(521)	24
<b>Net Interest Income</b>	<b>760</b>	<b>434</b>	<b>326</b>	<b>75</b>
Other products and ordinary costs	41	37	4	10
<b>Gross margin</b>	<b>801</b>	<b>472</b>	<b>329</b>	<b>70</b>
Personnel expense	(17)	(18)	1	(6)
General overheads	(13)	(17)	4	(22)
Amortisations	(7)	(7)	(1)	7
Losses due to depreciation and allocations	(678)	(372)	(306)	82
<b>Operating activities</b>	<b>85</b>	<b>57</b>	<b>27</b>	<b>48</b>
Losses due to impairment of other assets	(1)	(2)	1	(59)
Other profit and loss	-	-	-	-
<b>Pre-tax profits</b>	<b>84</b>	<b>55</b>	<b>29</b>	<b>52</b>
Tax on profits	(24)	(15)	(9)	59
<b>Profit for the period</b>	<b>60</b>	<b>40</b>	<b>20</b>	<b>50</b>

During 2012, overheads and personnel expense were down 22% and 6%, respectively, over the previous year, continuing the cost containment policy initiated in previous years. This, together with the increase in financial margins, has meant that the efficiency ratio is placed at historically low levels in the institution.



Efficiency ratio: Conversion Expenditure / Ordinary Gross Income (%)

## F. OPERATIONS MANAGED BY THE STATE

ICO, in addition to performing its functions as institutional lender on its own, also acts as a financial agent, managing 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. These operations are implemented separately from the rest of its operations and are booked independently of the Institute's accounts.

<b>State-managed transactions</b>			
<b>Balance at 31 December</b>			
	millions of euros and percentages		
	2012	2011	Year-on-year variation (%)
Fund for Financing Payments to Suppliers (FFPP)	27,372	-	-
Regional Liquidity Fund (FLA)	16,656	-	-
FIEM	5,168	4,539	14%
FONPRODE	833	814	2%
FCAS	506	506	-
CARI	2,761	2,834	-3%
<b>TOTAL</b>	<b>53,296</b>	<b>8,693</b>	<b>513%</b>

With regards this work carried out by the Institute, in addition to the funds it has been managing in previous years: the Corporate Internationalisation Fund (FIEM), the Development Promotion Fund (FONPRODE), the Water and Sanitation Co-operation Fund (FCAS) and the Reciprocal Interest Adjustment Contract (CARI), in 2012 it incorporated two new instruments: the Fund for the Financing of Payments to Suppliers (FFPP), commented in detail in Section A.3, and the Autonomous Region Liquidity Fund (FLA). Total funds administered by the Institute at the end of the year 2012 came to €53.29 billion, an increase of 510% compared to the end of 2011.

### AUTONOMOUS REGION LIQUIDITY FUND (FLA) 2012

Under Royal Decree-Law 21/2012, on liquidity measures for the Public Administrations, the Autonomous Region Liquidity Fund was created as a mechanism to support the liquidity of the Autonomous Regions, in a temporary and voluntary way, which allows them to address their financial needs. On 2 August 2012 the Government instructed ICO to manage the Fund and to formalise the related loans to be signed with the Autonomous Regions.

The amount of the FLA for 2012 was set at €18 billion. €16.65 billion has been provided to borrower regions.

The Fund has two sections: One for financing outstanding financial maturities in 2012 and another to finance the budget deficit, including in the latter payment to suppliers.



Under this last section, ICO paid 203,320 invoices directly to suppliers of Autonomous Region authorities coming to €6,752 million.

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

The FIEM was created by Law 11/2010 of 28 June, to reform the system of financial support for the internationalisation of Spanish companies, as an instrument for financing official support for the internationalisation of Spanish companies, managed by the Ministry of Economy and Competitiveness, through the Secretary of State for Commerce.

The objective of the fund is to promote export operations in Spanish companies, as well as direct Spanish investment abroad by funding operations and projects of special interest for the strategy of internationalising the Spanish economy. It may also finance the technical assistance that these operations and projects require both in developed and developing countries.

In general, funding is largely carried out in the form of loans, credits and credit lines, but technical assistance and consultancy can be financed on a non-reimbursable basis, as well as projects and operations where special circumstances so require.

Operations approved under the FIEM in 2012 stood at €476 million, representing a significant increase over the €83 million that were granted in 2011.

In 2012 operations were formalised for the amount of €117 million, representing an increase of 48% over the previous year.

**Corporate Internationalisation Fund (FIEM)**  
Figures at 31 December

	millions of euros and percentages			
	2012	2011	Annual variation	
			Absolute	as %
<b>Credit activity in the year</b>				
Loans granted	476	83	394	477
Loans formalised	117	79	38	48
<b>Outstanding amount on credit portfolio</b>	5,157	5,330	(173)	(3)

Lastly, it should be noted that the outstanding balance of the FIEM portfolio (credit accounts) at 31 December 2012 came to €5.15 billion.

## DEVELOPMENT PROMOTION FUND (FONPRODE)

It was created under Law 36/2010 of 22 October, 2010 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 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:

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

### Development Promotion Fund (FONPRODE)

Figures at 31 December

millions of euros and percentages

	2012	2011	Annual variation	
			Absolute	as %
<b>Credit activity in the year</b>				
Loans granted	158	608	(450)	(74)
Loans formalised	71	631	(560)	(89)
<b>Outstanding amount on credit portfolio (*)</b>	833	858	(25)	(3)
<b>Financial investment portfolio balance</b>	132	124	9	7

(\*) the credit portfolio includes credit accounts for microcredit programmes and refundable contributions

## 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.

In 2012, the third year the Fund was in operation, no contributions were granted or formalised. The balance of contributions granted since the Fund was created, at 31 December 2012, was €506 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 2012, 15 CARI operations have been signed worth €108 million, less than the sum formalised overall during the previous year, which was €673 million (33 operations), resulting in a negative variation of 84 % in the amount formalised.

The main export destination countries, by volume formalised, were as follows: Panama (accounting for 45%), Turkey (21%), Mexico (17%) and China (15%). As for the number of contracts signed, Mexico heads the ranking with 11 operations, and in terms of the type of goods exported, Land Transport was the leading sector (67% of the imports). The currency denomination of most operations formalised in 2012, both in number and volume, was the dollar.

Reciprocal Interest Adjustment Contract		millions of euros and percentages		
Figures at 31 December				
	2012	2011	Annual variation	
			Absolute	as %
<b>Credit activity in the year</b>				
Amount of operations submitted	575	1,081	(506)	(47)
Amount of operations formalised	108	673	(565)	(84)
<b>Outstanding amount on credit portfolio</b>	2,761	2,769	(8)	(0)

The outstanding balance of the CARI portfolio, to 31 December 2012 came to €2.76 billion. Of the total portfolio, 67% corresponds to operations signed in dollars and 33% in euros.

## 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 from the various social agents. Thus, human capital is the most important factor that ICO relies on for effectively performing its functions.

### PERSONNEL INFORMATION

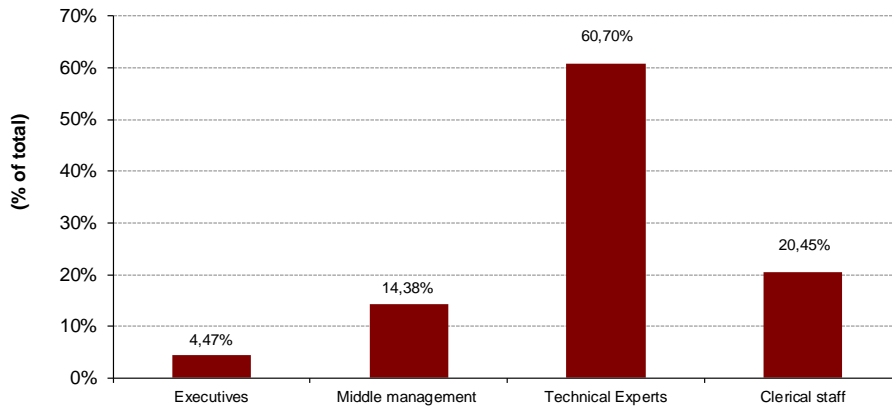
At 31 December 2012, the staff of the Institute consisted of a total of 313 employees. The distribution of employees by professional groups is reflected in the following table:

**Workforce distribution by professional group**  
**Figures at 31 December**

	No. of employees			
	2012	2011	Variation	
			absolute	as %
Executives	14	13	1	8%
Middle management	45	43	2	5%
Technical Experts	190	203	(13)	-6%
Clerical staff	64	61	3	5%
<b>TOTAL</b>	<b>313</b>	<b>320</b>	<b>(7)</b>	<b>-2%</b>

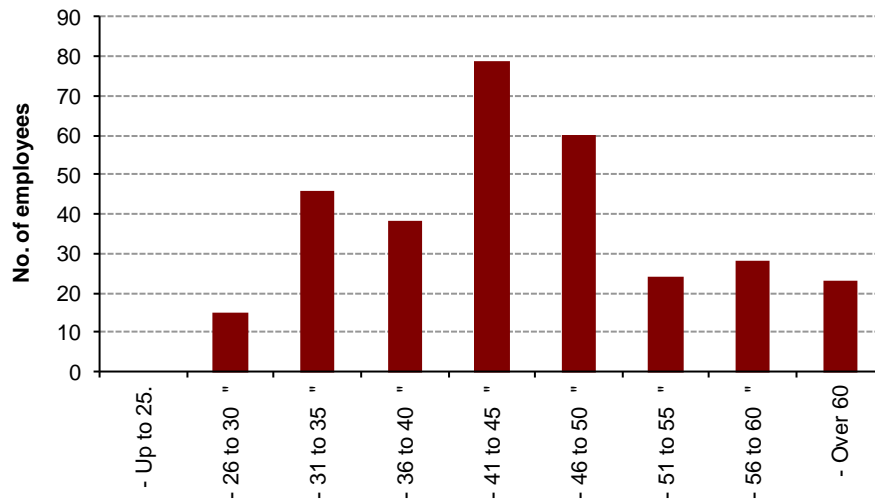
The level of professionalism of ICO employees is very high: Excluding managers, 75% of the staff is in the professional expert category.

**Workforce distribution by professional group (2012)**



The average age of the workforce is 44.52% of the employees are in the range of 36 to 50 years old; women account for 62% of the workforce and 53% of the middle and senior management positions.

**Age pyramid in 2012**



## TRAINING

The ICO Training Plan 2012-2013 introduced some improvements that should be highlighted:

- Language training has been promoted 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 12.5% compared to 2011 and the percentage of staff receiving language training reached 62%.
- Skills training has continued to be promoted, making it accessible to all employees regardless of their position. In 2012 a greater number of horizontal training activities were organised with a desire to continue them, due to the positive feedback from the workforce.

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 facilitates improvements in its management as State Financial Agency.

**Staff training programme**  
Data for 2012

Training areas	No. of employees			
	Hours invested		Participants	
	Number	%	Number	%
Training in the post	2,903	21%	107	16%
Languages	8,361	59%	293	44%
Training in new technology	1,306	9%	219	33%
Training for development	927	7%	4	1%
Training in skills	570	4%	45	7%
<b>TOTAL</b>	<b>14,067</b>	<b>100%</b>	<b>668</b>	<b>100%</b>

## PROFESSIONAL DEVELOPMENT SYSTEM

The 2012 financial year was the tenth year of the Professional Development System (PDS) was in force for the Institute's technical staff and the fifth for its clerical staff. This system is based on performance appraisals and is linked to the level of skills attained and the achievement of objectives. As a result of the appraisal made, 53 employees were promoted to a higher salary level during the year, of which 10 belong to the clerical professional group.

## 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 of the Institute's objectives and to measure the contribution of employees in achieving these objectives. The system fosters professional development of the Institute's employees and creates a culture of professional merit assessment.

As a result of compliance with the objectives set forth, the Institute rewards the efforts of its employees through variable remuneration.

**ASSETS SUMMARY**

Balance at 31 December

	Millions of euros									
	Total	Cash	Loans to Credit Entities	Mediation Loans	Loans to clients	Securities Portfolio		Tangible Assets	Other assets	Accrual accounts
	1 = 2 to 6 + 8 to 10	2	3	4	5	Total	of which Shares and Holdings	8	9	10
						6	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	--



**LIABILITIES SUMMARY***Balances at 31 December*

	Millions of euros										
	Total 1 = 2 + 5 to 10	Special funding			Loan agreements 4	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								
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	0	0	--	32,780	4,791	241	1,984	82	--	
2008	52,970	0	0	--	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	0	0	--	105,967	4,829	305	4,069	60	--	

**INCOME STATEMENT BY MARGINS***Annual amounts*

	Millions of euros								
	1	2	3 = 1 - 2	4	5	6	7 = 4 - 5 + 6	8	9 = 7 + 8
	Financial products	Financial costs	Net Interest Income	Gross margin	Amortisation, personnel costs and general overheads	Provisions and other impairments	Operating profit	Non-recurring income/ Other Profits 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	360	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

**FUNDING OF INVESTMENTS IN SPAIN**

Loans formalised in the year. Distribution by Autonomous Region (a)

	Millions of euros				
	Total 1=2+5	Ordinary transactions			Special and exceptional
		Total 2=3+4	Mediation loans 3	Direct loans 4 (b)	transactions 5 (c)
<b>2012</b>					
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	
Catalonia	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	6	6	6	0	
Navarra	183	183	183	0	
Basque Country	540	540	389	151	
Murcia	1,101	981	591	390	120
National level	440	440	0	440	
<b>TOTAL</b>	<b>23,969</b>	<b>23,849</b>	<b>11,263</b>	<b>12,586</b>	<b>120</b>

	Millions of euros				
	Total 1=2+5	Ordinary transactions			Special and exceptional
		Total 2 = 3+4	Mediation loans 3	Direct loans 4 (b)	transactions 5 (c)
<b>2011</b>					
Andalucía	2,559	2,559	1,979	580	
Aragón	674	674	571	103	
Asturias	369	369	321	48	
Balearic Islands	725	725	573	152	
Canary Islands	721	721	564	157	
Cantabria	217	217	188	28	
Castilla-La Mancha	731	731	518	212	
Castilla-Leon	1,009	1,009	721	287	
Catalonia	3,129	3,129	2,964	164	
Ceuta	-14	-14	-14	0	
Valencia	2,410	2,410	1,855	555	
Extremadura	407	407	151	256	
Galicia	1,030	1,030	742	288	
La Rioja	94	94	64	30	
Madrid	3,521	3,521	2,708	813	
Melilla	-36	-36	-36	0	
Navarra	298	298	298	0	
Basque Country	736	736	681	56	
Murcia	988	985	848	137	2
National level	540	540	0	540	
<b>TOTAL</b>	<b>20,107</b>	<b>20,104</b>	<b>15,696</b>	<b>4,408</b>	<b>2</b>

(a) According to the location of funded projects.

(b) Includes Direct loan transactions from Wholesale Banks and ICO-EE.LL 2011 lines. Does not include operations from the ICODirecto and ICO-SGR lines.

(c) Victims and others.

	1,993	1,994	1,995	1,996	1,997	1,998	1,999	2,000	2,001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	2,010	2,011	2,012	Accumulated 21 = 1 to 20	
1. PYME (SME) line	362,807	977,991	991,838	1,174,227	1,798,863	1,803,036	2,404,048	2,253,330	2,909,998	2,678,552	3,000,000	3,000,000	4,000,000	7,000,000	8,371,470	6,876,262	5,168,388	-	-	-	54,770,800	
1.1. General	362,807	394,883	397,618	593,313	565,691	589,707	2,404,048	2,253,330	2,909,998	2,678,552	3,000,000	3,000,000	4,000,000	7,000,000	8,371,470	6,876,262	5,168,388	-	-	-	50,566,067	
1.2. Guaranteed Investments	-	-	-	37,617	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,617
1.3. ERDF - Objective 1	-	378,415	373,036	465,989	1,203,208	1,202,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,622,672
1.4. ERDF - Objective 2	-	79,286	98,077	64,645	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	243,007
1.5. Tourism	-	35,027	35,027	12,663	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,690
1.6. Job creation	-	125,407	87,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	212,488
1.7. ITDC	-	-	-	-	29,954	11,305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,259
2. Environment	-	41,422	84,136	15,602	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,195
3. Renove Industrial	-	28,091	357,879	135,198	210,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	731,492
4. Internationalisation	-	3,606	43,784	58,466	102,220	163,139	58,515	50,590	-	29,331	45,745	-	52,988	142,817	114,095	149,999	199,077	414,428	344,909	231,300	2,205,011	
5. Financial restructuring	-	-	-	7,338	12,735	9,514	3,203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,338
6. Naval	-	4,117	4,976	403	-	-	3,203	300,067	182,270	209,999	215,076	244,922	212,600	117,829	94,789	-	-	-	-	-	-	34,947
7. ITDC	8,504	6,335	9,226	7,278	-	-	150,253	-	-	-	-	-	-	-	-	-	-	-	-	-	1,759,148	
8. Pig Farming	-	-	-	-	-	-	9,634	-	-	-	-	-	-	-	-	-	-	-	-	-	9,634	
9. Extensive livestock and dry farmin	-	-	-	-	-	-	3,215	226,180	13,400	30,021	39,807	32,089	42,733	39,562	39,106	26,901	27,391	28,616	23,748	15,622	242,795	
10. Cinematography	-	-	-	-	-	-	-	33,055	39,198	4,065	21,519	146,384	61,913	339,324	-	-	-	-	-	-	417,848	
11. Renewable energy (IDAE)	-	-	-	-	-	-	-	28,520	73,197	70,076	98,447	100,000	279,946	195,140	38,890	-	-	-	-	-	644,557	
12. Business creation	-	-	-	-	-	-	-	-	30,483	138,269	149,935	109,328	105,317	92,236	1,361	49,114	85,009	-	-	-	73,197	
13. Transport	-	-	-	-	-	-	-	-	53,623	3,090	3,090	-	845	3,110	-	-	-	-	-	-	650,069	
14. INFO-Murcia	-	-	-	-	-	-	-	-	198,210	-	-	-	-	-	-	-	-	-	-	-	198,210	
15. INFO-Murcia Empreendedores	-	-	-	-	-	-	-	-	1,030	201	306	350	724	143	3,220	-	-	-	-	-	5,974	
16. Diesel fuels	-	-	-	-	-	-	-	-	1,030	167	13,171	5,191	2,869	2,561	640	951	-	-	-	-	25,550	
17. Flooding	-	-	-	-	-	-	-	-	-	-	33,486	6,057	-	-	-	-	-	-	-	-	39,543	
18. Microloans	-	-	-	-	-	-	-	-	-	-	11,043	-	-	-	-	-	-	-	-	-	11,043	
19. Prestige	-	-	-	-	-	-	-	-	-	-	1,267	310	-	-	-	-	-	-	-	-	1,577	
20. Tourism Quality	-	-	-	-	-	-	-	-	-	-	1,462	-	-	-	-	-	-	-	-	-	1,462	
21. City of Ceuta	-	-	-	-	-	-	-	-	-	-	455	-	-	-	-	-	-	-	-	-	455	
22. City of Melilla	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,092	
23. Livestock farming	-	-	-	-	-	-	-	-	-	-	-	-	94	-	-	-	-	-	-	-	94	
24. ICO - Ministry of Defence	-	-	-	-	-	-	-	-	-	-	-	-	199,624	61,156	174,570	-	-	-	-	-	435,350	
25. Fishing industry	-	-	-	-	-	-	-	-	-	-	-	-	9	301	-	-	-	-	-	-	310	
26. Carmelo tunnel collapse	-	-	-	-	-	-	-	-	-	-	-	-	15,614	19,614	32,208	484,583	534,542	322,839	198,309	1,691	761,732	
27. Drought map	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	449	
28. Plan avanza	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310	
29. Worker-owned firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,567	
30. Equipping plots	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,584,803	
31. Business growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,354	
32. ICEX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,250	
33. Tomato processing map	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	493,551	
34. Tourism	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,466	
35. CAB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,058	
36. Textiles, footwear, toys and furnit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,007	
37. Forest fires	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	470,382	
38. Entrepreneurs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	477,577	
39. Frosts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,417	
40. Forum/Almasa victims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	220,496	
41. University loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,007	
42. Traffic Authority (DGT)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	699,998	
43. Plan VIVE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	860,000	
44. PROINMED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,643,509	
45. SME liquidity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	909,160	
46. Medium sized company liquidity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	194,071	
47. VIVE AUTOBUSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,096	
48. SNE MORATORUM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76,004	
49. MORTGAGE MORATORUM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,215	
50. SHIPBUILDERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	793,503	
51. FUTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	
52. CULTURAL INDUSTRIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,970,892	
53. CULTURAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,995,374	
54. SUSTAINABLE ECONOMY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,436,600	
55. INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,436,600	
56. LIQUIDITY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,013,046	
57. FIRES AND OTHER DISASTERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,775,258	
58. Internal trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	779	
59. Local earthquake	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,280	
60. Horticulture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,485	
61. Housing restoration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000	
62. SGR guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,650	
63. Exporters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,571	
64. Retail business liquidity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,953	
TOTAL	371,311	1,061,562	1,491,838	1,398,513	2,124,133	1,975,6																

**MEDIATION LOANS (INVESTMENT AND INTERNATIONALISATION). Distribution by purpose**

Amount of funding provided. 2012

	INVESTMENT		INTERNATIONALISATION	
	Amounts Provided	% s / total	Amounts Provided	% s / total
Agriculture, livestock farming, forestry and fishing	351	8	5	2
Mining	16	0	2	1
Food industry	247	6	4	2
Textile industry	64	2	2	1
Paper industry	55	1	0	0
Chemical industry	124	3	28	12
Computer, elect. and optical prods.	11	0	3	1
Other manufacturing industries	228	5	50	21
Energy, electricity, gas and water	101	2	5	2
Construction	166	4	13	6
Wholesale trade	385	9	20	9
Retail trade	357	9	4	2
Transport and storage	616	15	13	5
Hotels and catering	373	9	33	14
Art and leisure communications	175	4	7	3
Finance, professional, science, etc. activities	410	10	39	17
Real estate activities	195	5	2	1
Education	60	1	0	0
Health and social services	143	3	1	1
<b>Other services</b>	97	2	1	0
<b>TOTAL</b>	<b>4,175</b>	<b>100</b>	<b>231</b>	<b>100</b>

**MEDIATION LOANS Distribution by Region**

Accumulated amount of loans provided at 31 December 2012

	Investment	Liquidity	International	Entrepreneurs	Others	Total
Andalucía	564	813	20	14	43	1,454
Aragón	191	233	15	6	6	451
Asturias	88	181	2	3	2	277
Balearic Islands	123	241	22	5	19	410
Canary Islands	162	203	0	3	3	371
Cantabria	46	73	5	1	1	126
Castilla-La Mancha	167	217	2	3	1	390
Castilla-Leon	231	351	6	7	2	598
Catalonia	796	1,206	40	31	32	2,105
Ceuta	4	3	-	0	0	7
Valencia	460	706	8	17	6	1,198
Extremadura	55	80	1	1	0	138
Galicia	226	414	14	8	5	667
La Rioja	39	55	0	1	0	96
Madrid	604	1,307	51	27	22	2,011
Melilla	8	2	-	0	0	10
Navarra	50	127	1	2	3	182
Basque Country	145	222	19	7	16	409
Murcia	216	339	3	6	27	591
Others	-	-	21	-	-	21
<b>TOTAL</b>	<b>4,175</b>	<b>6,775</b>	<b>231</b>	<b>141</b>	<b>188</b>	<b>11,511</b>