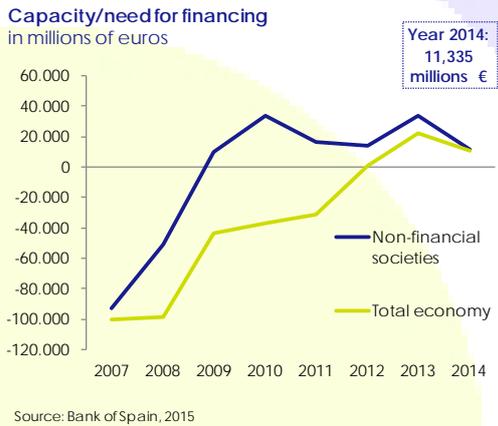




### Financial accounts

#### Capacity and need for financing

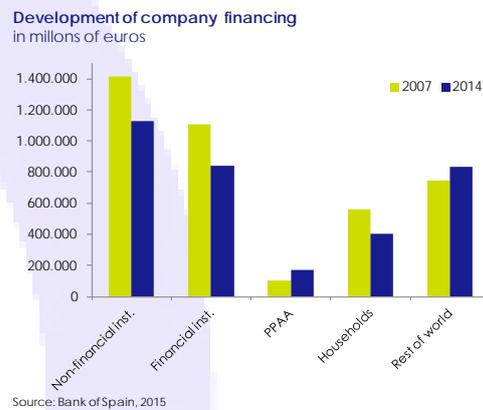
Increases in excess profits of non-financial corporations has strengthened internal financing, reducing the debt burden. In 2014, they had a financing capacity of 11,335 million euros in contrast to the more than 90,000 million euros in necessary financing in 2007.



Banking disintermediation has helped to reduce company debt by more than 500,000 million euros since 2007.

At present, more than half of their financing comes from private individuals and investment funds, specifically debt securities and non-banking loans.

By sector, company financing from other companies and banks has dropped notably since 2007, whereas funding from outside sources and the Public Administrations has increased.



#### Risk capital

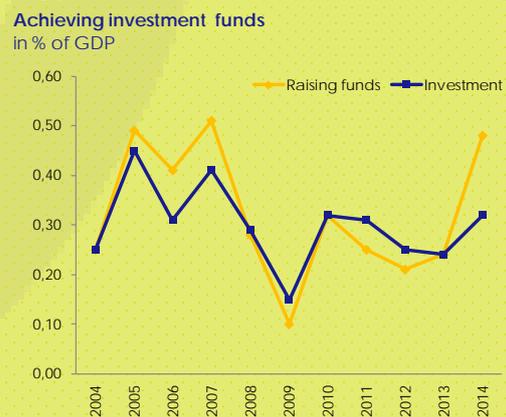
In 2014, capital raised by means of “new funds” was 4,801 million euros, or 109.7% more than the increase of 2013. On the national level, the risk capital entities collected more than 1,821 million euros (+271%).

This development is mostly explained by greater confidence on the part of investors, their expectations for economic growth, increased internal demand, and the creation of the FOND-ICO Global, with assets of 1,200 million euros

In relation to GDP:

- Thanks mostly to international funds, the investment in risk capital in 2014 grew some 9 percentage points more than in 2013, and represented 0.33% of GDP.

- With regard to the raising of funds, they jumped 23 percentage points, thus approaching pre-crisis levels.

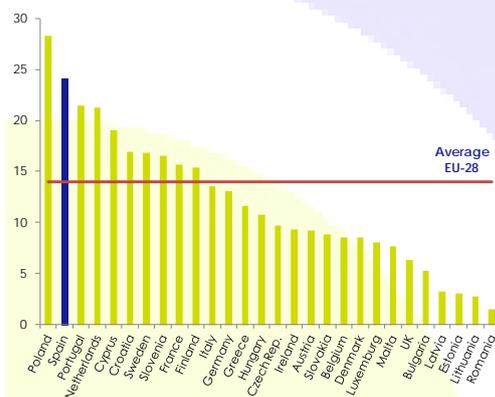


Geographically, Madrid and Catalonia accounted for 36.7% of the total invested in Spain. Additionally, 80% of risk capital went to firms in the consumer sector with fewer than 100 workers, with an average of 6.2 million euros per operation.

## Temporary and part-time hiring

In Spain, the present number of employed persons is 17,454,800, some 24% of whom have temporary contracts, a figure far above the EU-28 average. Only Poland has a higher rate, 28.3%.

Comparative temporary contracts EU as a % of total employees in 2014



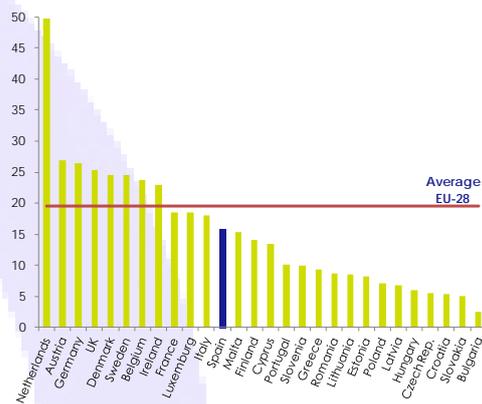
Source: Eurostat, 2015

In May, the number of temporary contracts showed an interim increase over last year of 7.9% (106,000 personas), and of 10% from the previous month.

These figures reflect the duality of the Spanish labor market, which hurts worker productivity and the overall economy.

Part-time contracts in Spain account for 15.8% of the total number of workers (3.8 percentage points less than the EU-28 average), and were 16% more than 2007.

Comparative part-time contracts in % of total employees 2014



Source: Eurostat, 2015

In 64% of the cases, part-time work in Spain comes because it has been impossible to find full-time work. In Netherlands, this is the cause in less than 11% of the cases.

## Listed companies

In recent years there has been an increase in the size of the international equity markets with respect to GDP, owing to:

- An increase in the capitalization ratios.
- An increase in stock market activity.

The United States and China led the increase in stock market activity in 2014 with 22.1 and 38.1 percentage points respectively.

Spain has a lower capitalization to GDP ratio than the countries listed below, but its stock market activity is near the average of the principal markets.

Capitalization and stock market activity % GDP

	Capitalization		Stock market activity	
	2013	2014	2013	2014
USA	143,7	151,2	139,2	161,3
China	72,4	89,2	92,7	130,8
UK	94,6	96,1	49,5	64,7
Germany	51,8	50,9	37	39,4
<b>Spain</b>	<b>55,8</b>	<b>59,3</b>	<b>68,8</b>	<b>77,3</b>

Source: CNMV

By sectors, the greatest increase in capitalization in Spain came in the real estate companies: 162.5% with regard to 2013.

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