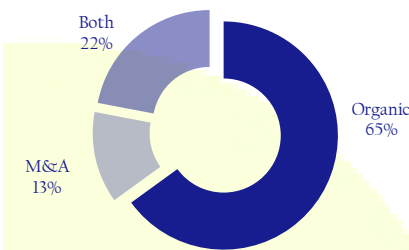


## Middle Market Spain

### Business expectations

According to a study by Ernst & Young, 65% of the companies in this sector will apply organic growth strategies (new products and sectors), in 13% they will be inorganic (M&A), while the remaining 22% will combine both models of growth.

Corporate growth model 2016-2017

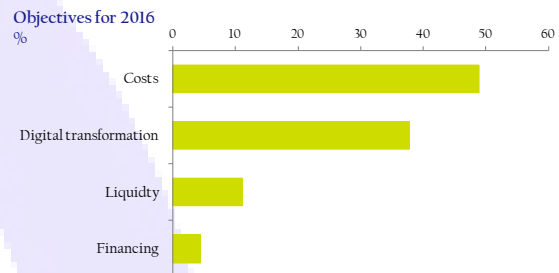


Source: Círculo de Empresarios based on EY, 2016

### Internacionalization and challenges 2016

Some 78.7% of medium-sized companies plan to move into new markets, principally in the United States and Asia.

In addition, the principal challenges for the middle market this year include lowering costs, improving profit margins and applying digital changes.



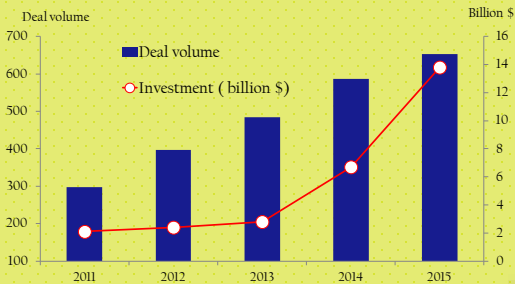
Source: Círculo de Empresarios based on EY, 2016

## Fintech activity

### International

In 2015, new global investment in this sector surpassed 13,000 million dollars, a year-on-year growth of 106% and 12,000 million more than in 2011.

Fintech Global Investment

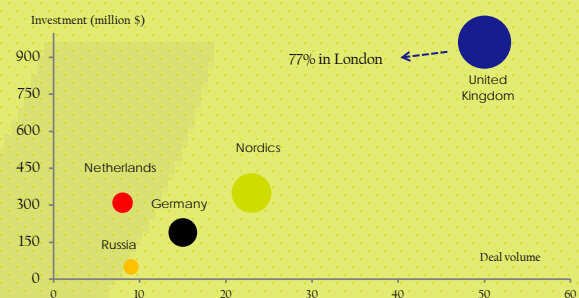


Source: Círculo de Empresarios based on KPMG, 2016

In Asia, the sector grew 300% thanks to Chinese cities like Beijing and Shanghai.

In Europe, the UK led investment with more than 962 million dollars, a year-on-year growth of 135.2%.

### Top 5 European regions for fintech investment activity



Source: Círculo de Empresarios based on KPMG, 2016

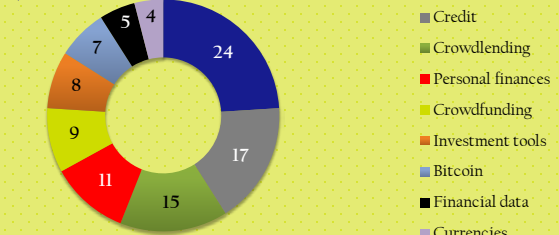
By regions, the US accounted for more than 50% of world investment in Fintech, some 20% of it in Silicon Valley.

### Spanish Fintech

Spain has more than 100 companies (58% of them in Madrid) whose business model is essentially directed toward the consumer (B2C).

By size, 90% of the Spanish Fintech firms are micro and small, and their activities center on payments systems, bank loans and crowdfending.

### Fintech activity in Spain\*

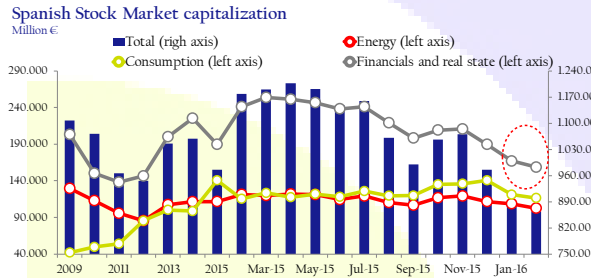


\*Volume of investment in Spain: 130 million €  
Source: Círculo de Empresarios based on Mooverang, 2016

## Spanish Stock Market

### Capitalization

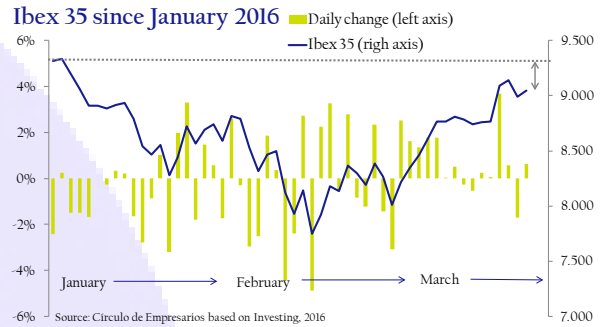
In 2016, the capitalization of the Spanish stock market (Ibex) has been reduced by more than 300,000 million euros due to the poor results from Chinese exports in February (down 25.4% year-on-year), the volatility of the oil market and the political and monetary uncertainty.



Source: Círculo de Empresarios based on BME, 2016

### Ibex 35

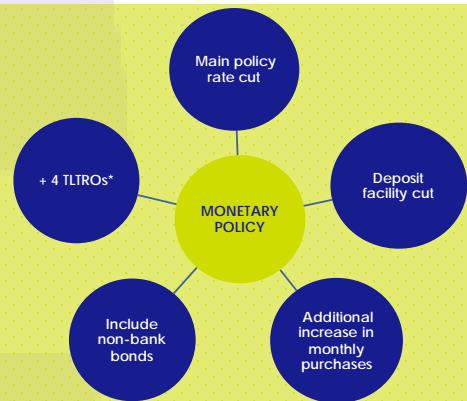
In spite of having lost 5% of its value since January, the Ibex has gained ground over the past month due to the rise in petroleum prices and the new monetary policies of the European Central Bank.



Source: Círculo de Empresarios based on Investing, 2016

## ECB monetary policy

After revising downward its expectations for growth and inflation in the Eurozone for 2016 (now predicted to be 1.4% and 0.1% respectively), the ECB announced new non-conventional measures such as reducing the benchmark interest rate (from 0.05% to 0%) and the deposit rate (from -0.3% to -0.4%), as well as an additional expansion of the QE by 20,000 million euros monthly.

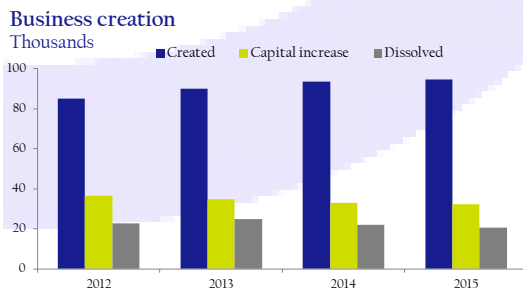


\*Targeted longer-term refinancing operations: 4-Year maturity loans.  
Source: Círculo de Empresarios, 2016

## Company dynamism

### Business creation (INE)

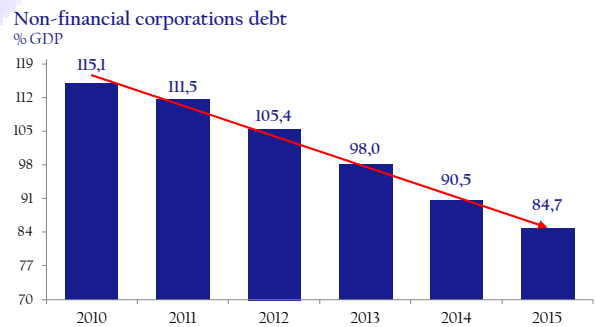
In 2015, exactly 94,594 companies were created (up 0.5% over the previous year) with a total registered capital of 7,350 million euros (0.7% less than in 2014).



Source: Círculo de Empresarios based on INE, 2016

### Non-financial companies debt

The ratio of the debt of non-financial companies over GDP continues to decline, and reached 84.7% in 2015.



Source: Círculo de Empresarios based on Bank of Spain 2016

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