

Independent Audit Report

INSTITUTO DE CRÉDITO OFICIAL AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2015
(This is a free translation from the original in Spanish)

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Translation of the report and financial statements, originally issued in Spanish. In the case of a discrepancy, the Spanish language version prevails)

To the General Council of Instituto de Crédito Oficial:

Report of the financial statements

We have audited the consolidated financial statements of Instituto de Crédito Oficial (ICO or the Institute), and subsidiaries (the Group) which encompass the balance sheet at 31 December 2015, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated notes thereto for the year then ended.

Chairwoman of the Institute´s responsibility for the consolidated financial statements

The Chairwoman of the Institute is responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and the consolidated financial position and the results of Instituto de Crédito Oficial and subsidiaries, in accordance with the regulatory framework for financial information applicable to the Group in Spain, which is specified in Note 1.2 of the enclosed financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor´s responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor´s judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity´s preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity´s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and the consolidated financial position of Instituto de Crédito Oficial at 31 December 2015, and its consolidated results and consolidated cash flow for the year then ended, in accordance with the applicable regulatory framework for consolidated financial information and, especially, the accounting principles and criteria established therein.

Other matters

Article 168 of General Budget Law 47/2003 states that the General Comptroller of the State Administration (IGAE in Spanish) is responsible for carrying out the audit of the consolidated financial statements of the Instituto de Crédito Oficial (ICO) and subsequently issue the corresponding audit report, in accordance with the auditing standards established for the public sector. The agreement signed with Ernst & Young, S.L. and the Ministry of Finance and Public Administrations for the purpose of collaborating with the IGAE in performing the audit of the ICO's consolidated financial statements in accordance with the fifth additional provision of RD 1517/2011, which approves the enacting regulations of the consolidated text of the Law on Auditing of Accounts, establishes that this audit report is to be issued in conformity with the regulatory audit standards prevailing in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated management report for the year ended 31 December 2015 contains such explanations as the Chairwoman of the Institute considers appropriate, concerning the Group's situation, its business performance, and other matters, and it is not an integral part of the consolidated financial statements. We have verified that the accounting information, included in the report mentioned above, agrees with the consolidated financial statements for the year that ended 31 December 2015. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph. It does not include the review of information other than what has been obtained from the Institute's accounting records.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

Francisco J. Fuentes García

March 30, 2016