

Institut Català  
de Finances



Generalitat  
de Catalunya

Annual  
Report  
2021

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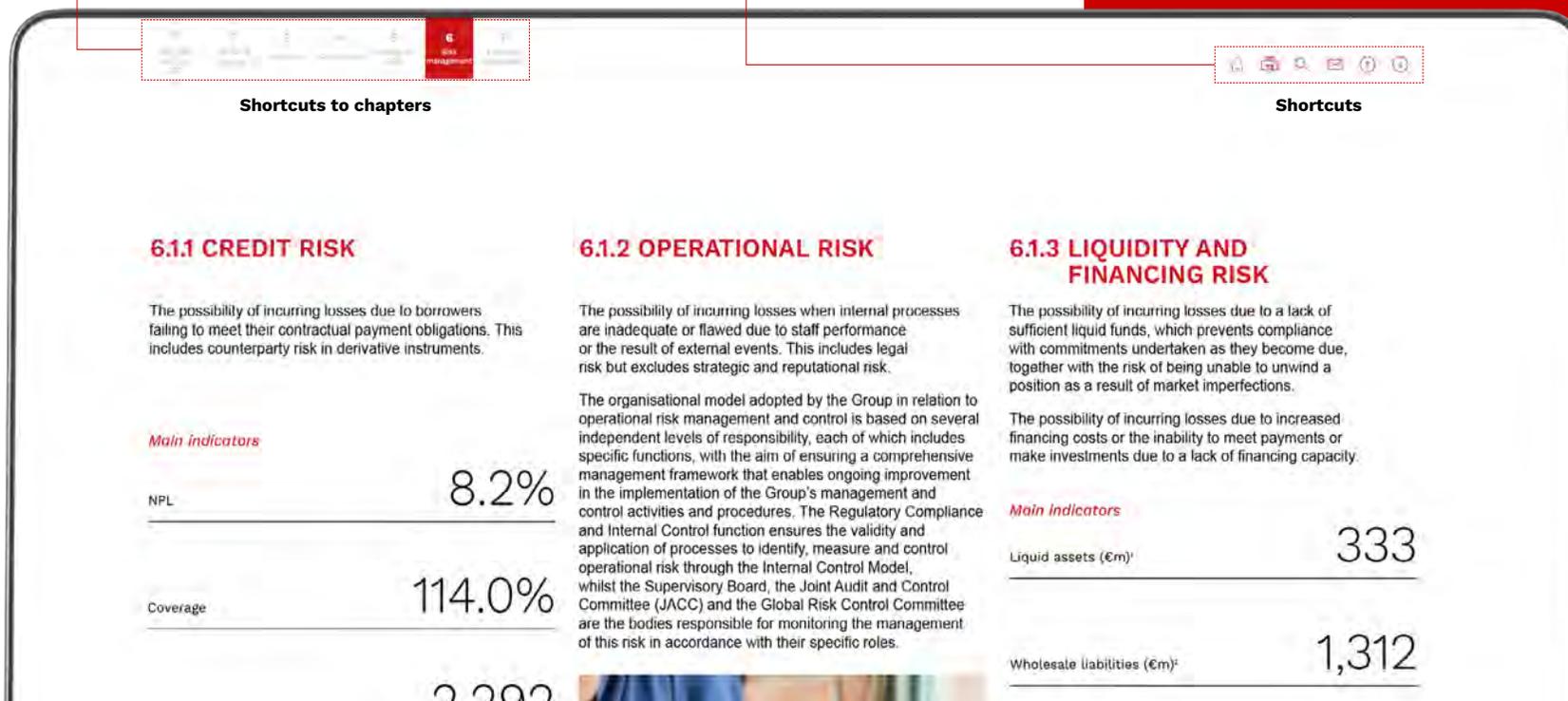


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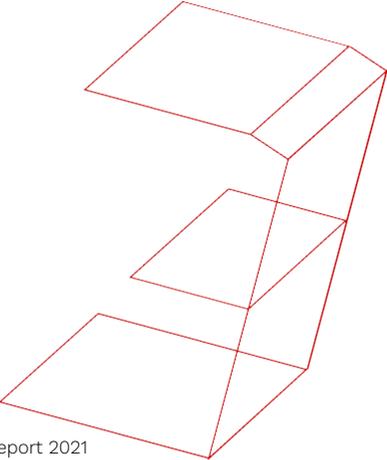
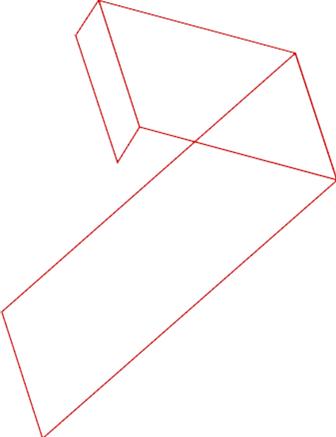
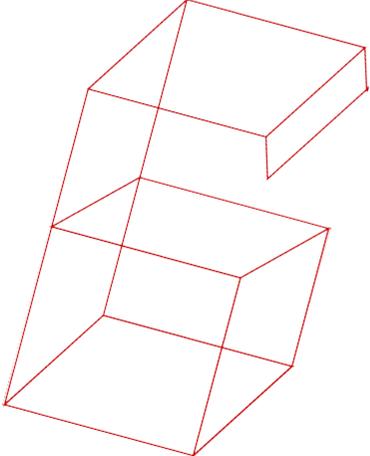
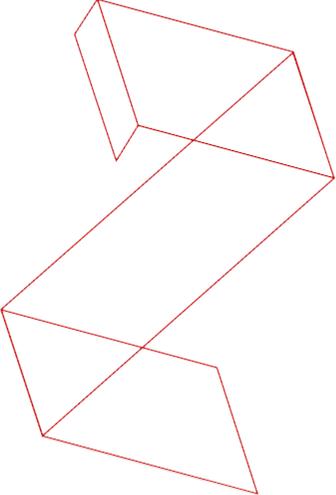
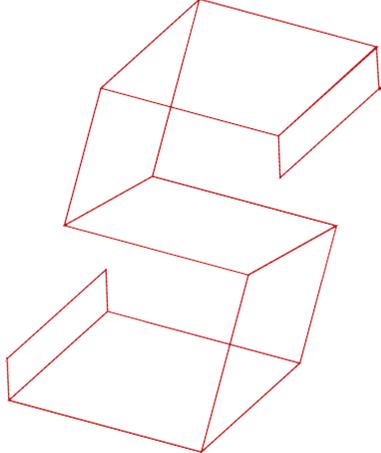
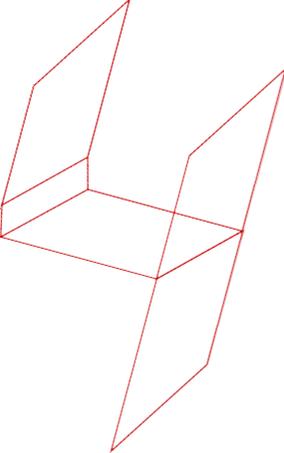
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*Note: the abbreviation '€m' means 'millions of euros'.*



# Contents





1

# Interview with Jordi Òliva

CEO of the ICF





# Adding value to society as a whole and helping towards sustainable development

**Jordi Òliva**  
CEO of the ICF

**2021 has again been a year shaped by the pandemic, yet there have also been signs of recovery in terms of the economy and the business community. What is your assessment?**

My assessment of 2021 is very upbeat, as it was in 2020. I should stress **how well the ICF team has adapted** as they have worked in an unfamiliar context of pandemics, telecommuting and so on while also successfully bringing new technologies and software into what they do every day. We are an institution which is well organised and financially very sound.

Our activity figures show that a lot of work has been done. We have financed over **1,200 companies for a total amount of €35.1 million** which has helped to create or maintain nearly 24,200 jobs. In venture capital, we have continued to power innovation and growth projects. We have done this by investing in funds run by independent managers with almost **€20 million committed** and direct investment coming to **€3.6 million**.

**Banking has played a key role in this context. What is the ICF's role as a public bank?**

In challenging times such as the ones we have had to live through in recent years, the ICF has proved to be a **crucial source of financing to add to** the range of commercial banks and other public institutions such as the Official Credit Institute (ICO).

In 2020, we worked hard together with the Catalan Government to provide the business community with numerous financing facilities to meet working capital needs. This year, we have also **made payment schedules more flexible** to fit the economic situation and unlocked new loan facilities to meet new requirements.

There is no doubt that banking in general and the ICF in particular have been key players in driving **economic recovery and preserving jobs**.

**Over and above the needs flowing from Covid-19, the Group has continued to foster funding and investment in strategic projects for the Catalan economy. How does the ICF build value for the country as a whole?**

Apart from adding to other funding sources, ICF loans are also **long-term financing**. Our loans currently have an average term of 15 years and we even have facilities which can stretch up to 30 years. This is obviously a distinctive feature of public banking that brings great value for businesses.

**We are there where that extra impetus is needed.** Hence we support cultural, sports and social rental housing projects. We also back strategic projects spurring digitalisation and transformation in industry and the sustainability of the primary sector.

We do all this on the basis of a key principle: **adding value to society as a whole and helping towards sustainable development**.



**Sustainability is now one of the most important levers for most businesses. Is it for the ICF as well?**

Yes; making a distinct contribution to sustainability is one of our core values. The financial sector has a pivotal role to play and we are determined to blaze the trail. Accordingly this year **we have recommitted to the UN Global Compact** and its ten principles in the belief that we can play our part in making the world a more equal, greener and more prosperous place. This year **we have also signed up to the United Nations Principles for Responsible Investment (UN PRI)**. As a public investor, we recognise our ability to influence, transform and improve the social and environmental performance of the companies we invest in.

**In the coming months, the institution is to unveil its new strategic plan. What will be the main strategic targets and strands?**

The scenario today is completely different from the one we envisaged a few years ago, and indeed the outlook for the coming years is uncertain and changing. Against this background, the ICF seeks to get to where the private financial system cannot reach **to add to and unleash projects which are strategic** due to their economic, social or environmental contribution.

To this end, we will continue fostering industries that account for a significant share of GDP such as **industry, tourism, retail and agriculture** while also funding **culture, sport, education and social rental housing**.

Of course, **our backing for entrepreneurship is still crucial**. This year we are celebrating twenty years since we kicked off our venture capital operations. We are very happy with what we have done and with our input into making Catalonia one of Europe's foremost innovation and talent hubs.





2

# The ICF in figures



# 2.1 The figures for 2021

## SUPPORTING THE BUSINESS COMMUNITY

### Financing

1,213 **self-employed individuals**, companies and organisations funded.

24,176 **jobs** helped to create or maintain.

535.1

million euros **in loans and guarantees**, of which:

349.9    185.2

million euros to drive projects    million euros to meet Covid-19 needs

### Venture capital

19.9 million euros committed in independent **fund managers**.

8.6 million euros **invested** in **companies** and **start-ups**.

### Restructuring

315.2 million euros in **restructuring operations underway** to tailor them to the economic situation and businesses' needs.

## COMMITMENT TO OUR TEAM AND THE BUSINESS ENVIRONMENT



**Teleworking** agreement

91% of staff have a permanent contract and average **length of service is 12 years**

812 hours of **training**

100% of the energy used at the ICF's head office is **renewable or high efficiency CHP**

100% of internal documents **signed electronically**

## ADDING VALUE

42.7 million euros to **finance social rental housing projects**

44.5 million euros earmarked for projects which **unlock energy efficiency, the green economy and sustainability**

20 start-ups and companies invested with **innovative, transformational and digital projects**



## FINANCIAL FIGURES

TOTAL ASSETS (€m)

2,666

OWN FUNDS (€m)

921

PROFIT FOR THE YEAR (net) (€m)

36.4

### INVESTMENT AND RISK PORTFOLIO

2,452 €m

- Public sector loans and guarantees: **399 €m**
- Private sector loans and guarantees: **1,863 €m**
- Venture capital and financial investments: **189 €m**

- **Solvency ratio (BIII)**  
42.5% / Sector EBA 9/21: 17.1%
- **NPL ratio**  
8.2% / Sector (BoS) companies  
segment 4.8%
- **Coverage ratio**  
114% / Sector (BoS) 73.3%



# 3 About us



# 3.1 About us

The ICF Group operates a public banking model designed to meet the financing and investment needs of Catalonia's business community as a whole. Our goal is to **contribute to the growth, innovation and sustainability of the Catalan economy** through a wide range of financing solutions based on **loans, guarantees and venture capital investment**.

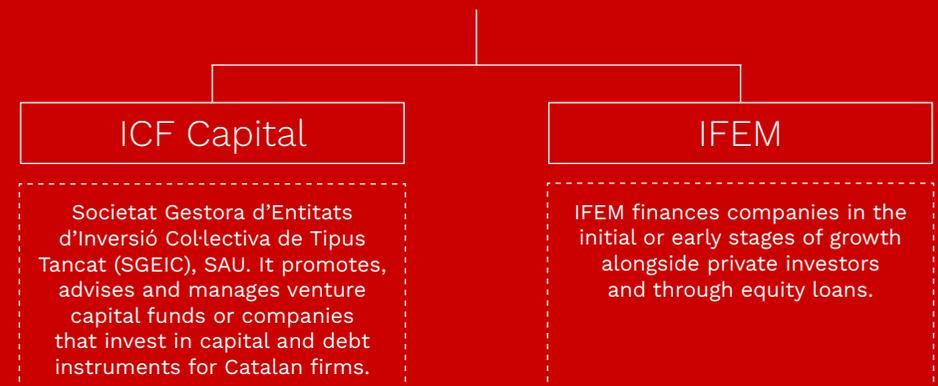
*To achieve its mission, the Group is fully committed to projects and initiatives which have a constructive impact on the economy, society and the environment and create value for the country.*

The ICF Group operates through a number of companies which offer self-employed individuals, start-ups, SMEs and organisations a range of solutions tailored to their needs and the stages of their business.



**Institut Català de Finances**

Institut Català de Finances. A public financial institution, owned by the Government of Catalonia, which promotes business financing through a variety of financing solutions (loans, guarantees and venture capital).



## 3.1.1 MISSION AND VALUES

*Mission: to promote financing for businesses in order to contribute to the growth, innovation and sustainability of the Catalan economy.*

At the ICF we strive to help self-employed individuals, entrepreneurs, companies and organisations to **drive their strategic projects forward** by bringing them funding which adds to other public or private financial sector financing.

Our aim is to expand the resources available to businesses so they can continue growing and innovating with a social and sustainable perspective.

*Vision: to be the public bank of Catalonia.*

Our ambition is to be the public bank of Catalonia, a **committed bank which supports enterprises and organisations in their development and growth** while bringing value to society and the Catalan economy as a whole. Our role is based on identifying needs and market niches and delivering specific solutions which meet these requirements. **We seek to add value and help** via our funding and investment **to build a prosperous, responsible and sustainable economy.**

*Values*

Commitment  
Professionalism  
Accessibility  
Honesty

## 3.1.2 PUBLIC BANKING IN EUROPE

The public banking model is widespread across Europe and **crucial to diversifying the sources of financing and investment for companies and institutions** by adding to the private financial sector. Its defining features include its range of **long-term financing solutions and backing strategic projects** for the country's economy such as Industry 4.0, the energy transition and social housing.

*Public funding sources have been pivotal in supporting regions and states during the crisis triggered by Covid-19 to make it easier for businesses hard hit by the pandemic to get access to credit.*

In Europe, public banks come together under the umbrella of the European Association of Public Banks (EAPB), an institution dating back more than twenty years which represents nearly a hundred banks, financial institutions and associations of public banks from seventeen countries across Europe. As a public financial institution, the ICF has been a member since 2014.

### *The EAPB in figures*

*Nearly*

30 public banks in 17 European countries

*It indirectly represents the interests of nearly*

90 financial institutions 3.2 billion euros global assets

*Public banking has a*

15% market share of the European financial sector

83,000 professionals



# 3.2 Strategy

## 3.2.1 BUSINESS MODEL

**At the ICF we finance and invest in start-ups, self-employed individuals, SMEs, large companies and organisations to help unlock sustainable growth and innovation in Catalonia's production network.**

Our operations largely concern providing loans and guarantees and investing in venture capital.



### Guarantee solutions

- Financial guarantees for large companies or significant amounts of money.
- Loans backed by Avalis de Catalunya for guarantees for the self-employed and SMEs.



### Loan solutions

We design financing solutions for almost all business sectors to support projects aligned with Catalonia's strategic objectives and add to the private financial sector's offering.

Our **close cooperation with the Government of Catalonia** means we can provide facilities with interest rate subsidies or guarantees for the outstanding risk. Likewise, **we manage facilities featuring** preferential conditions due to co-financing from the EU's European Regional Development Fund (ERDF) which seeks to invest in growth and employment.

- Financing for investment projects and working capital needs.
- Addressed to entrepreneurs, the self-employed, SMEs, large companies and public and private sector organisations.
- Medium- and long-term financing.
- Loans to unlock projects in industry digitalisation and transformation, energy transition, social housing, upgrading the primary sector, etc.



### Venture capital solutions

In venture capital, the ICF seeks to **encourage the growth and consolidation of existing companies** together with **setting up new firms** ready to undertake transformational and innovative projects in areas including digital, ICT, health and services.

To this end, the institution has two business lines:

- Investment in venture capital funds run by independent managers in seed, development and growth-stage funds.
- Direct investment in companies and start-ups through two own venture capital funds and IFEM Innovació one public-private vehicle:
  - **ICF Capital Expansió II:** fund equipped with €50 million to invest in growth projects, internationalisation and consolidation of companies via capital increases or convertible equity loans.
  - **ICF Venture Tech II:** fund furnished with €20 million to invest in technology or innovation projects with growth potential via debt, convertible debt or equity.
  - **IFEM Innovation:** public-private co-investment in start-ups by means of equity loans.

## 3.2.2 STRATEGIC LINES

*The ICF is currently working on its new Strategic Plan 2022-2025 designed to provide businesses with the support they need to cope with the consequences of Covid-19, the commodity crisis and inflation while also addressing strategic investment in digitalisation and sustainability.*

The ICF's strategy is geared towards meeting the financing and investment needs of businesses and organisations operating in Catalonia throughout their lifecycle.

Our **Strategic Plan 2019-2021** is the roadmap which has enabled us to continue to move forward in rolling out sustainable socio-economic development in Catalonia. The four strands of this plan were consolidating the ICF as a public bank, enhancing knowledge and recognition of the ICF, the institution's digital transformation and proactive talent management. Despite the outbreak of the health crisis resulting from Covid-19 in early 2020, **the ICF has adapted to the new context to meet most of the targets set at the beginning of the plan**, especially in lending, guarantees and venture capital operations.

The main milestones achieved during the plan are shown below.





Between 2019 and 2021, 3,354 self-employed individuals, SMEs and organisations have been financed in an amount of EUR 1,795.4 million. This has helped to create or maintain 155,526 jobs.



#### To consolidate the ICF as a public bank

- Supporting businesses hard hit by **Covid-19** through numerous financing solutions. In 2020 we financed 1,370 companies for €538.8 million, while in 2021 we mobilised €185 million for 974 SMEs.
- Over **1,100 social rental housing units** financed.
- **Building ESG principles** into investment commitments and adherence to the **UN Global Compact**.
- In **venture capital**, positioned in all Catalan fund managers with a **market penetration of over 50%**.
- **Managing 55 portfolio instruments** with a multiplier effect of 13.3.



#### To enhance the knowledge, awareness and recognition of the ICF

- Reinforcing the **network of sales representatives** across Catalonia.
- **Diversifying communication channels** to reach the organisation's target audiences.
- Running institutional **advertising campaigns** to enhance brand awareness.
- Stepping up **social media presence**.



#### The ICF's digital transformation

- Rolling out a **new core banking platform (BaaS)** embedded in the new systems map.
- Setting up and launching the **Customer Area**, the ICF's digital banking service.
- Putting in place tools such as **Microsoft Dynamics CRM, electronic signatures and Microsoft Office 365**.
- Greater **decision-making efficiency** owing to changes in organisational structure and business model.



#### Proactive talent management

- Tailoring **organisational structure** to our strategic objectives.
- Drawing up our **Equality Plan** and starting up the first actions.
- Rolling out **Our Area**, a human resources platform which enhances the experience of the members of our team.
- Programmes to **foster in-house talent retention** and support the professional development of key personnel.





# 3.3 Contribution to the 2030 Agenda and the SDGs

At the ICF we are committed to a sustainable future. So we drive **financing with a constructive impact** on society and the environment while always striving for sustainable development. As a public financial institution, this commitment to ethical and responsible management is part of our personality and reflected across the board in all our activities, products, work systems and initiatives.

In 2021, **the institution has renewed its commitment as a signatory partner of the United Nations Global Compact**, an international initiative promoting the inclusion of ten universally accepted principles in business operations in line with the Sustainable Development Goals (SDGs). Furthermore, **ICF Capital**, the ICF Group's venture capital operator, **has signed up to the United Nations Principles for Responsible Investment (UN PRI)** and hardwires environmental, social and governance (ESG) issues into its analysis and decision-making processes and investee management.

ICF targets its endeavours on two strategic and five priority SDGs.

*The main 2021 indicators related to activity, portfolio and other key internal management factors are summarised below. In relation to our operations, each transaction has been assigned at most three SDGs based on the project and purpose. This multiple allocation means that the activity data differ from those presented in chapter five of this annual report.*

## STRATEGIC GOALS



## PRIORITY GOALS



## COMMUNICATION ON PROGRESS



This is our **report on progress** in implementing the principles of the UN **Global Compact**.

We welcome comments on its content.



At the **ICF** we finance and invest in start-ups, self-employed individuals, SMEs, large companies and organisations to help fuel sustainable growth and innovation in Catalonia's production network.

### Fostering financing and investment for the business network

- ▶ Funding in the form of loans and guarantees to 1,200 companies worth **€535.1 million**.

The satisfaction index of companies receiving financing rose to **8.29%** in 2021.

Loans and guarantees portfolio: **€1,994 million**.

Portfolio: **€238.4 million** cumulative commitments in independent fund managers.

**24,176** jobs created or maintained due to the institution's financing.

**19.9** million euros committed in independent fund managers in 2021.

**8.6** million euros invested in companies and start-ups.

### A company taking care of its team

- ▶ Beginning of the company's first Equality Plan with around twenty actions to **foster equal opportunities**.

We have an average length of service of twelve years and **91% of staff are on a permanent contract**.

The institution has a **code of conduct** available on its internal portal setting out its values, ethical principles and rules. It also has an **Ethics Channel** for reporting any conduct contrary to the general regulatory framework applicable in the ICF Group.

In late 2021, the institution's **first teleworking agreement** was signed by the Works Committee and ICF management which allows for a maximum of two remote working days per week.

**812** hours of training in programmes on communication and management skills, certifications, etc. Informative capsules on social media, cybersecurity and the prevention of money laundering and terrorist financing have also been promoted.



Powering innovation, transformation, digitalisation and entrepreneurship in the business community is one of the **ICF's** strategic objectives. The institution also fosters its own internal transformation.

### Financing for industrial projects, innovative companies and infrastructure upgrading

Over **€187 million** in loans and guarantees.

Rollout in conjunction with the Ministry of Enterprise and Employment of the ICF Impuls Industrial loan facility to finance projects for **upgrading industry, galvanising the value chain, raising production capacity and shifting to a greener, more efficient industrial model.**

Loans and guarantees portfolio: **€1,171.3 million.**

### Investment to unleash innovation and transformation

**Investing €7.7 million** in 20 start-ups with digital innovation and transformation projects.

Portfolio: **€118.8 million** cumulatively invested in 31 independent fund managers.

**19.9 million euros** invested in seven independent fund managers, mainly in the seed and development stages.

### ICF digitalisation

Implementing our **new core banking platform**, a cloud-hosted digital tool.

In 2021, some of the main tools for **collaborative and remote work**, such as Microsoft Office 365 and Teams, were deployed enabling the ICF team to continue working from home efficiently.

Launching the Customer Area, the ICF's digital banking service where options include processing all **funding applications online.**

Integrating an internal notification system to report news and updates posted on the **internal portal.**

**100%** of internal documents **signed electronically.**



The institution supports research and projects in the life sciences and health. It also promotes the wellbeing of people, both internally and through funding care-related projects.



The ICF helps to unlock sustainable projects which are committed to clean energy and roll out energy transition processes.

**Funding and investing in projects in health, care and life sciences.**

▶ Loans and guarantees portfolio: **€245.1 million.**

9.7 million euros in loans.

2.5 million euros invested in six companies and start-ups running life sciences projects.

51.5 million euros invested in 14 independent fund managers.

**Financing and investment**

▶ Loans and guarantees portfolio: **€46.7 million.**

9.5 million euros in funding for energy efficiency projects.

3.1 million euros committed to venture capital funds investing in start-ups and companies rolling out environmental impact projects.

13.1 million euros invested in two independent fund managers that invest in start-ups and companies running energy transition projects.

**People at the centre**

▶ Managing and coordinating **Covid screening tests** for the ICF team both preventively and for cases or close contacts.

Adapting workspaces in line with Covid regulations and providing equipment to **ensure the ergonomics of the workstation outside the office.**

**Using clean energy**

▶ **100% of the energy** used at the ICF's head office **is renewable** or high efficiency CHP.



Achieving more inclusive and sustainable cities is a strategic challenge for Catalonia. The ICF together with the Government of Catalonia provides companies and organisations with a range of financing solutions to accomplish this goal.



The ICF drives financing with a constructive impact on society and the environment while always striving for sustainable development.

### Financing for sustainable city and community projects

▶ **42.7** million euros in funding for social rental housing projects.

**47** million euros in cultural, sports, educational and other projects to improve city amenities.

Loans and guarantees portfolio: **€384.2 million.**

In 2021, ICF funding has made it possible to add **258 flats** to the social rental housing stock.

### Synergies with the community

▶ **75%** of providers in 2021 are from **Catalonia.**

**12** agreements with universities and business schools to foster **internships.**

### We invest responsibly

▶ Setting up an **ESG and responsible investment policy committee.**

**Building environmental, social and governance factors** into analysis and decision-making processes and investee management.

Since 2021, ICF Capital **has been a signatory to the United Nations Principles for Responsible Investment (UN PRI).**

### Sustainable financing and investment

▶ **35** million euros in funding for projects running initiatives to **mitigate the effects of climate change.**

**€0.6 million investment** in a company rolling out initiatives to mitigate the effects of climate change.

Loans and guarantees portfolio: **€72.7 million.**



The ICF teams up with numerous economic and business agencies, institutions and organisations to accomplish its goals.

**Financing facilities in partnership and with the support of agencies and organisations**

- ▶ Rollout together with the Ministry of Enterprise and Employment of the Impuls Industrial facility.

**Promoting** the B-Crédit **microloan** facility with Barcelona Activa and Avalis.

Setting up **new facilities** with Avalis de Catalunya addressed to a range of sectors.

**Working with organisations to support business**

- ▶ Signing up for the **Barcelona Chamber of Commerce's new financing** service to bring the ICF's solutions to businesses.

Founders and members of the Board of Trustees of the Executive Committee of the Catalonia Culture Foundation, the Institute of Financial Studies (IEF), the Change2Grow (C2G) association and the Barcelona European Financial Centre (BCFE).

**Publishing interviews** with partner organisations.

Taking part in **20** external **events**.



## OTHER SDGS



Internal food collection campaign for the Food Bank.



Renewal of the agreement with the IEF to support the EFEC school education programme.



**58.4 million euros** through financing facilities which include specific clauses on equal treatment and opportunities.

**62%** of the ICF's team is made up of women, who are also in the majority in managerial and decision-making positions. The ICF additionally has a 50/50 Management Committee.

**89.9%** attendance at the **training course on sexual and workplace harassment**.

On International Women's Day, a seminar with communication expert and consultant Teresa Baró to talk about **women's empowerment** through communication.



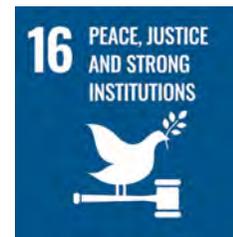
Drawing up the ICF's first **inclusive and neutral language** guide.

Project to lessen **accessibility** barriers on the ICF's corporate website.



**0.9 million euros** invested in three companies and start-ups which ensure sustainable consumption and production patterns.

**70%** **energy saving** in recycled paper production. This kind of paper is the most widely used in the ICF.



The ICF has had a **Customer Service Department** since 2019. This year the institution has received eight reports, including three service complaints, two calls for further action and three enquiries requesting clarification.

# 3.4 The team

The people who make up the ICF are a strategic cornerstone in achieving its objectives. So as they are an essential driving force, the organisation **proactively manages** talent to support their professional development and bolster their individual and group skills.

The organisation's staff operate in an **attractive, stable, safe and healthy environment** which fosters collaborative and efficient work in line with the organisation's values of professionalism, honesty, commitment and close ties with Catalonia's businesses.

*The ICF Group also champions equal opportunities in hiring and professional promotion.*



People



Training and talent development



Equal opportunities



Wellbeing and safety



### 3.4.1 PEOPLE

Our aim is to **put people at the heart of our organisation**, mindful that we will only be able to fulfil the ICF's mission if we look after them, furnish them with the tools they require and listen to their needs.

Staffing numbers have remained stable in recent years. At the end of 2021, the ICF team consisted of **108 people**. Women accounted for 62% and men for 38%. The most prominent professional profiles were university graduates with degrees in economics or business administration.

One of the institution's principles is to provide a stable working environment. Two indicators of this commitment are that **91% of the workforce has a permanent contract** and the **average length of service is 12 years**.

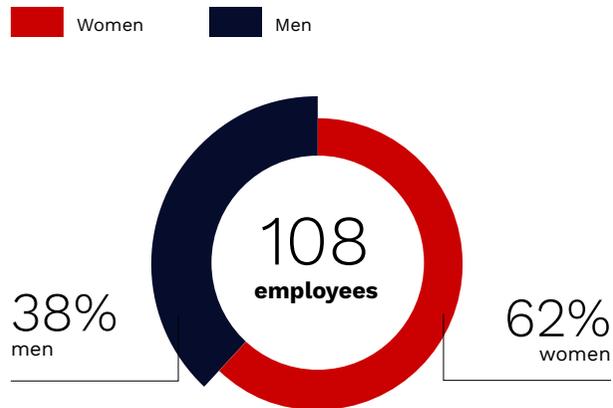
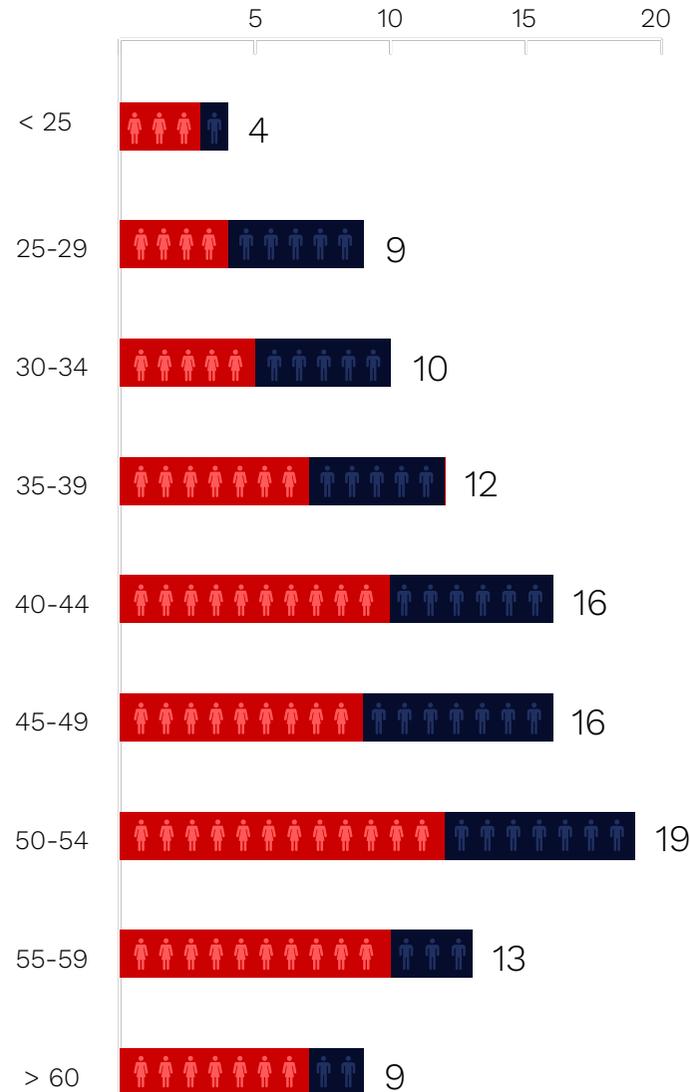
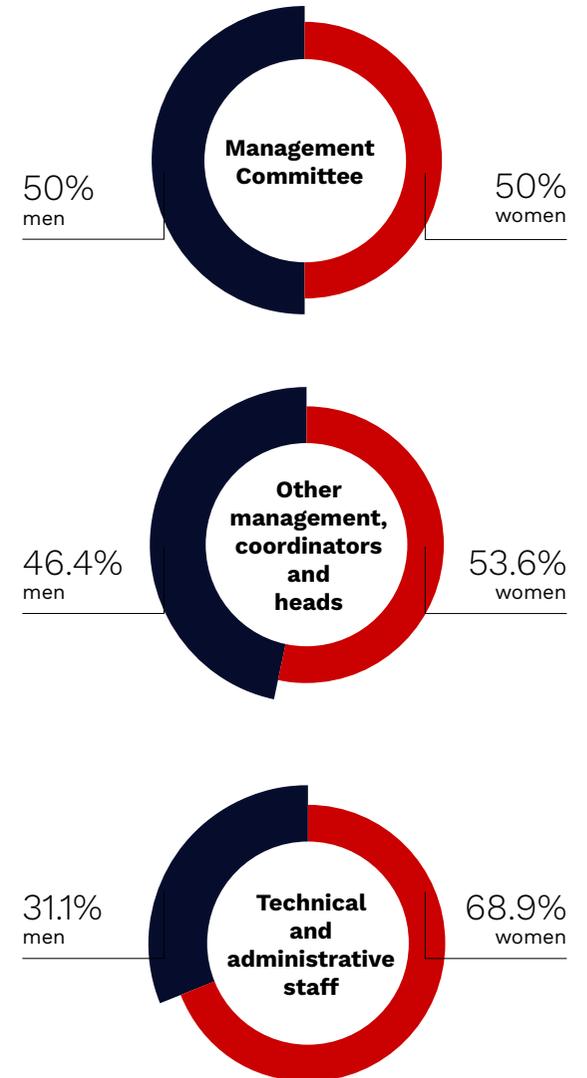


Chart showing the breakdown of staff by age group



Breakdown of staff by gender and occupational category



### 3.4.2 TRAINING AND TALENT DEVELOPMENT

One of the top priorities in the ICF's strategy is to enhance its staff's **professional development**. Accordingly, the institution's training plan includes both general and specialised training to enable ICF professionals to handle new digital environments, keep up to date with the rules and regulations of credit institutions, gain new skills and work with innovative tools and software. **96.2% of the cost of most of these training courses is fully financed by the company.**

**In 2021, the volume of training courses has picked up to the pre-crisis level with a total of:**

Training sessions	53
Teaching hours	812
People attending the training programmes in areas including communication and management skills and new certifications.*	816

\*A person can take more than one training course

*The company's training plan includes both general and specialised courses designed to drive their professional development.*



Alongside this training, in 2021 teams continued learning about the features of the new banking platform.

An in-house team of trainers, set up in 2020 and supported by the tool provider, has led **5,044** hours of general and specific training sessions.

### 3.4.3 EQUAL GENDER OPPORTUNITIES

Promoting **equal opportunities** in the work environment is one of the ICF's key priorities. The institution has a number of tools to ensure effective equality, safeguard it and raise awareness about these issues in the ICF team.

One of these tools is the ICF's **Code of Conduct** which sets out a number of principles addressing non-discrimination, work-life balance and repudiation of any form of harassment. Since January 2021 the ICF has also had in place an **Equality Plan** designed to transform and improve its organisation and add to the gender perspective and equal opportunities in its business ethics by rolling out an array of initiatives and strategies.

*The plan envisages around twenty actions to be undertaken over the next two years.*

#### Improvements made in 2021



In-house training on equal opportunities and preventing sexual and gender-based harassment



Raising awareness of equal opportunities, gender violence, LGBTQ+ groups, etc. through various in-house actions



Drawing up the ICF's own guide to inclusive and neutral language and updating the corporate website to reflect it



Setting up a section on the internal portal hosting Equality Plan resources



Publicising gender equality issues in the institution's external communication channels, especially on corporate social media



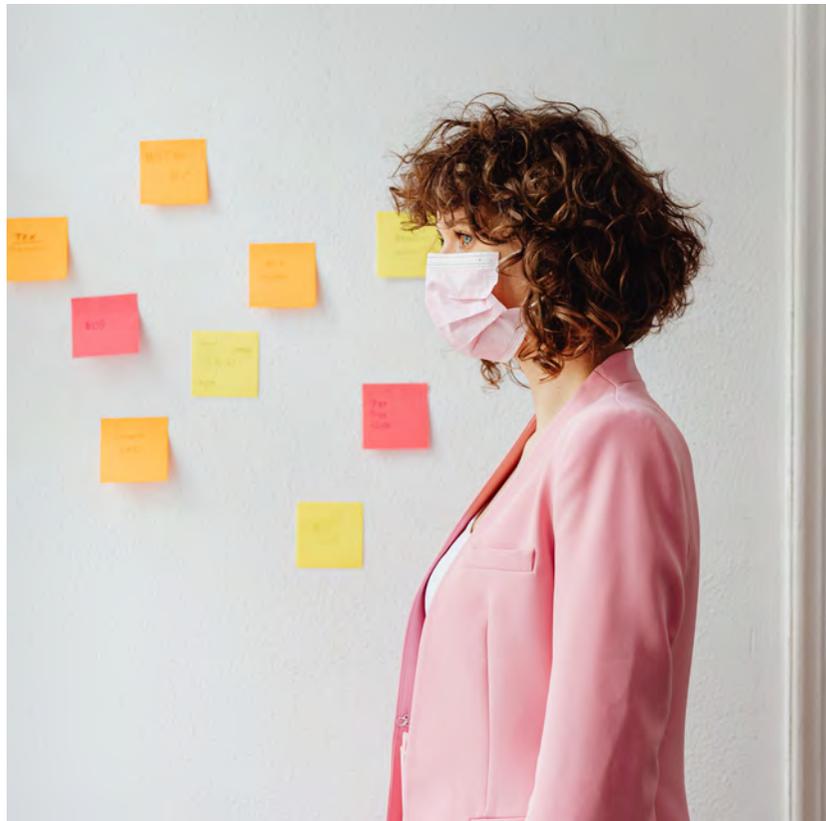
### 3.4.4 WELLBEING AND SAFETY

The health, safety and wellbeing of the people who make up its team has always been a priority for the ICF. So in addition to complying with occupational health and safety legislation, numerous **measures are taken to promote work-life balance and enhance the working environment.**

Here the ICF has gone a step further in **supporting working from home** with an agreement cementing the teleworking approach which was started up as a result of the Covid pandemic. This agreement means ICF staff will be able to work offsite for up to two days a week.

This new initiative comes in addition to others already in place in the organisation to foster a working environment which furthers staff safety, health and wellbeing.

Examples include all the improvements and actions which have been undertaken since the outbreak of the pandemic.



#### Workplace adaptations

Complying with regulations on **capacity and social distancing.**

#### Protective equipment

We supply staff with **hand sanitiser and masks for daily use** (or FFP2 on request) when working in the office.

#### Ergonomic equipment for teleworking

Providing an ergonomic chair, large computer screen and keyboard.

#### Covid screening tests (PCR and antigens)

Preventive tests together with specific tests in the event of cases and potential close contacts.



4

# Governance



# 4.1 Our institution



The ICF is a public entity subject to private law with its own legal personality and whose operations are regulated by its own law, the Catalan government-owned enterprise charter and the rest of the legal system. It also complies with the rules of private law applicable to it and specifically with the regulations governing credit institutions.

*The ICF has its own assets and cash and operates autonomously in terms of its organisation, finance, assets, functions and management, fully independent of public administrations. It is financed chiefly in the domestic and international markets via bank credit and debt issues.*

It is categorised by the Bank of Spain as a non-monetary financial institution and ratified by Eurostat as a financial institution outside the scope of public administration (SEC). For these reasons it does not add any deficit or debt to the Government of Catalonia.

## 4.1.1 LEGAL FRAMEWORK

The ICF is regulated by Legislative Decree 4/2002, of 24 December, enacting the recast text of the Law on the Institut Català de Finances, of 14 January 1985. The 2012 Decree has been subsequently amended on a number of occasions, most recently by Decree Law 2/2015, of 28 July, under which the ICF is made subject to credit institution regulations, and then by laws 4/2015, 5/2017, 5/2020 and 2/2021.

**Against this background, the Draft Law on Fiscal, Financial, Administrative and Public Sector Measures for 2022, approved by the Government on 11 November 2021, provides for drafting a new recast text of the ICF Law.**

Regarding its regulatory framework, article 1, section 2, of Legislative Decree 4/2002 establishes that the Institut Català de Finances operates autonomously in the performance of its purpose in terms of its organisation, finance, assets, functions and management, fully independent of public administrations and subject to this Law and the rest of the legal system, without prejudice to its operations being subject to the rules of private law applicable to it.

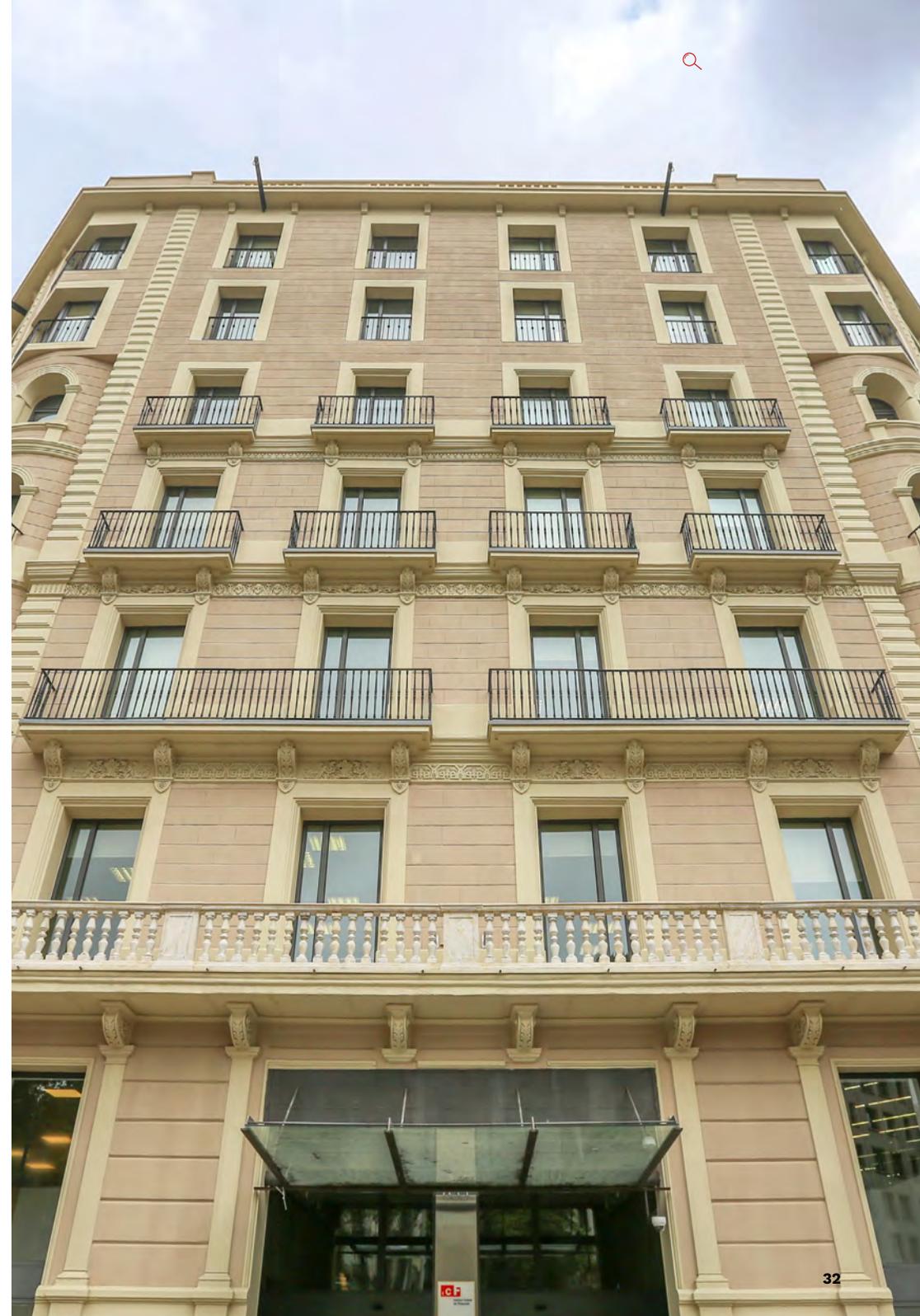
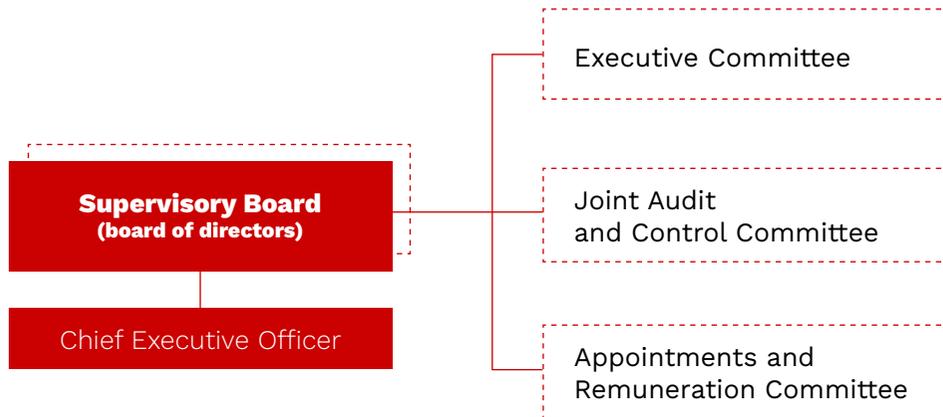
Further on, section 4 in the wording given by Decree Law 2/2015 establishes that the ICF comes under the specific regulations for credit institutions and is therefore only subject to basic regulations and those issued by the regulatory bodies of the European Union that apply to it, taking into account its special operations and nature.

**Consequently, the institution's internal governance, structure, procedure and operations are in accordance with the criteria laid down by European banking regulations** (mainly Directive 2013/36/EU, Regulation No 575/2013 and Basel III) and national regulations (Law 10/2014, of 26 June, on the planning, supervision and solvency of credit institutions and Royal Decree 84/2015, implementing Law 10/2014).

It is also important to note that Article 2 of the ICF law states that **the Institut Català de Finances shall be governed by market criteria** when performing its functions.

# 4.2 Corporate governance

The ICF's governing bodies are the Supervisory Board and the Chief Executive Officer. Both the Supervisory Board and its delegated committees look after the interests and good governance of the institution and operate under the principles of efficiency, independence, ethics and transparency.



## 4.2.1 SUPERVISORY BOARD

*The Supervisory Board is the Institute’s highest decision-making body (equivalent to a Board of Directors) and is responsible for making the essential strategic decisions about its operations.*

Its functions include submitting budget proposals, the notes, balance sheet and income statement and the proposed distribution of profit/application of losses for the approval of the Catalan Government. Its responsibilities also include making decisions and giving general instructions about all issues concerning the Institute’s organisation, operation and legal relationships.

The Supervisory Board may set up other bodies such as commissions and committees to which it delegates certain powers and is to be informed of their proceedings.

The Supervisory Board comprises the:

- Chair.
- Chief Executive Officer.
- A non-member Secretary.
- Between five and ten members (there is a majority of independent members in compliance with public credit institution regulations).

In 2021, the ICF has revamped its Supervisory Board with the appointment of a new chair and the inclusion of two proprietary members, as a result of change of holders of positions in the Generalitat, and three new independent members, following the end of their predecessors’ term of office. With these appointments, the institution’s highest governing body now comprises the chair, the chief executive officer, three proprietary directors and six independent directors.

Composition at 31/12/21

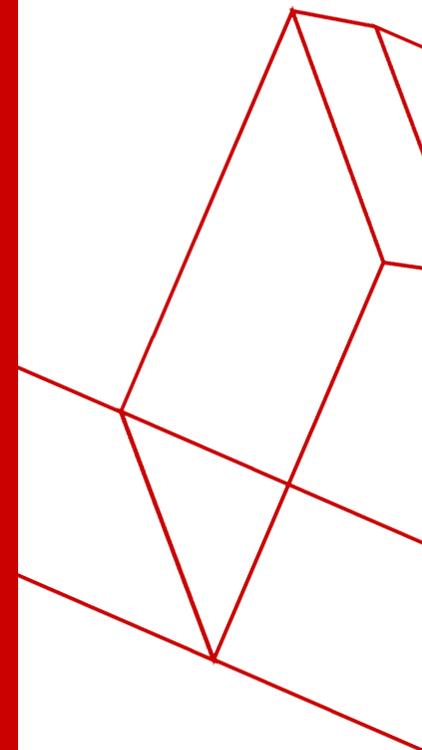


## 4.2.2 CHIEF EXECUTIVE OFFICER



The Government of Catalonia appoints the Chief Executive Officer at the proposal of the head of the economy and finance ministry, subject to prior evaluation by the entity's Appointments and Remuneration Committee. This person is responsible for the ordinary and extraordinary representation of the ICF in all areas and circumstances.

From 1 February 2021 until 1 November 2021, the CEO of the ICF was Víctor Guardiola Flores. **On 2 November 2021, Jordi Òliva Ritort was appointed as the institution's new CEO.**





## 4.2.3 DELEGATED COMMITTEES

Composition at 31/12/21

In accordance with article 20 of the ICF Law, the Governing Board may set up one or more executive commissions to which it may delegate some or all of its powers. Since 2014, in the specific area of governance and in accordance with Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, the ICF has delegated specific powers to the Appointments and Remuneration Committee and the Joint Audit and Control Committee. Both committees are formed exclusively of independent directors appointed by the Supervisory Board.

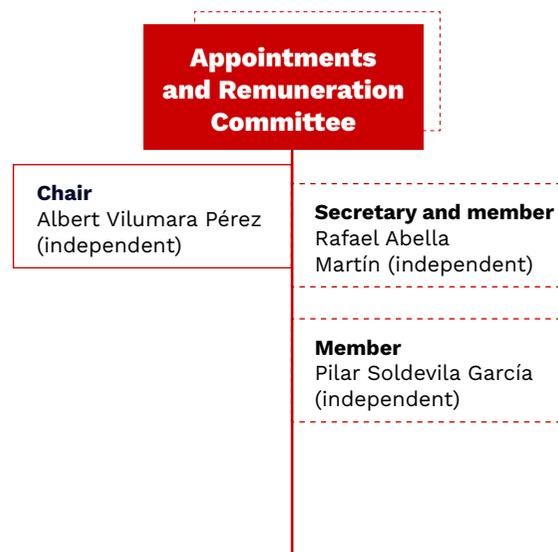
### Executive Committee

In accordance with the Bylaws of the Governing Bodies (BGB), the Executive Committee is responsible for approving and amending credit transactions and investment in equity instruments as well as for setting up and leading the specification of credit products.



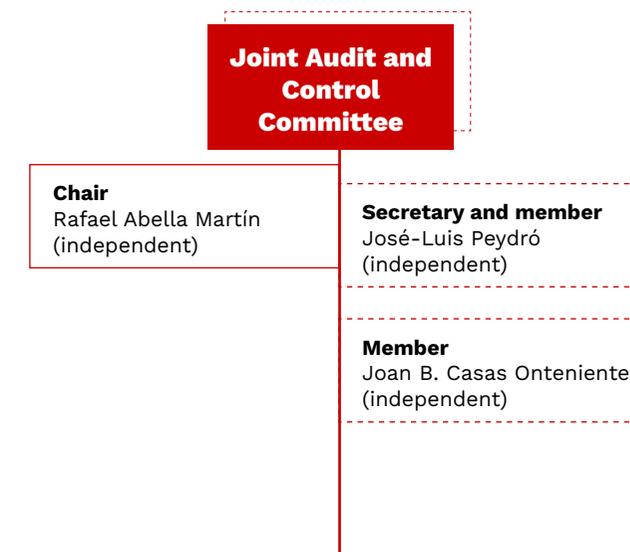
### Appointments and Remuneration Committee

The Appointments and Remuneration Committee has the authority under the BGB to analyse, validate and make proposals to the Supervisory Board regarding issues relating to appointments – good repute, suitability, etc. – and remuneration of the members of the governing bodies of the entity and of its key personnel.



### Joint Audit and Control Committee

The Joint Audit and Control Committee under the BGB is in charge of planning and monitoring internal and external auditing, global risk control, regulatory compliance and internal control.





## 4.2.4 GOVERNING BODIES OF ICF SUBSIDIARIES

Composition at 31/12/21

The ICF Group’s subsidiaries each have their own boards of directors as their highest decision-making bodies. The composition of the governing bodies of the ICF’s subsidiaries is detailed below.

### ICF Capital

ICF Capital	
<b>Chair</b> Jordi Òliva Ritort	Joan Carles Rovira Garcia
<b>Secretary, non-director</b> Francisco Javier Zayas Sanza	Anna Àlvarez Santiago
<b>Deputy secretary, non-director</b> Lluís Ahicart Guillén	Irene Bertran Aixut

### IFEM

IFEM	
<b>Chair</b> Jordi Òliva Ritort	Xavier Aldeguer Manté
<b>Secretary, non-director</b> Marc Lloveras Llavina	Anna Àlvarez Santiago
	Irene Bertran Aixut
	Joan Romero Circuns
	Ferran Roderó Tomas
	Joan Carles Rovira Garcia
	Mariona Sanz Ausàs

# 4.3 Functional organisation chart

Internally, the ICF is organised into various functional areas, both business and cross-cutting, as follows.



## MANAGEMENT COMMITTEE

Composition at 31/12/21

Under the regulation on management bodies of the ICF, the Management Committee has the powers to discuss and decide on all the entity's general strategic aspects and submit to the Supervisory Board the proposed debt limits, budgets and reports. This management body is also responsible for monitoring and controlling the key aspects of business performance.



### 4.3.1 THREE LINES OF DEFENCE MODEL

The ICF Group's Risk Management System is comprehensive and based on the three lines of defence model following the EBA/GL/2021/05 guidelines which apply from 31 December 2021 and replace and repeal the previous European Banking Authority EBA/GL/2017/11 guidelines on internal governance.



Business areas and committees: Credit Investments, Venture Capital, Cash and Finance

**Responsibilities:**

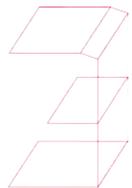
- Develop and maintain effective controls over their activities.
- Identify, manage, monitor and mitigate the risks they give rise to and operate in an appropriate control environment.



Risk monitoring and control areas and committees: Regulatory Compliance and Global Risk Control

**Responsibilities:**

- Identify, analyse, measure and monitor risks as well as identify control weaknesses and draw up action plans and provide an opinion on the risk control environment.
- Establish risk control policies and procedures.
- Carry out an independent review of the application of risk controls by the first line of defence.



Internal Audit and Control

**Responsibilities:**

- Supervise the actions of the first and second lines of defence.
- Review the risk control environment and the compliance and effectiveness of corporate policies.
- Provide independent reporting on the control model.



5  
**Activity  
in 2021**





# 5.1 Economic environment

**The world economy has performed strongly in 2021** and recovered from the fall in GDP in 2020. Albeit unevenly distributed, **globally there has been a shift from a 3.2% slump in 2020 to a 5.6% upsurge in 2021**. This recovery has been particularly significant in the United States, China and India, albeit more subdued in other places such as the euro area and Japan. However, growth in the euro area in 2021 has made it possible to close the year with GDP levels similar to those seen in the fourth quarter of 2019.

Besides the efforts to reconcile economic recovery with tackling the waves of the pandemic, international concerns have largely been about **the threat of inflation, global supply chain bottlenecks and geopolitical tensions**, the latter heightened in the first quarter of 2022 by the conflict in Eastern Europe.

Recovery on track:

Catalan GDP has grown in 2021 by

5.9%

Better than  
Spain (5.0%)  
and euro area (5.2%)

**The Catalan economy** has been growing strongly since the spring of 2021 led by services and industry against a backdrop of high vaccination rates and fewer health restrictions. This buoyancy was maintained throughout the rest of the **year and year-on-year growth picked up to 6.9%** in the fourth quarter, the second highest rate since 2001.

The latest **forecasts for the Catalan economy for 2022**, prior to the escalation of the military conflict in Ukraine, estimate **growth at between 5.7% and 6.4%**, in line with the Spanish economy and outperforming the euro area (3.9%).



# 5.2 Activity in 2021

The ICF Group closed 2021 with figures which underline its role as a public bank in fostering and supporting Catalonia's business community.

In total the ICF has furnished **1,213** self-employed individuals, SMEs, large companies and organisations with **€335.1 million** in funding. In venture capital it has provided **€28.4 million** in direct and indirect investment.



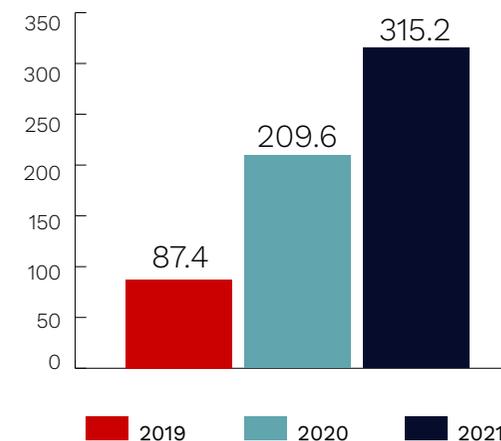
### Restructuring (€m)

The ever-changing and challenging environment coupled with new timeframes are behind the increase in restructurings over the last three years and which in 2021 came to **€315.2 million**.

Companies	1,213
Amount (€m)	535.1
Employees	24,176
Transactions	1,340

In addition to new loans, guarantees and venture capital investments, **the entity has made the payment schedule for current transactions more flexible** to fit in with the economic context and business needs.

19.9	million euros committed in seven investment funds
6.0	million euros in direct investment in seven companies
2.6	million euros in equity loans to thirteen start-ups



Note: activity data do not include the volume of restructurings of current transactions or guarantees arranged through Avalis de Catalunya.



## 5.3 Lending activity

**There have been two distinct trends in 2021.** Firstly, companies in the sectors worst hit by the Covid-19 restrictions and which still had liquidity needs, and secondly firms that were beginning to cautiously resume some of the investment projects which had been put on hold due to the health crisis.

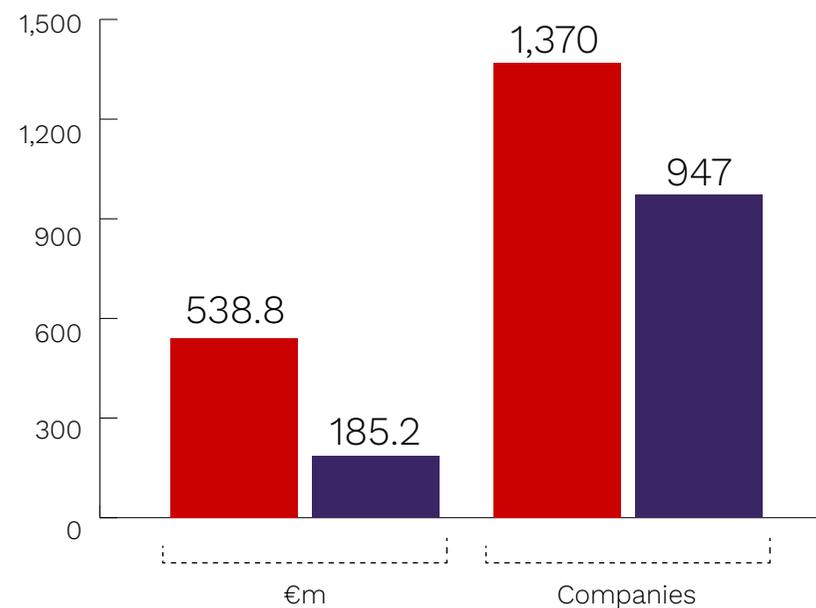
To meet the needs of the business community and continue to round out the commercial banking offering, in 2021 we provided businesses with **financing facilities to undertake**

**growth, innovation and sustainability projects and also loans to cater for working capital needs arising from the pandemic.** In both cases, close partnership with the Government of Catalonia and public institutions has been key to rolling out new solutions.

Specifically, two-thirds of the ICF's operations have funded new investment projects and only 34.6% of the total financing allocated has gone to mitigating the effects of the health crisis.

*Comparison of operations for Covid 2020 vs. 2021*

■ 2020 ■ 2021



Total operations (€m) **535.1**

New project loans  
(**65.4% of the total** vs. 31.6% in 2020) (€m) **349.9**

Covid loans  
(**34.6% of the total** vs. 64.4% in 2020) (€m) **185.2**



### 5.3.1 SEGMENTATION BY TYPE OF BUSINESS

Segment	Companies	€m	Employees
<b>Entrepreneurs, self-employed and microenterprises</b> (<2 €m)	938	133.1	2,764
<b>SMEs</b> (2-50 €m)	222	231.1	14,135
<b>Companies</b> (> 50 €m)	39	125.4	6,360
<b>Total public sector</b>	14	45.6	917
<b>Total operations</b>	<b>1,213</b>	<b>535.1</b>	<b>24,176</b>

As in other years, and in keeping with the significance of SMEs in Catalonia's production structure, **96% of total financing** has gone to microenterprises, self-employed individuals and SMEs.

## 5.3.2 SECTOR DISTRIBUTION

The ICF's loan facilities and its solutions run in conjunction with Catalan government ministries have been extremely useful in channelling resources to meet liquidity needs and start up new projects in areas including industrial promotion, innovation and transformation.

**Retail, tourism and transport (26%) and manufacturing industry (21%)** continue to be the sectors most funded due to the pandemic and also the map of the Catalan production network.

In general there has been a notable increase in funding for construction projects and public works at 13% of the total as a result of the **ICF's firm commitment to financing social rental housing initiatives.**



The ICF and the Catalan Housing Agency's facilities have resulted in the addition of **258 new flats** to the social rental housing stock in 2021.



**Retail, tourism  
and transport**

140.5 €m  
751 transactions **26%**



**Manufacturing  
industry**

111.5 €m  
91 transactions **21%**



**Construction and  
public works**

71.5 €m  
79 transactions **13%**



**Other  
services**

61.9 €m  
196 transactions **12%**



**Agri-food industry  
and primary sector**

52.9 €m  
51 transactions **10%**



**Healthcare and  
social services**

35.1 €m  
51 transactions **7%**



**Public  
administration**

28 €m  
5 transactions **5%**



**Education,  
culture and sports**

26 €m  
109 transactions **5%**



**Extractive industries,  
energy and utilities**

7.7 €m  
7 transactions **1%**

### 5.3.3 GEOGRAPHICAL DISTRIBUTION

**Operations have been spread across Catalonia** and we have endeavoured to drive our activity in those areas of the country which had unmet financing needs.

In line with its economic weight in Catalonia's economy, Barcelona and its area of influence account for most of the financing granted at 54%. This area also makes up the bulk of the total number of transactions at 79%. The main reason for this is the nearly 600 transactions which have been concluded with the B-Crédit microloan

facility promoted jointly with Avalis de Catalunya and Barcelona City Council through Barcelona Activa.

In 2021, the criterion for classifying transactions outside Catalonia has been amended. While until 2020 the criterion used was the investment area, i.e. companies with registered offices in Catalonia that invested outside it, from 2021 the count will be made on the basis of the company's owner. In other words, this category now includes companies with registered offices outside Catalonia but which invest in Catalonia.

The ICF's team of sales representatives operating across Catalonia has played a key role in making loan and guarantee solutions more easily available to the Catalan business community. Although most areas have recorded an increase in financing, **Girona and el Penedès are the two with the highest growth** in volume. In total they accrued **10%** and **7%** respectively.

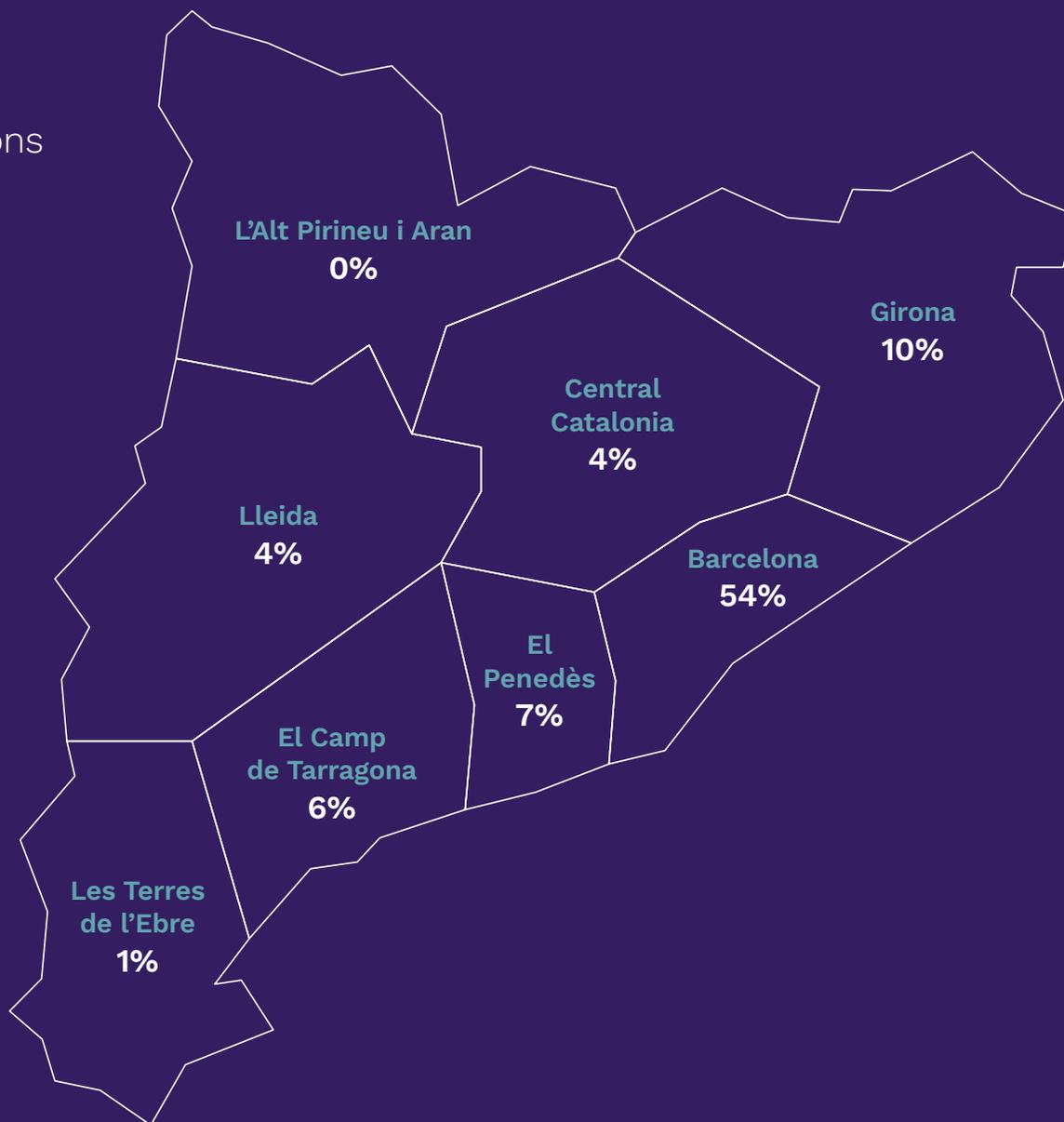




## Total financing

535.1 €m

1,340 transactions



### L'Alt Pirineu i Aran

0.4 €m · 3 transactions

### Les Terres de l'Ebre

6.4 €m · 10 transactions

### Lleida

19 €m · 40 transactions

### Central Catalonia

21.1 €m · 34 transactions

### El Camp de Tarragona

30.5 €m · 37 transactions

### El Penedès

38 €m · 43 transactions

### Girona

53.2 €m · 82 transactions

### Barcelona

291.6 €m · 1,061 transactions

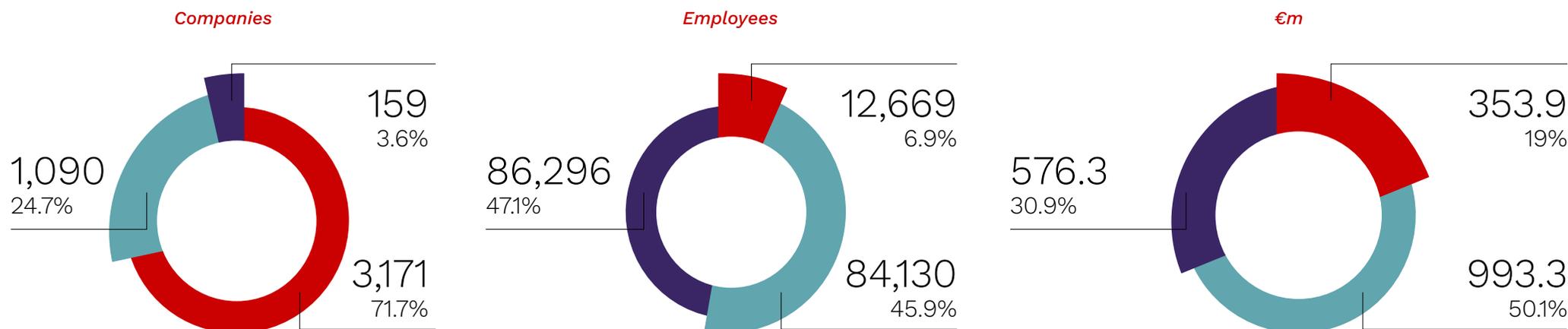
## Companies with investment in Catalonia

**74.9 €m · 14%**

**30 transactions**

### 5.3.4 LOANS AND GUARANTEES PORTFOLIO AT 31/12/2021

Private sector		Public sector		TOTAL	
Companies	4,420	Companies	246	Companies	4,666
Employees	183,095	Employees	20,245	Employees	203,340
Amount (€m)	1,863.5	Amount (€m)	399.0	Amount (€m)	2,262.5



■ Entrepreneurs, self-employed and microenterprises (< 2 €m)
 ■ SMEs (2-50 €m)
 ■ Companies (> 50 €m)



## 5.4 Venture capital operations

One of the ICF's strategic objectives is to support setting up, consolidating and growing innovative managers and projects through its venture capital operations.

At 31 December 2021, the ICF's venture capital investment commitments totalled €338.4 million through 55 equity instruments. A further €4,194.9 million committed by other investors brought total investment capacity to almost €4,488 million. Every €1 invested by the ICF is matched by €13.30 from other venture capital funds (business angels, venture capital funds, family offices, accelerators, venture builders, etc.).

Segment	Number of instruments	Cumulative commitments			ICF/total multiplier
		ICF	Other	Total	
Seed	19	46.4	683.3	684.7	14.7
Development	30	167.0	3,151.1	3,318.0	19.9
Growth	6	125.0	360.5	485.5	3.9
<b>Total venture capital</b>	<b>55</b>	<b>338.4</b>	<b>4,194.9</b>	<b>4,488.3</b>	<b>13.3</b>



## 5.4.1 INVESTMENT IN VENTURE CAPITAL FUNDS

One of the institution's main venture capital strands is investment in funds run by independent managers which invest in companies in Catalonia.

**In 2021, the institution has committed €19.9 million in venture capital funds**

Mainly in the seed and development segments, to power the growth of innovative businesses. By sector, **commitments to managers specialising in digital, technology and innovation projects accounted for 57% of the total for the year.**

The ICF's contribution together with the €351.4 million allocated by other investors makes up **€371.2 million in investment capacity.**

FUND	ICF COMMITMENT (€m)	SEGMENT	SECTOR
SC Growth Fund II Plus, FCRE	2.5	Growth	Growth
Nauta V Tech Invest, FCR	1.8	Development	Digital, technology and innovation
4Founders Capital, FCRE	2.5	Seed	Digital, technology and innovation
Axon Innovation Growth IV, FCR	3.0	Development	Digital, technology and innovation
Enion I Energy Fund, FCRE	3.1	Seed	Energy efficiency
Impact Croissance IV, SLP	3.0	Development	Impact investment
Aldea Tech Fund, FCR	4.0	Seed	Digital, technology and innovation
<b>7 FUNDS</b>	<b>19,9 €M</b>		



## 5.4.2 DIRECT INVESTMENTS

The ICF also invests directly in undertakings through two **funds of its own** to drive business growth or support innovation and transformational projects.

Unlocking business growth:  
**ICF Capital Expansió**

The institution has the ICF Capital Expansió fund which invests in Catalan businesses by taking minority stakes up to a cap of a €5 million ticket per transaction.

Driving entrepreneurship and  
commitment to innovative, digital  
and transformational projects:  
**ICF Venture Tech II**  
**IFEM Innovació**

Through ICF Venture Tech II and IFEM Innovation, in 2021 the institution has invested €7.5 million in twenty start-ups.

## ICF Capital Expansió II investment

In 2021, this fund **has injected €1.2 million** into **Classpack**, a pioneer in manufacturing and marketing **100% bio-based packaging and eco-efficient equipment solutions which are** custom-designed to automate the bagging process and rationalise **the application of single-use packaging in the primary sector**. The investment will allow the company to expand its production capacity and grow with a key commitment to sustainable and environmentally-friendly products.



## ICF Venture Tech II

Venture capital fund investing in **tech and/ or innovation enterprises with high growth and appreciation potential in early stage and series A rounds** via equity and debt instruments up to a cap of a €2 million ticket.

COMPANY	AMOUNT (€m)	SECTOR
<b>Inbrain Neuroelectronics</b>	0.6	Biotechnology
<b>Codebay Solutions SL (Lodgify)</b>	1.1	ICT
<b>Win Life Electric Vehicles</b>	0.6	Industrial
<b>Top Doctors Holding SL</b>	2	ICT
<b>Bigle Iberia SL</b>	0.4	ICT
<b>Bloobirds SL</b>	0.2	ICT

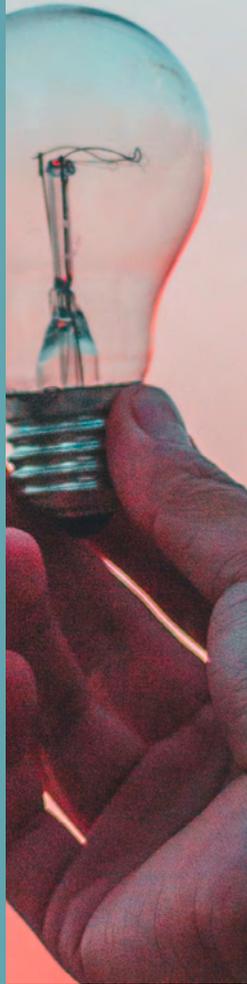




## IFEM Innovació

**Public-private co-investment** instrument targeting start-ups in their initial stages. The investment is made through an equity loan for up to €200,000.

COMPANY	AMOUNT	SECTOR
<b>Trendier</b>	200,000	ICT and ecommerce
<b>Aquí Tu Reforma</b>	200,000	ICT and ecommerce
<b>Fittest Freakest</b>	200,000	ICT and ecommerce
<b>Segle Clinical</b>	200,000	ICT and ecommerce
<b>Kubbo</b>	200,000	Services
<b>iVoox</b>	200,000	Services
<b>Oct8ne</b>	200,000	ICT and ecommerce
<b>Nuclio Digital School</b>	175,000	Services
<b>Taclia</b>	200,000	Services
<b>Kintai</b>	200,000	Services
<b>Incapto</b>	200,000	ICT and ecommerce
<b>Nectios</b>	200,000	Services
<b>VB Devices</b>	200,000	Biomedicine and health





## 5.4.3 VENTURE CAPITAL INVESTMENT PORTFOLIO AT 31/12/2021

### Indirect investment

55 instruments

338.4 million euros committed  
by the ICF

4,194.9 million euros committed by  
other investors

4,488.3 total  
commitments

### Direct investment

#### ICF Funds

#### ICF Capital expansió II

- Cumulative investment €6.3 m
- Investees 3

#### ICF Venture Tech II

- Cumulative investment €9.1 m
- Investees 11

#### ICF Funds in divestment period

#### Capital expansió

- Cumulative investment €16.8 m
- Investees 11
- Divested companies 4

#### Capital MAB

- Cumulative investment €7.3 m
- Investees 8
- Divested companies 4
- Divested in part companies 2

#### Equity loans

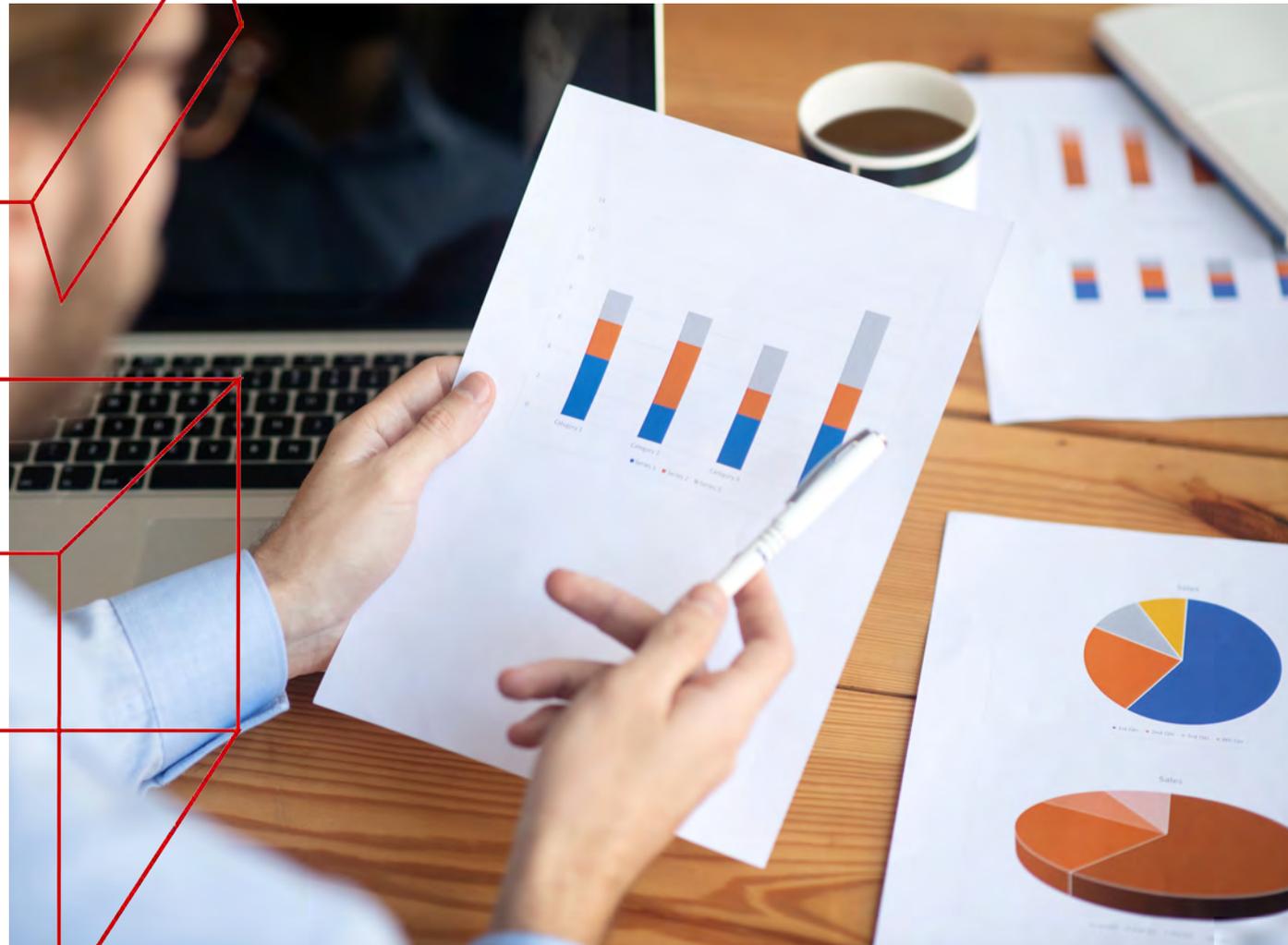
#### IFEM Innovació

- 143 start-ups / Currently in portfolio 71 start-ups
- €23.3 m ICF investment / Currently in portfolio €7.0 M
- €74.6 m investment by other investors
- €97.9 m total co-investment



6

# Risk management



# 6.1 Risk management

*The ICF Group sets out the broad guidelines of its risk monitoring and control system through policies and procedures which make up its current risk management framework.*

This framework, together with the risk appetite statement, makes it possible to control and manage the risks to which the entity is exposed. It also allows several levels of responsibility to be established for each risk, which are explicitly assigned to specific decision-making bodies and committees.

The Group uses the three lines of defence risk monitoring and control model and follows the EBA/GL/2021/05 guidelines which apply from 31 December 2021 and replace and repeal the previous European Banking Authority EBA/GL/2017/11 guidelines on internal governance.

### *Risk monitoring is based on the following principles:*

- Adopt a medium risk profile which safeguards its operational performance and a countercyclical role without jeopardising its solvency. This profile is medium-low once the effect of guaranteed operations has been discounted.
- Maintain liquidity and solvency levels which enable it to meet its commitments including in stress scenarios. It will act in accordance with the principles of prudence in managing its risks.
- Diversify its investment portfolio to ensure that there is no activity, customer or sector that could expose it to risk.
- Support investments which unlock sustainable development.
- Comply with the law and money laundering prevention regulations.
- The balance sheet result has to be stable and solely subject to the margin produced by its core business. The Group may not engage in any speculative transactions.





## 6.1.1 CREDIT RISK

The possibility of incurring losses due to borrowers failing to meet their contractual payment obligations. This includes counterparty risk in derivative instruments.

### Main indicators

NPL 

---

 8.2%

Coverage 

---

 114.0%

RWA (€m) 

---

 2,292

## 6.1.2 OPERATIONAL RISK

The possibility of incurring losses when internal processes are inadequate or flawed due to staff performance or the result of external events. This includes legal risk but excludes strategic and reputational risk.

The organisational model adopted by the Group in relation to operational risk management and control is based on several independent levels of responsibility, each of which includes specific functions, with the aim of ensuring a comprehensive management framework that enables ongoing improvement in the implementation of the Group's management and control activities and procedures. The Regulatory Compliance and Internal Control function ensures the validity and application of processes to identify, measure and control operational risk through the Internal Control Model, whilst the Supervisory Board, the Joint Audit and Control Committee (JACC) and the Global Risk Control Committee are the bodies responsible for monitoring the management of this risk in accordance with their specific roles.



## 6.1.3 LIQUIDITY AND FINANCING RISK

The possibility of incurring losses due to a lack of sufficient liquid funds, which prevents compliance with commitments undertaken as they become due, together with the risk of being unable to unwind a position as a result of market imperfections.

The possibility of incurring losses due to increased financing costs or the inability to meet payments or make investments due to a lack of financing capacity.

### Main indicators

Liquid assets (€m)<sup>1</sup> 

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 333

Wholesale liabilities (€m)<sup>2</sup> 

---

 1,312

Liquidity coverage ratio (LCR) 

---

 995%

Net stable funding ratio (NSFR) 

---

 116%

1. Includes cash in current accounts, debt securities and promissory notes.

2. Includes loans from financial institutions, senior debt issues and promissory notes.

## 6.1.4 INTEREST-RATE RISK

The possibility of incurring losses in the net interest margin or net asset value of the institution due to shifts in the yield curve.

### Sensitivity to net interest margin

Sensitivity of the one-year net interest margin of sensitive balance sheet items to movements in the yield curve of +/- 200 bp.

**+13.7% / -0.4%**

### Sensitivity to economic value

Sensitivity of the net asset value of sensitive balance sheet items to movements in the yield curve of +/- 200 bp.

**-2.1% / +0.6%**

*Regulatory scenario +200 bp / -200 bp: The +200 bp scenario includes a regulatory floor, specified in the guidelines and used in the definition of the supervisory test. This floor states that negative rates cannot be lower than -1%, rising to a floor of 0% over 20 years.*

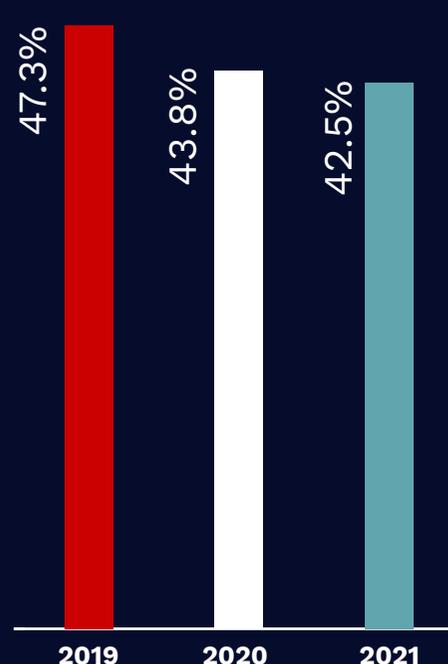
## 6.1.5 SOLVENCY

The ICF Group closed the 2021 financial year with eligible capital of €975.2 million and a total capital ratio of 42.5%, which provides the Group with robust solvency and levels well above the regulatory minimum of 10.5% consisting of the minimum total capital plus conservation buffer set out in Directive 2013/36/EU, as amended by Directive 2019/878, and Regulation No 575/2013, as amended by Regulation (EU) No 2019/876. The Group uses the standardised approach for calculating capital requirements for credit risk, the original exposure method for counterparty credit risk and the basic indicator approach for operational risk.

### Main indicators

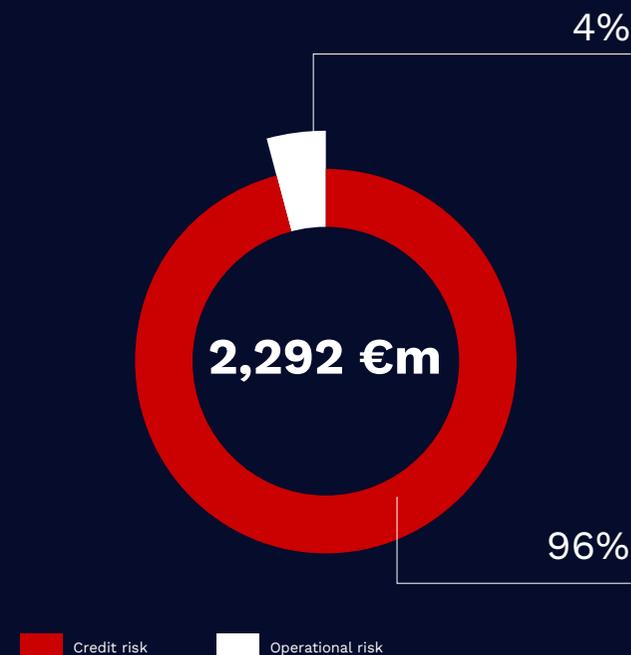
Total capital ratio	42.5%
Eligible capital	975.2
CET1 ratio	41.7%
Leverage ratio (LR)	35.5%

### Total capital ratio



### Risk profile

#### Distribution by risk type





7

# Financial information



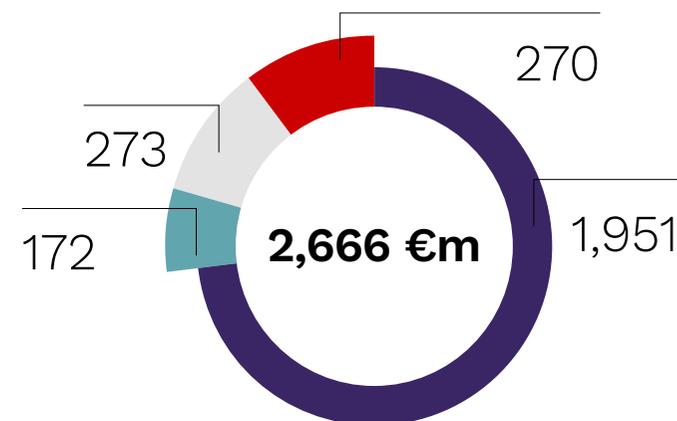
# 7.1 Balance sheet

The high volume of business combining Covid-19 liquidity facilities with investment project financing kept the portfolio and balance sheet figures in line with those of the previous year.

After 2020 with strong balance sheet growth as a result of the historic volume of financing made available to production sectors associated with Covid-19 liquidity facilities, **2021 has been a year marked by stability in the main aggregates.** The good pace of lending, which has combined the maintenance of liquidity facilities with financing a greater volume of investment projects, has made it possible to close 2021 with loan portfolio levels, recorded under “Loans and advances”, and total assets very much in line with those in the previous year. As for venture capital business, mainly recorded under “Equity instruments”, there has been the positive impact of the year’s appreciation coming to 19.8% compared to the value at the end of the previous year. Meanwhile debt securities, corresponding to the bank’s fixed income portfolio which is diversified and mostly made up of investments classified as investment grade, also hold a similar share on the balance sheet as at the end of 2020 thus making it possible to maintain a solid cash position.

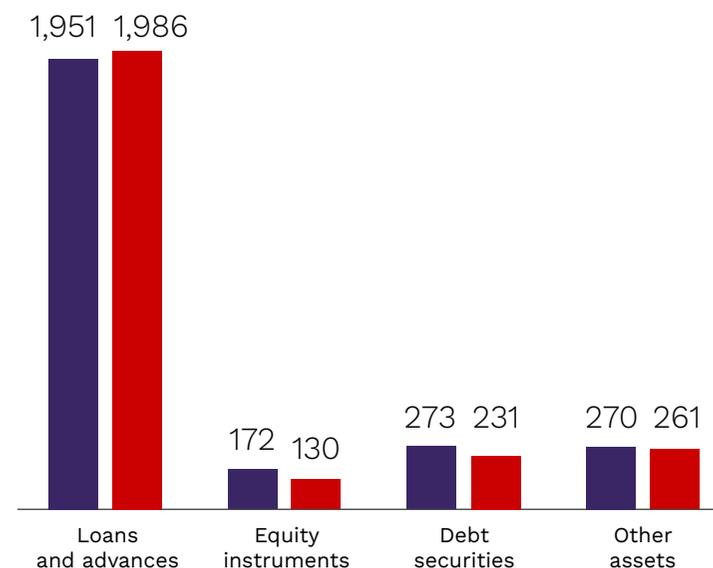
## Assets

- Loans and advances
- Equity instruments
- Debt securities
- Other assets



## Change in assets 2020-2021

- 2021
- 2020



The increase in equity resulting from profit generation and the appreciation of the venture capital portfolio.

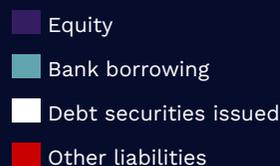
On the liabilities side, it is worth highlighting once again the increase in equity as a result of profit for the year and the appreciation of the venture capital portfolio, which makes it possible to maintain capitalisation and solvency levels significantly higher than the sector average and the minimum levels set by credit institution regulators. As for debt, the ICF Group is financed on the market mainly through wholesale borrowings from public and private financial institutions.

The Group also has €259.8 million of off-balance sheet funds available to third parties and €112.5 million in financial guarantees granted.

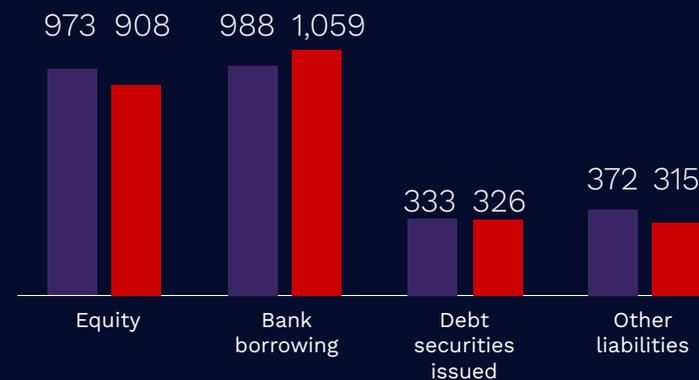
It is additionally worth noting in 2021 the ICF's tax standardisation with the Official Credit Institute as defined in Law 9/2021 of 9 July, which means that the Group's taxation will be brought into line with its economic circumstances and the accounting regulations applicable to it.

Standardisation of ICF taxation with the Official Credit Institute.

### Liabilities and equity



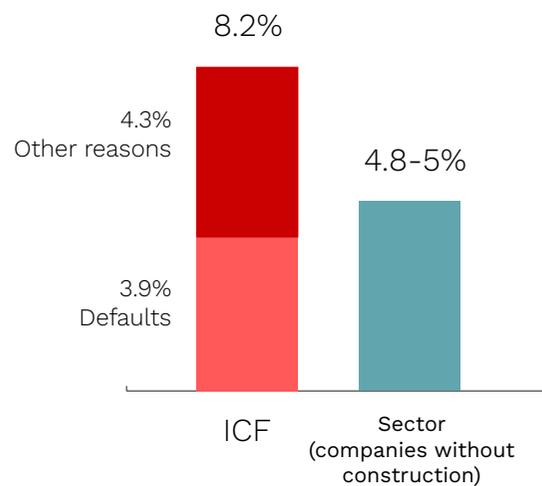
### Change in liabilities 2020-2021



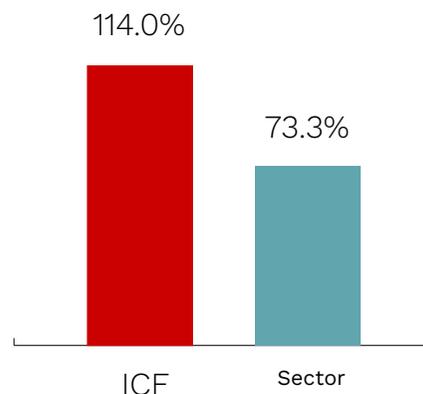


As for change in NPLs, the Group closed the year with a ratio of 8.2%, in line with the policy of historical prudence in risk assessment and classification. In this respect, 52% of assets considered as doubtful at year-end 2021 are due to reasons other than NPLs while 48% are down to defaults that have already materialised. In terms of credit risk coverage, the ratio of provisions to doubtful assets was also well above the sector average at 114% at the end of the year.

**NPL ratio**



**Coverage ratio**



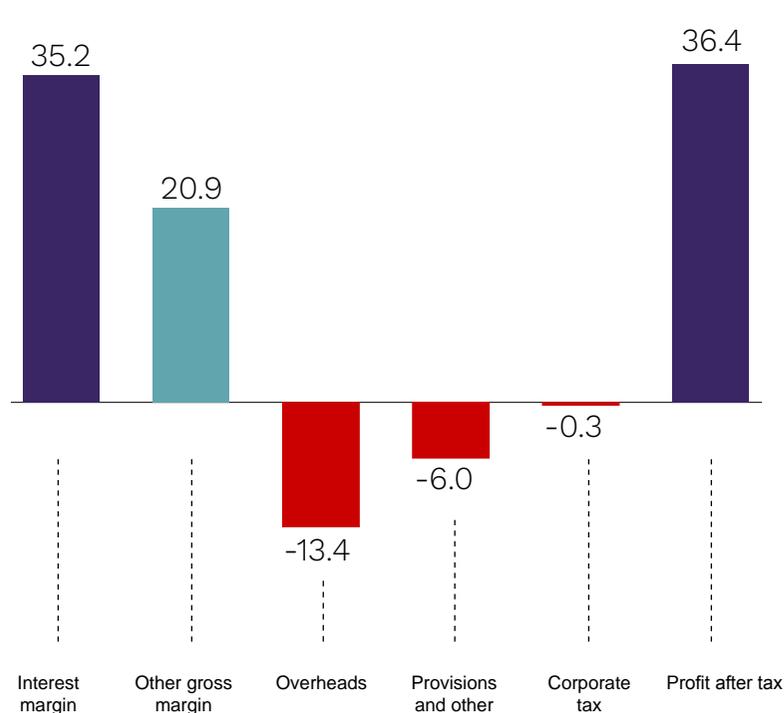


# 7.2 Income statement

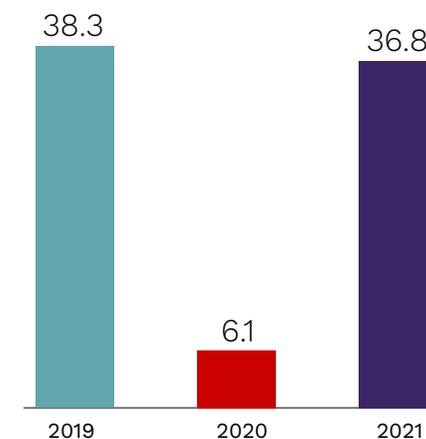
*Maintaining the historical trend of strong performance which is getting back to pre-pandemic figures.*

The ICF Group closed 2021 with profit after tax totalling €36.4 million. The improvement in net interest margin, the result of a larger average portfolio and optimisation of the cost of borrowing, is coupled with a higher volume of dividends received from venture capital investments and increased income from managing European funds. This higher operating profit, combined with a lower need for provisions as a result of the high level of coverage of the portfolio and the effort in provisions made last year, resulted in profit before tax in line with the last pre-pandemic year-end. Lastly, it is also worth noting the extraordinary income from the first application of the new ICF tax system which reduced corporate tax expense to €0.3 million, thereby pushing up profit after tax.

ICF Group 2021 Profit/(Loss)



Profit before tax





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