

Institut Català  
de Finances



Generalitat  
de Catalunya

Annual  
Report 2022

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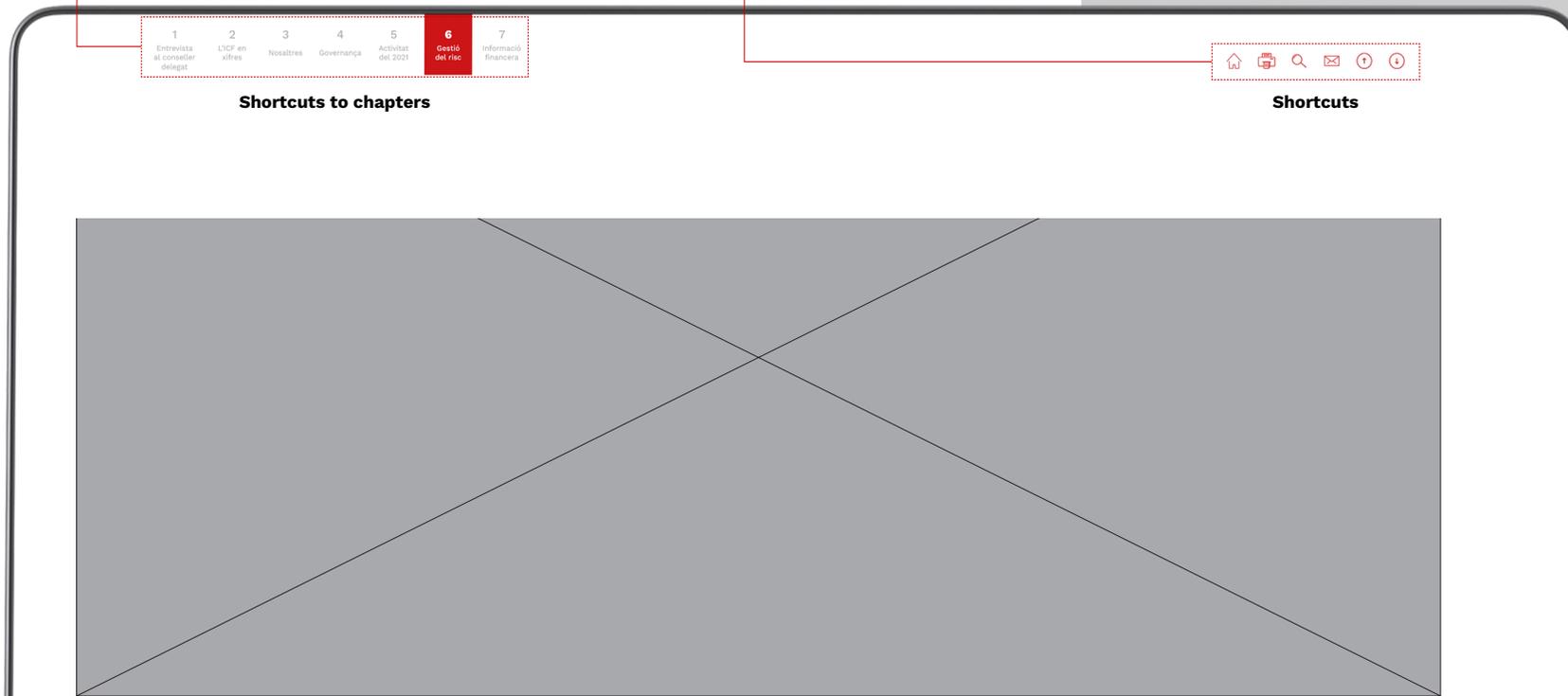


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*Note: the abbreviation '€m' means 'millions of euros'.*



# Contents

1

Letter from  
the CEO p. 4

2

The ICF  
in figures p. 7

3

About us p. 11

4

Governance p. 30

5

Activity  
in 2022 p. 39

6

Risk  
management p. 55

7

Financial  
information p. 59

# Letter from the CEO

2022 has been a tough year from the geopolitical and economic standpoints and the invasion of Ukraine has been the common factor underlying many of the challenges we have faced. Firstly, the war has led to the most influential countries taking a global stance on its causes and potential solutions, triggering more conspicuous bloc dynamics than had been seen in recent years. One of these blocs, Europe, was formed in a relatively short time to give unwavering support to Ukraine and its people. This meant taking in large numbers of Ukrainian refugees, providing logistical and military support, forgoing the Russian market and gas and, as a consequence of this latter point, reconsidering an energy model which is overly dependent on third countries.

The war crisis brought the energy crisis, which added to the bottlenecks in the supply chain has led to an end-of-year 9.2% rise in prices in Europe and 5.2% in Catalonia. Alongside those in 2021, these are the steepest increases since the introduction of the euro. And from soaring prices we have moved on to rising interest rates, which at the time this report went to press were at a fifteen-year high.

Nonetheless, the European response has also been swift in setting three strategic priorities to tackle this situation which the Catalan Government has also taken on board: decarbonising the economy and enabling the green transition in the production sector; building an economy which is less dependent on third countries for particular components of the supply chain through restructuring and fostering strategic industries, and upholding European values to ensure that economic growth is spread across society under the notion of shared prosperity.

This strategic shake-up flowing from the European Commission is gradually being taken up by the Member States through policies and mechanisms whose common denominator is these three key strands for the transformation of the European economy and society up to 2030. In Catalonia, the Government is putting in place an array of initiatives, while the ICF as a public development bank has delivered meaningful financing in 2022, which it will push further in 2023 and beyond, to help the country achieve the three transformations which will take us towards a more diversified, resilient and sustainable economy while continuing to safeguard the welfare state.

All this shows that there have been, and still are, many challenges and uncertainties. Yet this scenario also unlocks opportunities for our small and medium-sized enterprises, the segment which traditionally accounts for more than 90% of the Group's business. Thus in 2022, we have provided financial backing to 658 projects coming to €663 million, including 152 in energy transition loans and 38 for social housing.

Venture capital business has continued its upward curve and at year-end 2022 the ICF is an investor in 57 venture capital funds and the ICF Group a direct shareholder in 23 companies.

As CEO, I would like to thank our customers for choosing our institution, but especially for their drive, courage and ambition to undertake projects in times of uncertainty such as the present. Opening new markets, improving sustainability, investing in research and acquiring competitors; this is how a company grows, becomes strong and brings wealth to its community.

The ICF team will be at your side to help you turn your initiatives into reality, and we will be there simply because this is our mission and raison d'être and we are passionate about it.



Vanessa Servera i Planas  
CEO of the ICF

# The ICF in figures

# The figures for 2022

SUPPORTING THE BUSINESS COMMUNITY AND ORGANISATIONS IN CATALONIA.

## Financing

470

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

25,746

**jobs** helped to create  
or maintain.

478.7

million euros in **loans**  
and **guarantees**.

## Venture capital

52.1

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

15.7

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

## Restructuring

116.7

million euros in restructuring **operations underway**  
to adapt to businesses' needs.

## COMMITMENT TO OUR TEAM AND THE BUSINESS ENVIRONMENT



Rollout of **hybrid working** combining face-to-face work in the office with up to **two days' teleworking**

95%

**of staff** have a permanent contract and the average **length of service is eleven years**

955

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

38

million euros to finance **social renting housing projects**

152

million euros earmarked for **projects** which unlock the **green transition**

23

start-ups and investees with **innovation, transformational and digital projects**

## FINANCIAL FIGURES

TOTAL ASSETS (€M):

2,598

OWN FUNDS (€M):

948

PROFIT FOR THE YEAR (NET) (€M):

27.4

INVESTMENT  
AND VENTURE PORTFOLIO

2,401.5 €m

- Public sector loans and guarantees: 335.5 €m
- Private sector loans and guarantees: 1,892.7 €m
- Venture capital and financial investments: 173.3 €m

- 
- Solvency ratio (BIII)  
39.4% / Sector EBA 9/21: 16.2%
  - NPL ratio  
7.5% / Sector (BoS)  
companies segment 4.2%
  - Coverage ratio  
139.2% / Sector (BoS) 71.3%





# About us

# 3.1 About us

To accomplish its mission, the Group seeks to have a constructive impact on the economy, society and the environment through projects and initiatives aligned with the country's key strategic drivers: restructuring, the green transition and the social shield.

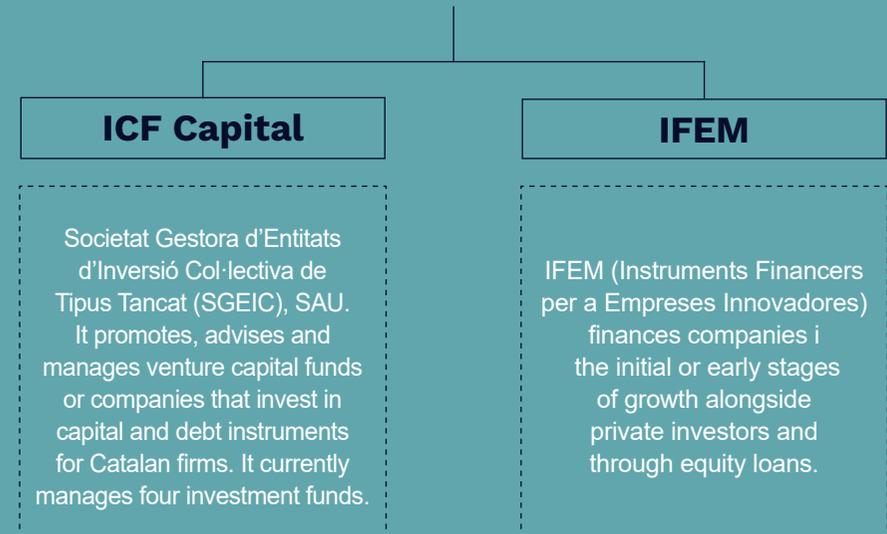
The ICF Group runs a public development banking model designed to meet the Catalan business community's funding and investment needs. Using a wide range of financial solutions based on loans, guarantees and venture capital investment, the Group contributes to the Catalan economy's growth, innovation and sustainability.

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.



## Institut Català de Finances

A public financial institution established in 1985 and owned by the Government of Catalonia which promotes business financing through a range of financing solutions (loans, guarantees and venture capital).



### 3.1.1 MISSION AND VALUES

**Mission:** fostering business growth, entrepreneurship and innovation and financing strategic projects for the Catalan economy.

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

Our aim is to support companies and organisations throughout their lifecycle and significantly expand the resources available to them so they can continue growing and innovating anchored in a social and sustainable approach.

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

To be the public financial institution in Catalonia which enhances the range of private financing options to back enterprises and organisations in their development and growth and add value to society as a whole. Our ambition is to support businesses and organisations in their development and growth while also bringing value across society and to 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 be there for companies at all stages of their business when they are looking to kick-start projects and initiatives and also when there are economic difficulties or special circumstances.

### 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.

In an economic setting shaped by the advent of the post-pandemic period, the war in Ukraine, rising energy prices and inflation, public funding sources have been pivotal in supporting regions and states to make it easier for businesses to gain 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 in 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

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 Catalan Government** means we can provide facilities with interest rate subsidies. 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 digitalisation and restructuring, the green transition, social housing, upgrading the primary sector, etc.



### Venture capital solutions

Through venture capital investment, the ICF backs start-ups with innovation projects and fosters the growth and consolidation of existing companies.

To this end, the institution has two business lines:

- Investment in venture capital funds run by independent managers in the seed, development and growth segments.
- Direct investment in companies and start-ups through two own funds managed by ICF Capital and one public-private vehicle.
  - **ICF Capital Expansió II:** fund equipped with €50 million to invest in business growth projects via capital increases.
  - **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 institution seeks to be a key instrument in driving Catalonia's strategic goals: the green transition, restructuring and the social shield.

The Group bases its business lines on the needs of companies, organisations, institutions, Catalan Government ministries and stakeholders in the financial industry with which the institution works closely.

The plan includes several strategic strands and sets a number of targets, all of which are brought together in the ICF's three core business lines.



### STRAND 1

#### CONSOLIDATE THE ICF AS THE PUBLIC DEVELOPMENT BANK OF CATALONIA

- Bolstering the institution's management independence in order to fulfil its mission.
- Achieving a balance between risk taken and sustainability.
- Getting a European retail banking licence to offer a wider and more competitive range of products.
- Driving earnings to maintain a sound balance sheet which allows for greater risk taking.
- Unlocking digitalisation and technology to enhance the experience of customer businesses and organisations.

### STRAND 2

#### DRIVE CATALONIA'S LEADERSHIP AS AN INNOVATION HUB

- Covering market gaps through commitments in external managers and direct investment in businesses.

### STRAND 3

#### THE ICF AS A KEY PLAYER IN PROMOTING SUSTAINABLE DEVELOPMENT

- Supporting the entrepreneurial community in its transition to a sustainable business model.
- Promoting funding for projects designed to mitigate or adapt to the effects of climate change.
- Stepping up financing facilities to promote social rental housing.
- Mainstreaming sustainability principles in the ICF's management model.
- Driving commitments in Article 8 and 9 venture capital funds of external managers.
- Fostering financing for cultural, educational and social economy projects.

# 3.3 Contribution to the 2030 Agenda and the SDGs

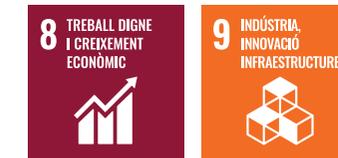
The ICF is firmly committed to sustainable development as the only way to achieve a secure, fair future featuring opportunities for all. So we drive financing and investment with a constructive impact on society and the environment while always striving for sustainable development. As a public financial 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 ICF joined 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, in 2021 ICF Capital, the ICF Group's venture capital operator, also signed up to the United Nations Principles for Responsible Investment (UN PRI) and hardwires ESG (environmental, social and governance) issues into its analysis and decision-making processes and investee management.

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

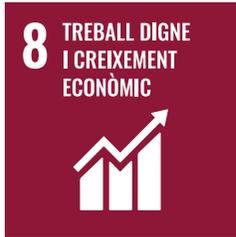
The main 2022 indicators related to activity, portfolio and other key internal management factors are summarised below. In relation to our operations, each transaction has been assigned at most three SDGs based on the project and purpose. This multiple allocation means that the activity data differ from those presented in chapter five of this annual report.

## STRATEGIC GOALS



## PRIORITY GOALS





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

**Financing and investment in Catalonia’s businesses and organisations**

► Funding in the form of loans and guarantees to **470 companies worth €478.7 million.**

Loans and guarantees portfolio: **€2.228 billion**

Portfolio: **€390.5 million** cumulative commitments in independent fund managers.

**25,746** jobs created or maintained due to the institution’s financing.

**52.1** million euros committed in independent fund managers in 2022.

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

**A company taking care of its team**

► We have an average length of service of eleven years and 95% 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.

Rollout of the new working method which includes the option of doing up to two days’ teleworking per week.

**995** hours of training in programmes on communication and management skills, ESG issues, 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.

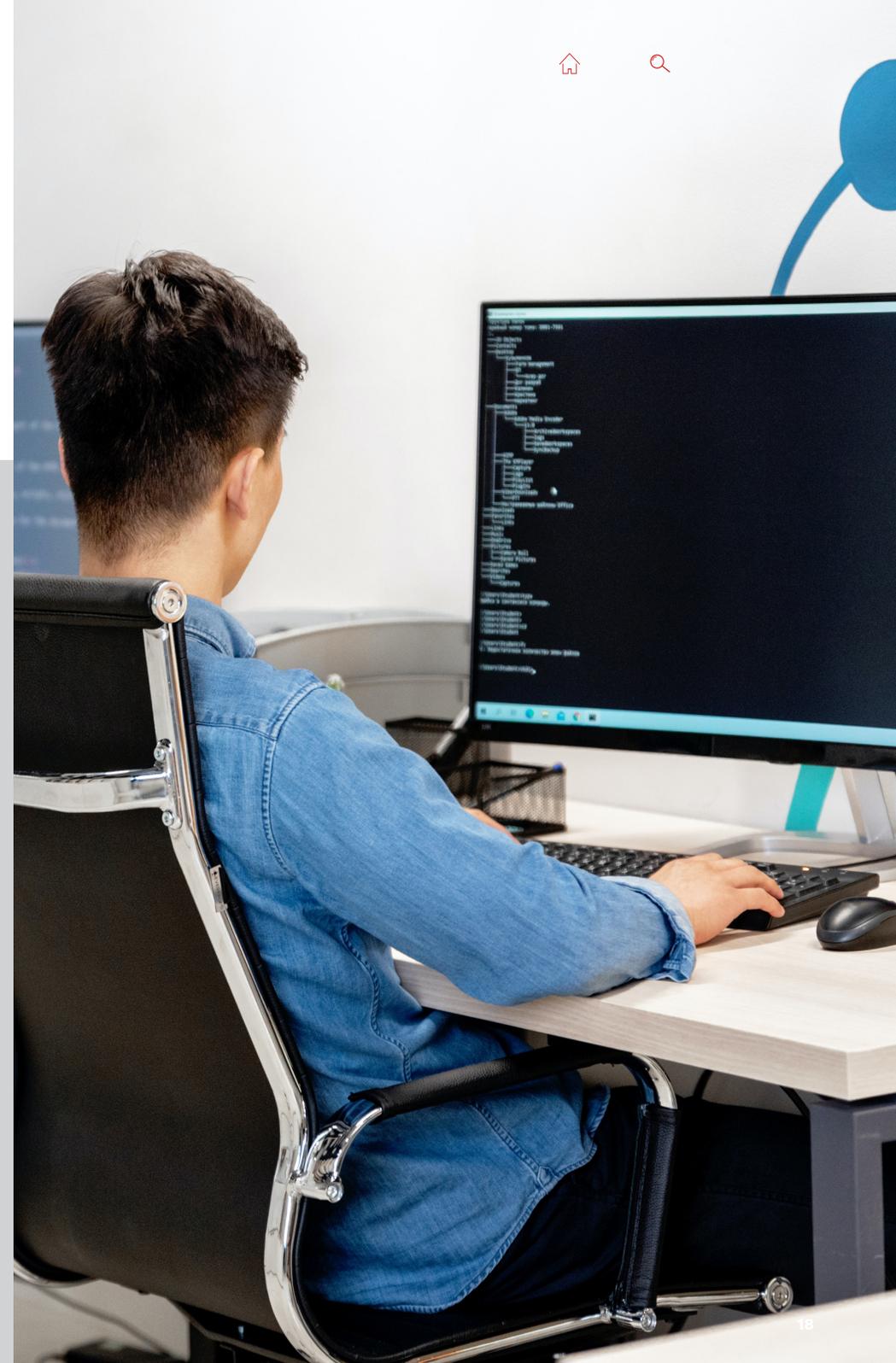
**Financing for industrial projects, innovative companies and infrastructure upgrading**

▶ **286+** million euros in loans and guarantees.

**Investment to unleash innovation and transformation**

▶ **7.2** million euros invested in twenty start-ups with innovation, transformational and digital projects.

**32** million euros invested in four funds run by independent managers.





The institution supports research and projects in the life sciences and health. It also promotes the wellbeing of people, both internally and also by 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.**

▶ **45.6** million euros in loans.

**13** million euros invested in two funds run by independent managers.

**Financing and investment**

**28** million euros in funding for energy efficiency projects.

**10.1** million euros invested in a fund run by an independent manager that invests in start-ups and companies running energy transition projects.

**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 partners with the Catalan Government to furnish 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**

**38** million euros in funding for social rental housing projects.

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

In 2022, ICF funding has made it possible to add 215 flats to the social rental housing stock.

**Synergies with the community**

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

**Sustainable financing and investment**

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

**0.2** million euros invested in a company running initiatives to mitigate the effects of climate change.

**0.2** million euros invested in a sustainable mobility start-up.



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**

- ▶ Agreement with the European Investment Fund (EIF) to unlock technology transfer and scientific research projects in Catalonia via the Advanced Technology Investment Fund (FITA).  
-----  
Signing an agreement with the ICO and Barcelona City Council to expand social housing in the city.  
-----  
Driving the ICF-Avalis Indústria facility to finance entrepreneurship and growth in industrial SMEs.  
-----  
Concluding an agreement with the Catalan Government and ten financial institutions to unlock housing energy renovation as part of Next Generation EU funds.  
-----

**Working with organisations to support business**

- ▶ 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.  
-----

Participation in **52** 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.

Training session in partnership with the IEF on finance and sustainability for women entrepreneurs as part of Financial Education Day.

Workshop on start-ups for young people in conjunction with the IEF as part of Global Money Week, the week of financial education.



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

**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 gender-balanced Management Committee (made up of three women and two men).

In-house session on leadership and gender with consultant Gina Aran as part of Women's Day.



Publishing the ICF's first guide to inclusive and neutral language.

Mitigating accessibility barriers on the ICF's corporate website.



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

**95%** of the paper purchased at the ICF is recycled

**80** old desktop computers handed over which had been used in the office before switching to laptops for team members.



The ICF has had a Customer Service Department since 2019. The institution has received three reports, including one service complaint and two calls for further action.

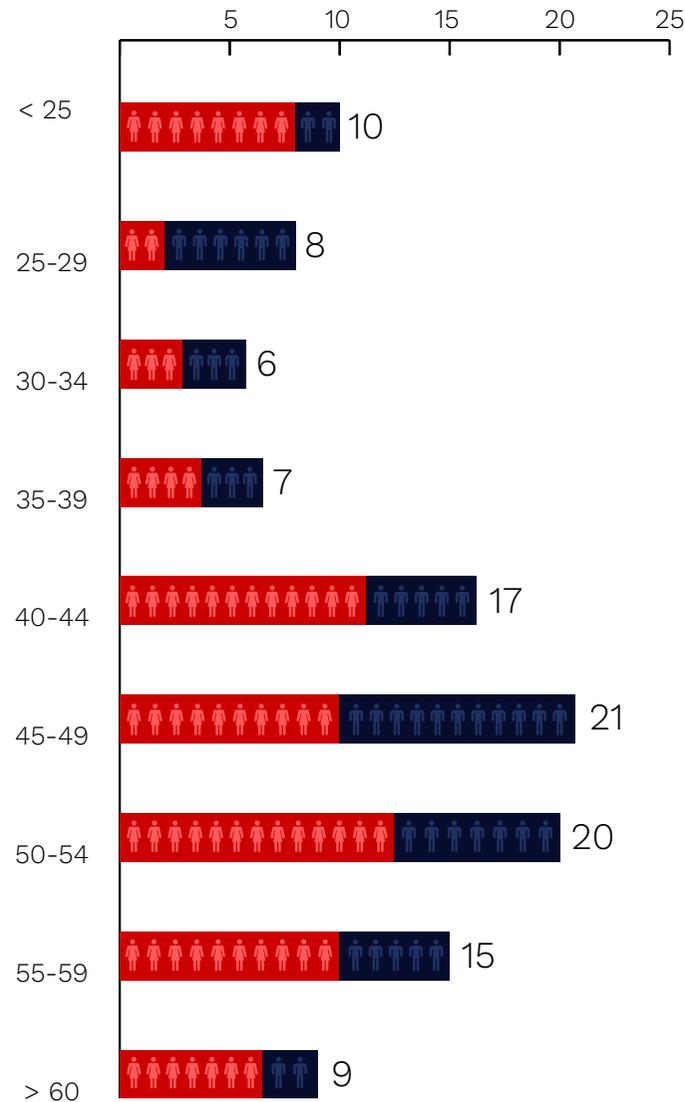
### 3.4.1 PEOPLE

The people who make up the ICF team are at the core of the organisation. This means listening to their needs and delivering the right solutions and tools is crucial to building an outstanding working environment and helping to achieve the institution's mission.

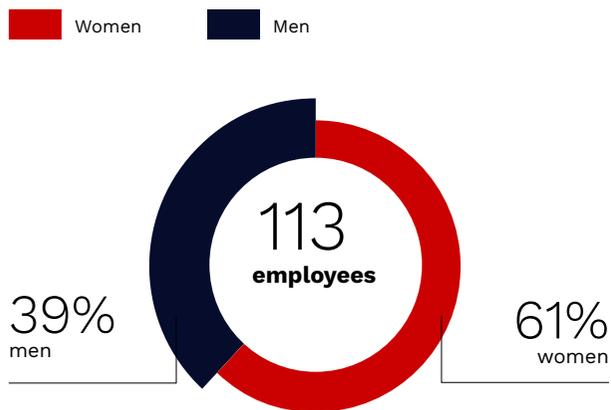
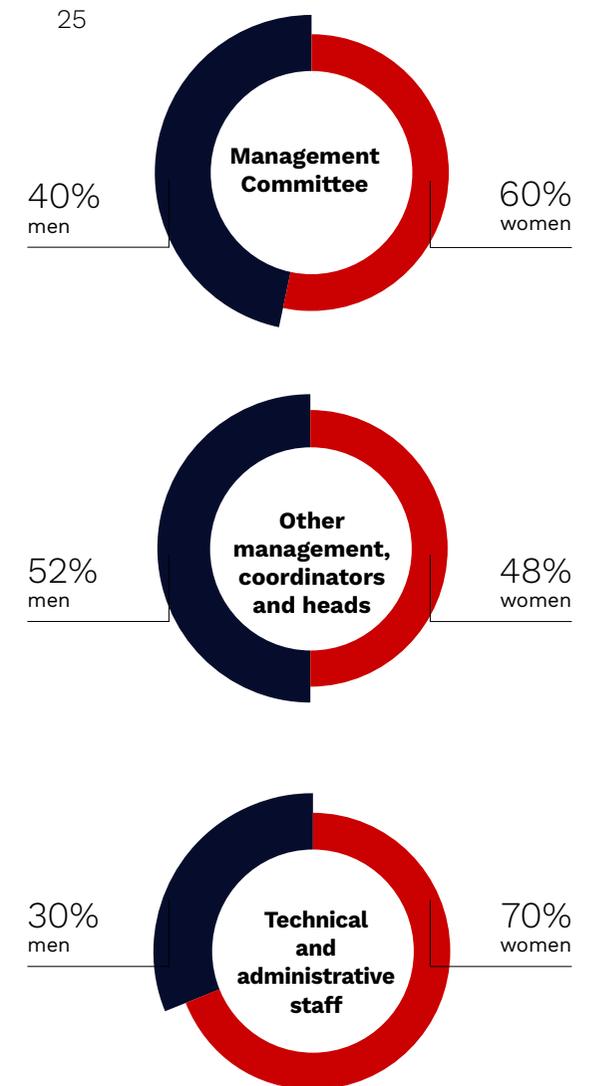
Staffing numbers have remained stable in recent years. **At the end of 2022, the ICF team consisted of 113 people. Women accounted for 61% and men for 39%.** The most prominent professional profiles were university graduates with degrees in economics or business administration.

One of the institution's principles is to provide a stable working environment. Two indicators of this commitment are that 95% of the workforce has a permanent contract and the average length of service is eleven 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 ICF’s strategic objectives is the professional development of its team and here its training plan is especially important. It includes general and specialised training to enable ICF staff to refresh their knowledge, keep up to date with current rules and regulations, gain further expertise and train in sustainability or in personal and communication skills. 86.4% of the cost of most of these training courses is fully financed by the company.

**This year, training pathways on environmental, social and governance (ESG) issues have been set up. A total of 62 people have taken the courses with 190 hours of training overall.**

In 2022, the ICF Group has hosted 27 interns, 13 of whom joined during the course of the year.

Three of these students have become staff members, which demonstrates that the internship programme is a valuable way of identifying young talent.

Training sessions **64**

Teaching hours **995**

People attending the training programmes in areas including communication and management skills and new certifications.\* **494**

\*A person can take more than one training course



### 3.4.3 EQUAL GENDER OPPORTUNITIES

Equal opportunities and non-discrimination by gender is an essential priority for the ICF. Furthering these goals translates into better professional and personal development of its staff. 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 institution's Code of Conduct which sets out a number of principles addressing non-discrimination, work-life balance and repudiation of any form of harassment.

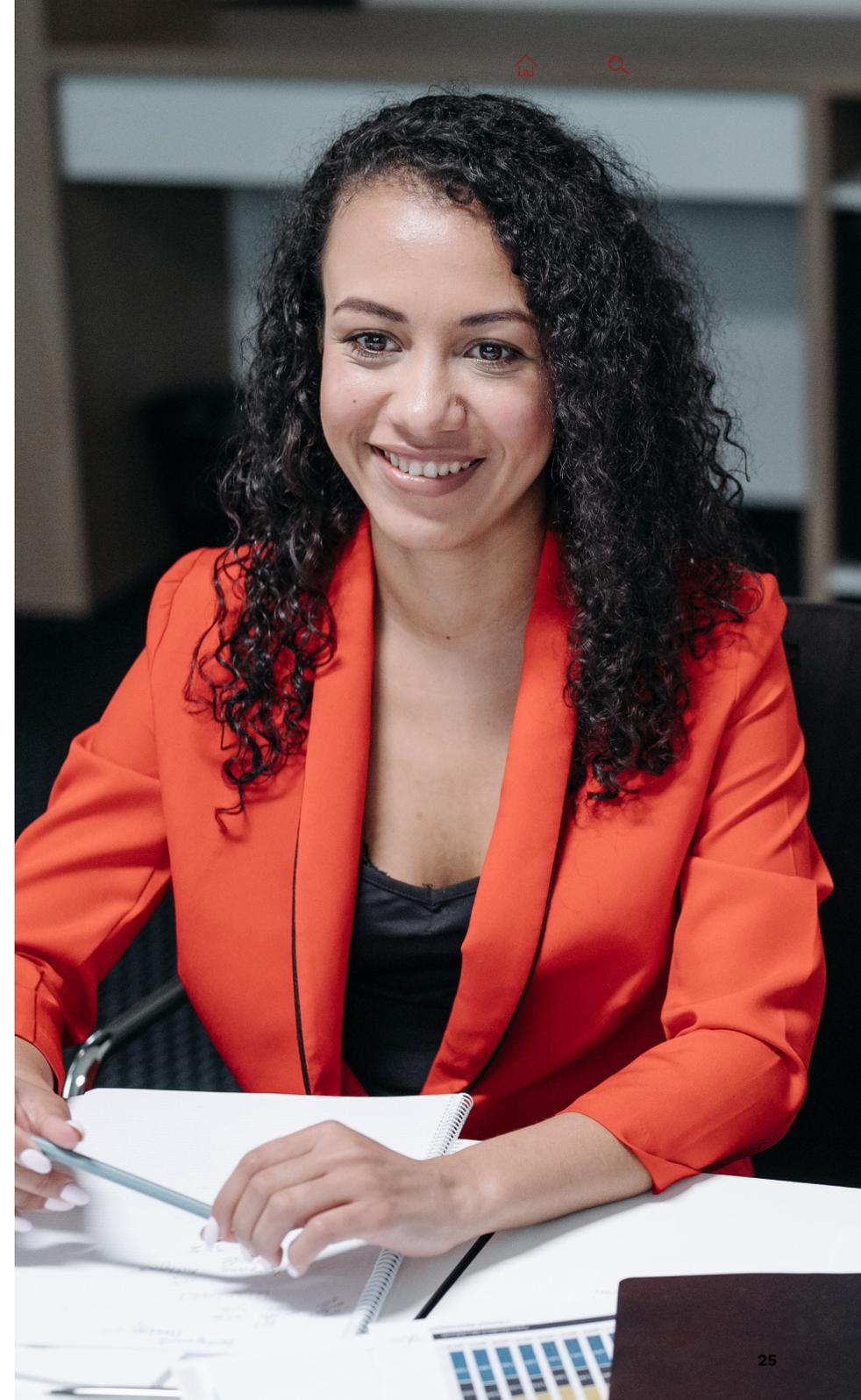
Since January 2021 the ICF has also had in place an Equality Plan designed to transform and improve its organisation and add to the gender perspective and equal opportunities in its business ethics by rolling out an array of initiatives and strategies. The initial plan envisaged some twenty actions, all of which have been implemented, while two others have been added. Progress is reviewed every six months by the ICF's Equality Committee (a joint committee between the ICF and the works council).

### 3.4.4 WELLBEING AND SAFETY

The health, safety and wellbeing of the people who make up its team have always been a key factor 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.

With this in mind, in November 2021 the ICF signed an agreement to consolidate the hybrid working model which combines office-based work with up to two days' teleworking. Positive developments in the pandemic made it possible to roll out the new working arrangements in April 2022.

All staff are now using them. This has considerably reduced daily commuting, cutting down on the pollution caused by these journeys and the risk of accidents when travelling (56% of team members live in Barcelona where the ICF's head office is sited while 44% are from outside the city).



# 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.

It has its own assets and funds and operates with organisational, financial, capital, operational and management autonomy, 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 1/2022 of 26 July enacting the second recast text of the Law on the Institut Català de Finances. This Legislative Decree replaces the one in force until then, 4/2002, which had been amended numerous times over the last twenty years.

Regarding its regulatory framework, article 1, section 2, of Legislative Decree 1/2022 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 3 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.

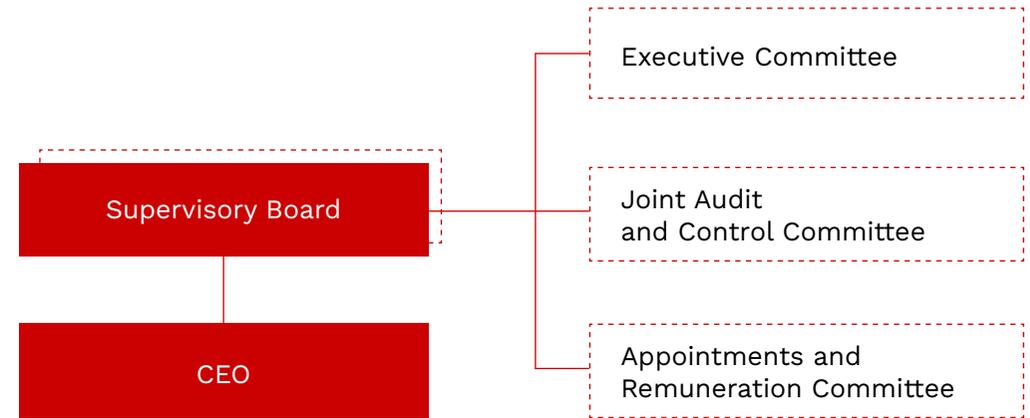
Consequently, the institution's internal governance, structure, procedure and operations are in accordance with the criteria laid down by European banking regulations (mainly Directive 2013/36/EU, Regulation No 575/2013 and Basel III) and national regulations (Law 10/2014, of 26 June, on the planning,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

It is also important to note that Article 3 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 2022, the ICF has revamped its Supervisory Board with the appointment of a new chair and the inclusion of one proprietary member as a result of change of holders of positions in the Catalan Government. 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 31/12/22



## 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 2 November 2021 until 9 January 2023, the CEO of the ICF was Jordi Òliva Ritort. On 10 January 2023, Vanessa Servera i Planas was appointed as the institution's new CEO.



## 4.2.3 DELEGATED COMMITTEES

Composition at 31/12/22

Under article 9 of the Law on the ICF, the Supervisory Board may set up decentralised bodies 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.

|  |   |
|--|---|
| <b>Chair</b><br>Josep Maria Vilarrúbia Tapia         | <b>Non-member secretary</b><br>Joan Roca Sagarra  |
| <b>Chief Executive Officer</b><br>Jordi Òliva Ritort | <b>Member</b> Albert Vilumara Pérez (independent) |
|  | <b>Member</b> José-Luis Peydró (independent)      |
|  | <b>Member</b> Xavier Puig Pla (independent)       |

### 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.

|   |   |
|---|---|
| <b>Chair</b><br>Albert Vilumara Pérez (independent) | <b>Secretary and member</b><br>Rafael Abella Martín (independent) |
|   | <b>Member</b><br>Pilar Soldevila García (independent)             |

### Joint Audit and Control Committee

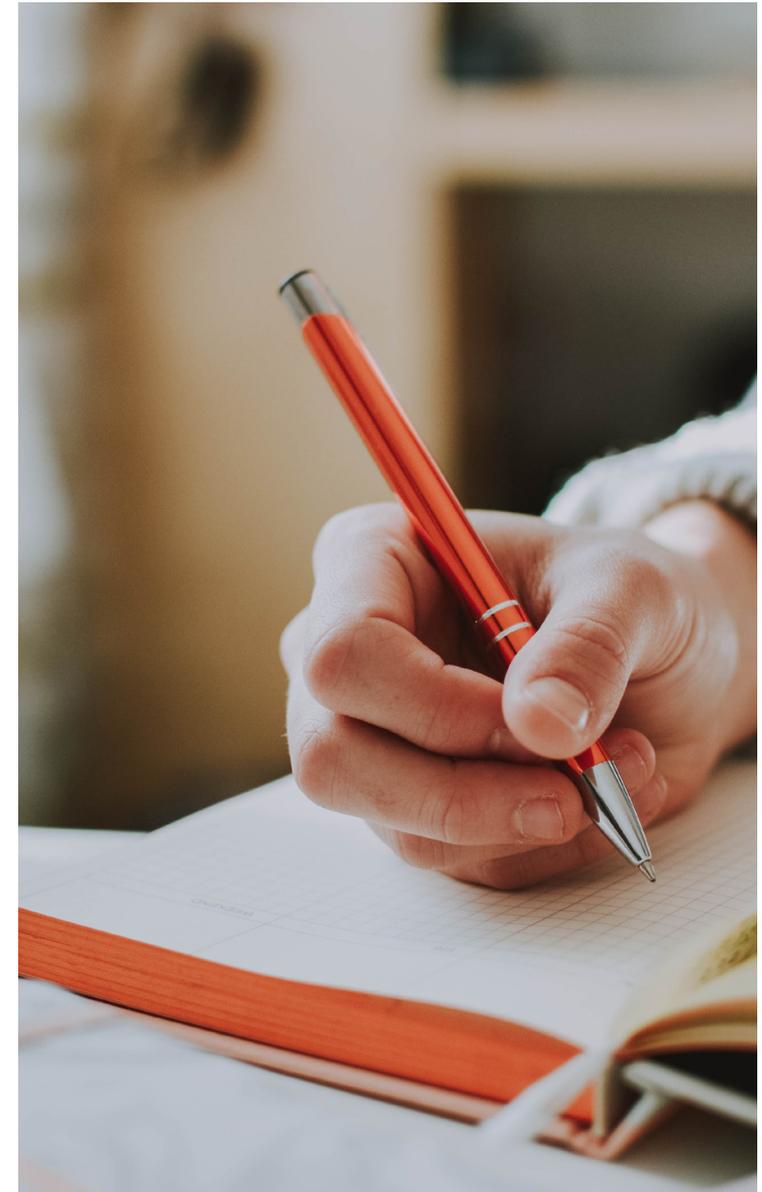
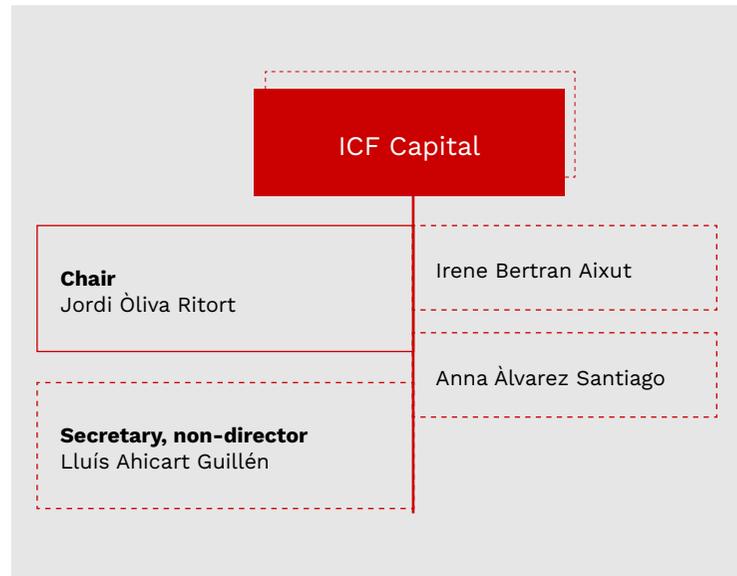
The Joint Audit and Control Committee under the BGB is in charge of planning and monitoring internal and external auditing, global risk control, regulatory compliance and internal control.

|  |   |
|--|---|
| <b>Chair</b><br>Rafael Abella Martín (independent) | <b>Secretary and member</b><br>Joan B. Casas Onteniente (independent) |
|  | <b>Member</b><br>José-Luis Peydró (independent)                       |

## 4.2.4. GOVERNING BODIES OF ICF SUBSIDIARIES:

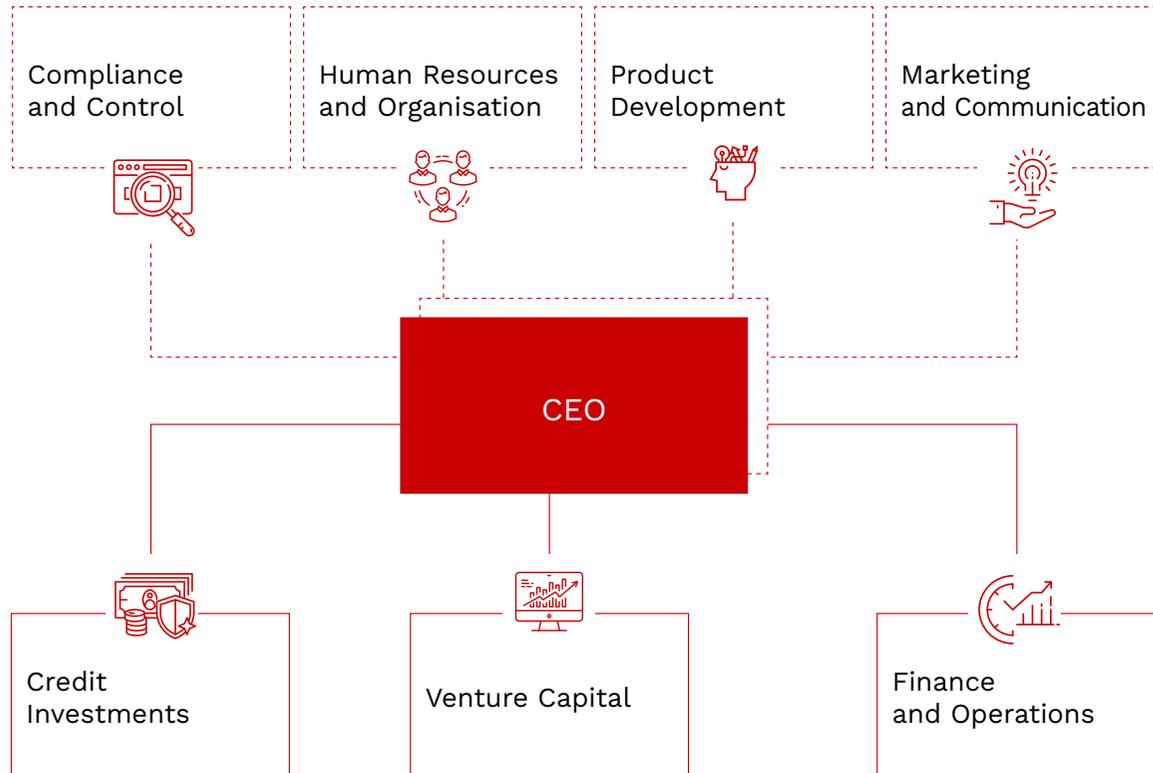
Composition at 31/12/22

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:



# 4.3 Functional organisation chart

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



## MANAGEMENT COMMITTEE

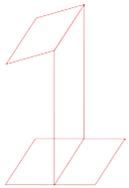
Composition at 31/12/22

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:

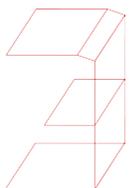
- Develop and maintain effective controls over their activities.
- Identify, manage, monitor and mitigate the risks they give rise to and operate in an appropriate control environment.



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.

# Activity in 2022

# 5.1 Economic environment

Inflation, the energy crisis, rising interest rates and global tensions stemming from the pandemic and the war in Ukraine have shaped the world economy in 2022, with GDP growth at 3.4% down from 5.6% in 2021. Advanced economies such as the euro area and the United States have performed better than expected in annual forecasts, driven by robust labour markets, consumer spending and business investment. Meanwhile, China, on its way to full reopening after the major impact of anti-Covid policies, has slowed its growth but is expected to see a pick-up in activity in 2023. The dollar has also weakened which provides a shot in the arm for emerging and developing countries' borrowing conditions.

The Catalan economy has successfully withstood geopolitical pressure and inflation without slipping into recession, recording a 5.5% increase in GDP well above the 3.4% growth posted by the euro area economy. Evolution by sector is uneven; construction and services are growing while the industrial and agricultural sectors, especially hard hit by rising costs and energy prices, have fallen back.

Forecasts for the Catalan economy for 2023 estimate growth at between 1.5% and 1.8%, higher than the figure predicted for Spain (1%-1.3%) and the euro area (0.2%-0.7%).

# 5.5%

**Higher than expected growth:** Catalan GDP grew by 5.5%, in line with the Spanish GDP rate and outperforming the euro area (3.4%).



# 5.2 Activity in 2022

The ICF Group has closed 2022 with figures which underline its role as a public development bank in fostering and supporting the business community and organisations in Catalonia.

In total the ICF has furnished 470 self-employed individuals, SMEs, large companies and organisations with €478.7 million in funding. In venture capital it has provided €67.8 million in direct and indirect investment.

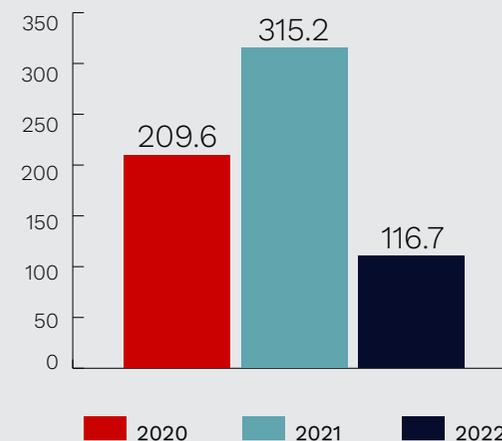
## Loans and guarantees

|              |        |
|--------------|--------|
| Companies    | 470    |
| Amount (€m)  | 478.7* |
| Jobs         | 25,746 |
| Transactions | 600    |

## Venture capital

|  |
|--|
| 52.1 million euros committed in six investment funds       |
| 12.6 million euros in direct investment in eight companies |
| 3.1 million euros in equity loans to 16 start-ups          |

## Restructuring (€m):



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

## 5.3 Lending activity

After two years in which the institution has recorded an above-average volume of business owing to financing to address the impact of Covid-19, the ICF has scaled back its operations in 2022. The number of companies financed has also fallen. This is because in 2021 nearly 600 transactions were concluded under the B·Crèdit microloan facility promoted jointly with Avalis de Catalunya and Barcelona City Council through Barcelona Activa, a facility which closed on 31 March 2022. Notwithstanding the fall in the total volume of financing, we are continuing to support the business community.

In 2022, we have provided enterprises with financing facilities to support growth, innovation and sustainability projects along with loans to meet working capital needs arising from the pandemic, the supply crisis, rising energy prices and the tensions caused by geopolitical shocks in Ukraine and Algeria. We have additionally helped to meet the needs of the business community and continued to add to the commercial banking range.

Close cooperation with the Catalan Government and other public institutions has been crucial in implementing new financing solutions to support working capital and investment.



### 5.3.1 SEGMENTATION BY TYPE OF BUSINESS

| Segment   | Companies | €m    | Jobs   |
|---|-----------|-------|--------|
| <b>Entrepreneurs,<br/>self-employed and<br/>microenterprises</b><br>(<2 €m) | 229       | 108.6 | 2,223  |
| <b>SMEs</b><br>(2-50 €m)  | 206       | 289   | 13,908 |
| <b>Companies</b><br>(> 50 €m)   | 25        | 70.2  | 9,394  |
| <b>Total public<br/>sector</b>  | 10        | 10.8  | 221    |
| <b>Total operations</b>   | 470       | 478.7 | 25,746 |

As in previous years and in keeping with the significance of SMEs in Catalonia's production structure, 92.5% of the total number of businesses financed by the ICF are microenterprises, self-employed individuals and SMEs.

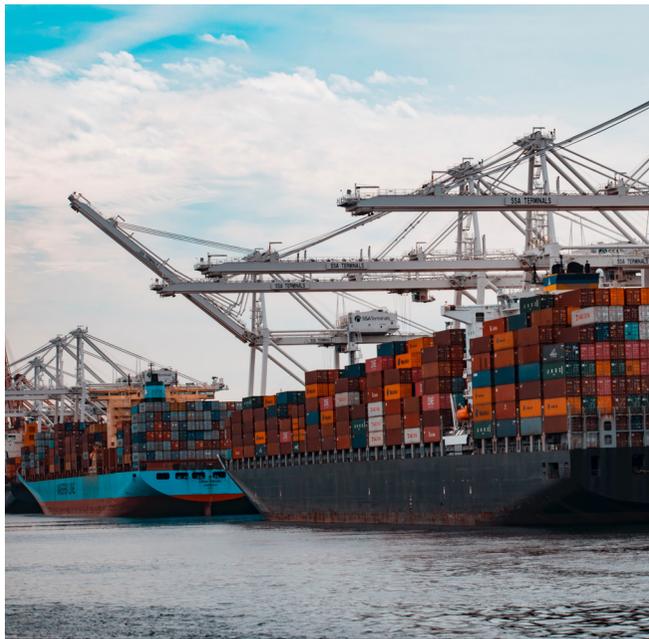
### 5.3.2 SECTOR DISTRIBUTION

This year, financing for the agri-food industry and the primary sector (16.3%) has been particularly substantial. Manufacturing industries (15.6%) and retail, tourism and transport (14.5%) account for the next largest share of financing.

Funding for construction and public works projects is also significant at 13.7% of the total as a result of the ICF's robust commitment to financing social rental housing schemes.



The ICF and the Catalan Housing Agency's facilities have resulted in the addition of **215 new flats** to the social rental housing stock in 2022.

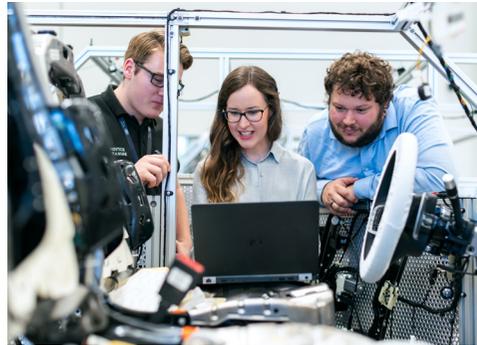


### Agri-food industry and primary sector



78.2 €m  
96 transactions  
**16.3%**

### Manufacturing industry



74.6 €m  
99 transactions  
**15.6%**

### Retail, tourism and transport



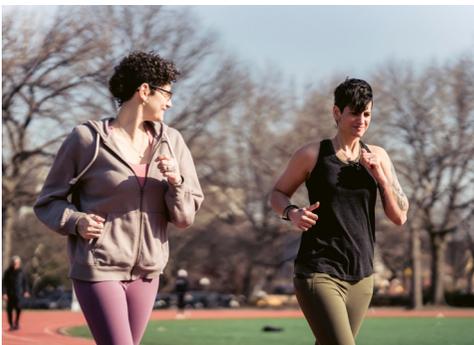
69.3 €m  
119 transactions  
**14.5%**

### Social housing and public works



65.4 €m  
47 transactions  
**13.7%**

### Education, culture and sport



20.1 €m  
70 transactions  
**4.2%**

### Extractive industries, energy and utilities



16.5 €m  
16 transactions  
**3.5%**

### Healthcare and social services



6.7 €m  
43 transactions  
**1.4%**

### Other



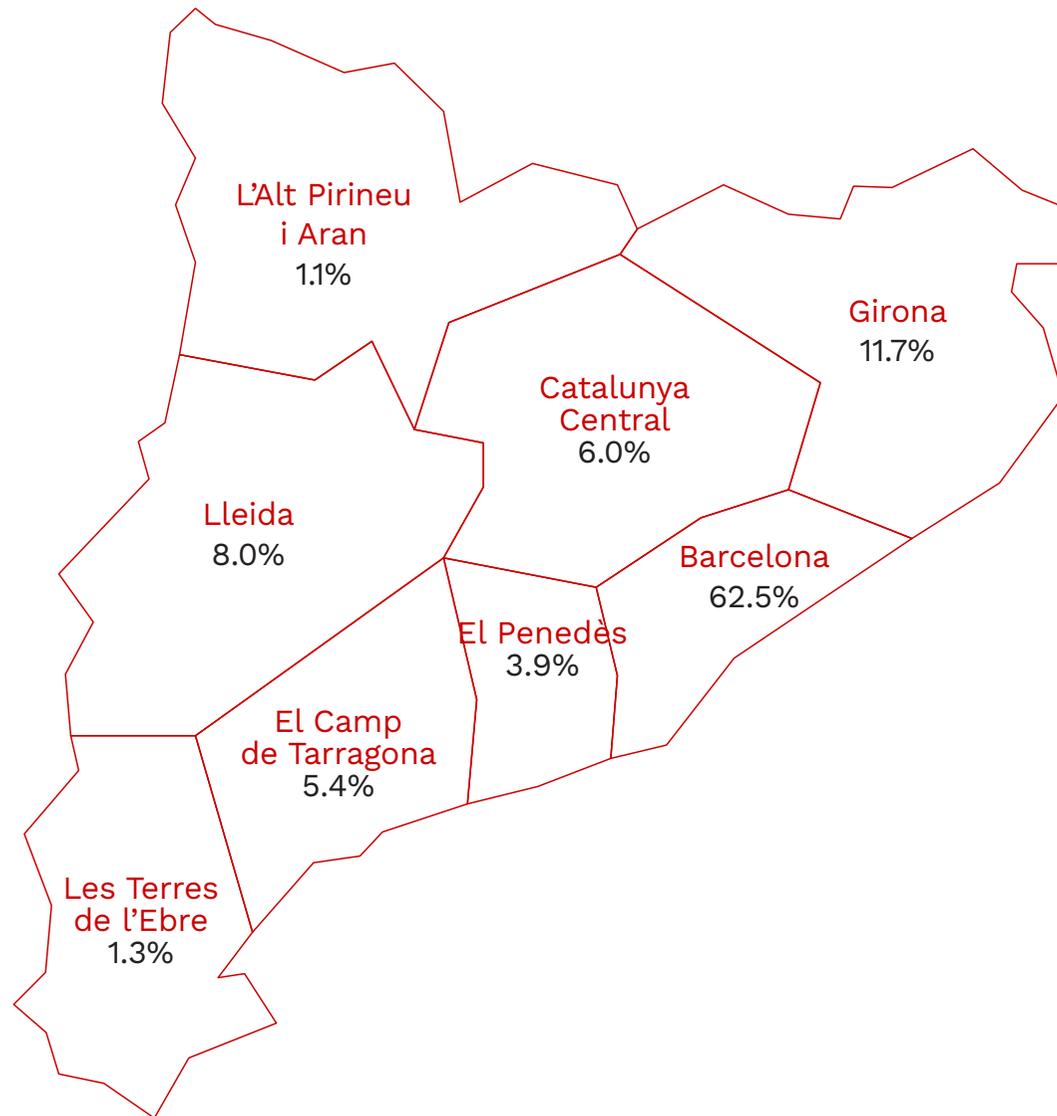
147.7 €m  
110 transactions  
**30.9%**

### 5.3.3 GEOGRAPHICAL DISTRIBUTION

The ICF is committed to operating throughout Catalonia and targeting regions where there is an unmet need for funding.

Barcelona and its area of influence account for most of the financing awarded at 62.5% in line with its economic weight in Catalonia's economy. This area also makes up the bulk of the total number of transactions at 57.3%.

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.



**Barcelona**  
283.4 €m · 335 transactions

**Girona**  
53.2 €m · 72 transactions

**Lleida**  
36.2 €m · 62 transactions

**Catalunya Central**  
27.3 €m · 35 transactions

**El Camp de Tarragona**  
24.5 €m · 25 transactions

**El Penedès**  
17.9 €m · 22 transactions

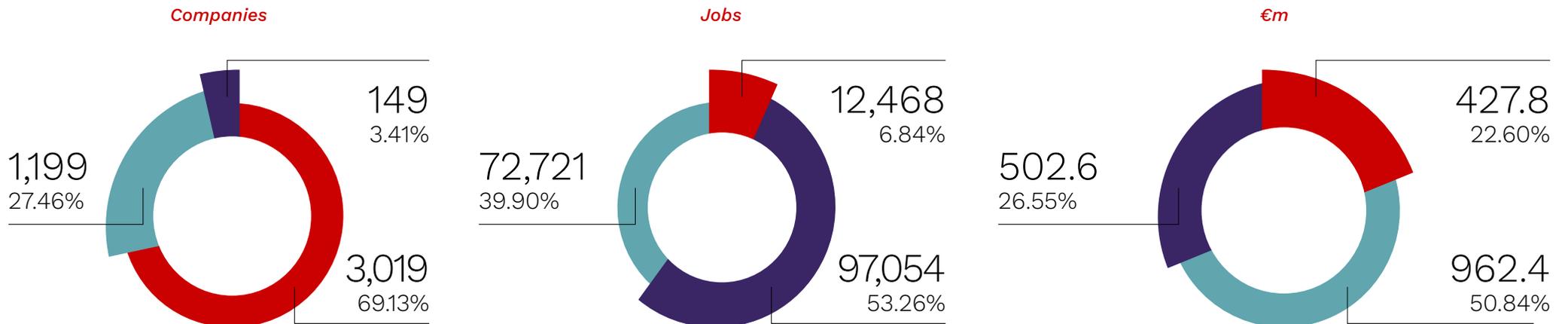
**Terres de l'Ebre**  
6.1 €m · 21 transactions

**Alt Pirineu i Aran**  
5.1 €m · 13 transactions

**Outside Catalonia**  
25.0 €m · 15 transactions

### 5.3.4 LOANS AND GUARANTEES PORTFOLIO AT 31/12/2022

| <i>Private sector</i> |         | <i>Public sector</i> |        | <i>TOTAL</i> |         |
|-----------------------|---------|----------------------|--------|--------------|---------|
| Companies             | 4,367   | Companies            | 101    | Companies    | 4,468   |
| Jobs                  | 182,243 | Jobs                 | 10,184 | Jobs         | 192,427 |
| Amount (€m)           | 1,892.7 | Amount (€m)          | 335.5  | Amount (€m)  | 2,228.2 |



■ 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 goals is to help drive Catalonia’s leadership as an innovation hub which fosters entrepreneurship, start-ups and businesses’ growth by enhancing the venture capital investment ecosystem as a result of working with and adding to the private sector.

| Segment      | Number of instruments | Cumulative commitments |                |                | ICF/total multiplier |
|--------------|-----------------------|------------------------|----------------|----------------|----------------------|
|              |                       | ICF                    | Other          | Total          |                      |
| Seed         | 19                    | 45.4                   | 669.2          | 714.7          | 15.7                 |
| Development  | 34                    | 195.0                  | 3,957.9        | 4,153.0        | 21.3                 |
| Growth       | 8                     | 150.0                  | 624.7          | 774.7          | 5.2                  |
| <b>Total</b> | 61                    | <b>390.5</b>           | <b>5,251.9</b> | <b>5,642.4</b> | 14.4                 |

At 31 December 2022, the ICF’s venture capital investment commitments totalled €390.5 million through 61 equity instruments. A further €5,251.9 million committed by other investors brought total investment capacity to €5,642.4 million. ICF Capital, the ICF Group’s venture capital operator, manages four of these instruments for a total amount of €100 million.

## 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 2022, the institution has committed €59.5 million in venture capital funds, out of which €7.4 million is pending completion because it is conditional on the funds reaching a specific size.**

Of the total amount concluded, 48% (€25.0 million) has been committed in growth funds for SME expansion projects, 27% (€14.0 million) in digital and technology sector funds and 19% (€10.1 million) in an energy transition project, while the remainder (€3 million) has been committed in a health sciences fund.

The ICF’s contribution, together with the €1,102.3 million earmarked by other investors, adds up to an investment capacity standing at €1,154.4 million.

| FUND                                    | ICF COMMITMENT (€m) | SEGMENT                    | SECTOR             |
|---|---------------------|----------------------------|--------------------|
| AFB FUND II, FPCI                       | 3.0                 | Seed                       | Health sciences    |
| SC CLIMATE IMPACT FUND III, FCRE        | 10.1                | Sustainable infrastructure | Energy transition  |
| BONSAI PARTNERS FUND II, FCRE           | 4.0                 | Development                | Digital            |
| CATHAY INNOVATION GLOBAL FUND III, FPCI | 10.0                | Development                | Digital            |
| AURICA GROWTH FUND IV, FCR              | 15.0                | Growth                     | Expansion projects |
| MIURA EXPANSION FUND I, FCRE            | 10.0                | Growth                     | Expansion projects |
| <b>6 FUNDS</b>                          | <b>52.1 €m</b>      |                            |                    |

## 5.4.2 DIRECT INVESTMENTS

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

**Unlocking business growth:**

### ICF Capital Expansió II

It invests via capital increases in mainly industrial Catalan businesses by taking minority stakes up to a cap of a €7.5 million ticket per transaction. This year it has injected €8.5 million into three companies.



**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 2022 the institution has invested €7.2 million in twenty start-ups.



## ICF Capital Expansió II

In 2022, this fund has invested in Tecnic Bioprocess Equipment Manufacturing SL., Especialitats M Masdeu SL. and Projectes Modulars Prefabricats SL.

**Tecnic Bioprocess**  
 2.5 €m

Company specialising in developing equipment for biotech processes. The investment will be used for product development, increasing production capacity and fuelling its growth abroad.

**Especialitats M Masdeu**  
 3 €m

Company making food bases for filling. The investment is associated with purchasing production machinery.

**Projectes Modulars Prefabricats**  
 3 €m

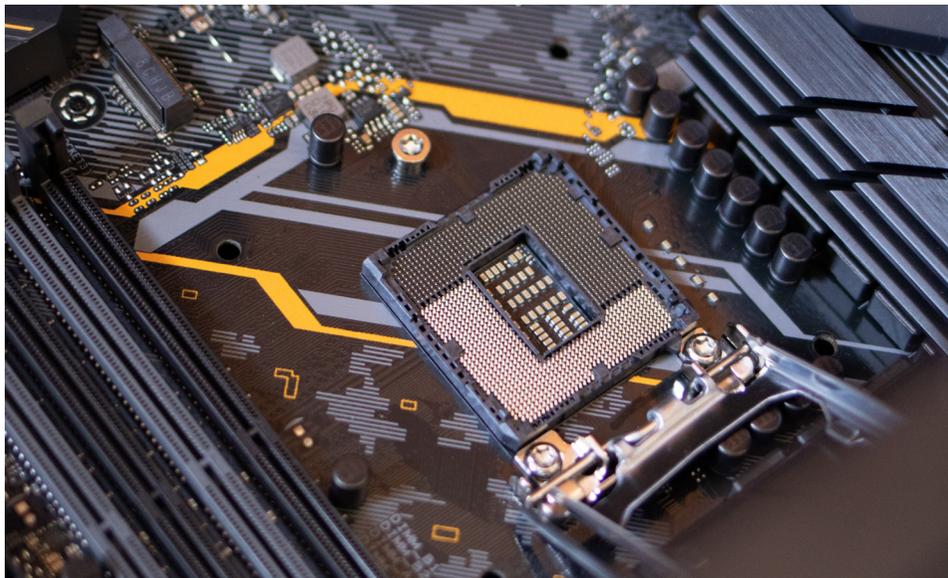
Company in the industrialised building sector. The investment is earmarked for product diversification and geographical expansion.



## ICF Venture Tech II

Venture capital fund investing in tech 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   |
|-----------|-------------|----------|
| BLOOBIRDS | 0.6         | ICT      |
| GOIN      | 0.05        | Fintech  |
| HOUSFY    | 2.2         | Proptech |
| KINTAI    | 0.75        | Fintech  |
| CODEBAY   | 0.7         | 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       |
|-----------------------|------------|--------------|
| CUSTOMER CARE         | 100,000    | ICT          |
| PROJECT LOBSTER       | 200,000    | Retail       |
| ALLREAD               | 200,000    | SaaS         |
| NUTUAL                | 200,000    | Proptech     |
| PREMIUMGUEST          | 200,000    | ICT          |
| NUCLIO DIGITAL SCHOOL | 200,000    | Education    |
| WATTWIN               | 200,000    | Climatech    |
| GO TECFYS             | 200,000    | Leasing      |
| HADDOCK               | 200,000    | SaaS         |
| BLOOBIRDS             | 200,000    | SaaS         |
| BORN ROSE             | 200,000    | Distribution |
| BRICKBRO              | 200,000    | Proptech     |
| KLETA MOBILITY        | 200,000    | Mobility     |
| WEECOVER              | 200,000    | Insurtech    |
| AMPHORA TECHNOLOGIES  | 200,000    | Logistics    |
| DOGFY DIET            | 200,000    | E-commerce   |

## 5.4.3. VENTURE CAPITAL INVESTMENT PORTFOLIO AT 31/12/2022

### Indirect investment

61 instruments

---

390.5 million euros committed by the ICF

---

5,251.9 million euros committed by other investors

---

5,642.4 total million euros committed

---

### Direct investment

#### ICF Funds

#### ICF Capital Expansió II

- Cumulative investment €14.2 m
- Investees 6

#### ICF Venture Tech II

- Cumulative investment €13.2 m
  - Investees 13
- 

#### 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

- 150 start-ups / in portfolio 66 start-ups
- €26.5 m investment ICF / in portfolio €7.1 m
- €86.2 m investment other investors
- €112.6 m total co-investment

# 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 European Banking Authority EBA/GL/2021/05 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 might 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 transactions with derivative instruments.

### Main indicators

|          |         |
|----------|---------|
| NPL      | 7.5%    |
| Coverage | 139.2%  |
| RWA (€m) | 2,502.7 |

## 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 audit and control functions ensure the validity and application of processes to identify, measure and control operational risk through the internal control model, while the Supervisory Board, the Joint Audit and Control Committee (JACC) and the Management 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>          | 310     |
| Wholesale liabilities (€m). <sup>2</sup> | 1,192.9 |
| Liquidity coverage ratio (LCR)           | 378%    |
| Net stable funding ratio (NSFR)          | 128%    |

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.

**+6.9% / -7.0%**

### Sensitivity to economic value

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

**-2.3% / +2.8%**

Regulatory scenario +200 bp. / -200 bp: The +-200 bp scenario includes a regulatory floor specified in the EBA 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.

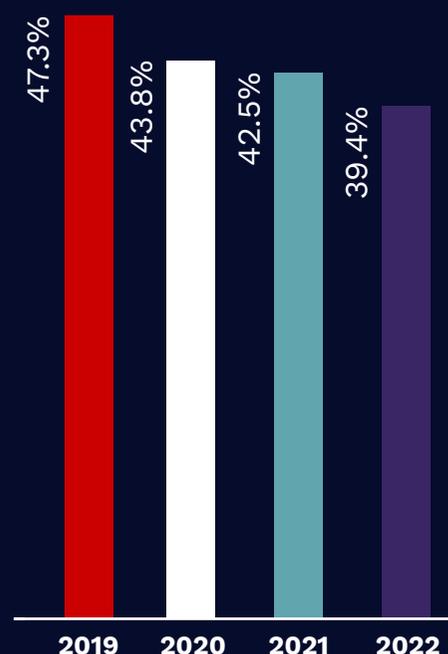
## 6.1.5 SOLVENCY

The ICF Group closed the 2022 financial year with eligible capital of €986 million and a total capital ratio of 39.4%. This 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

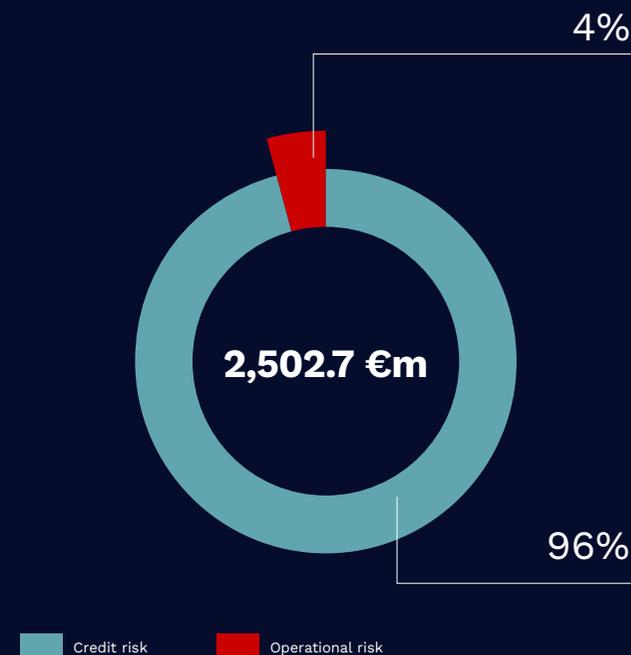
|                     |        |
|---------------------|--------|
| Total capital ratio | 39.4%  |
| Eligible capital    | 986 €m |
| CET1 ratio          | 38.6%  |
| Leverage ratio (LR) | 37.1%  |

### Total capital ratio



### Risk profile

Distribution by risk type



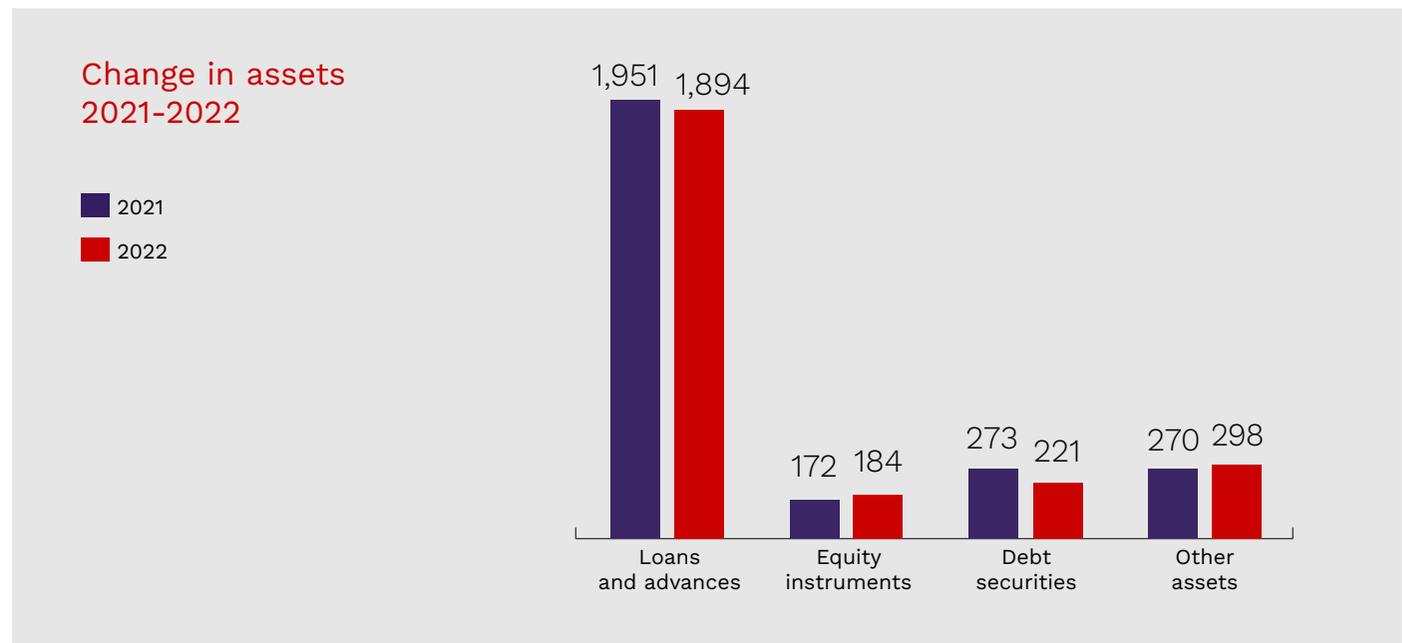
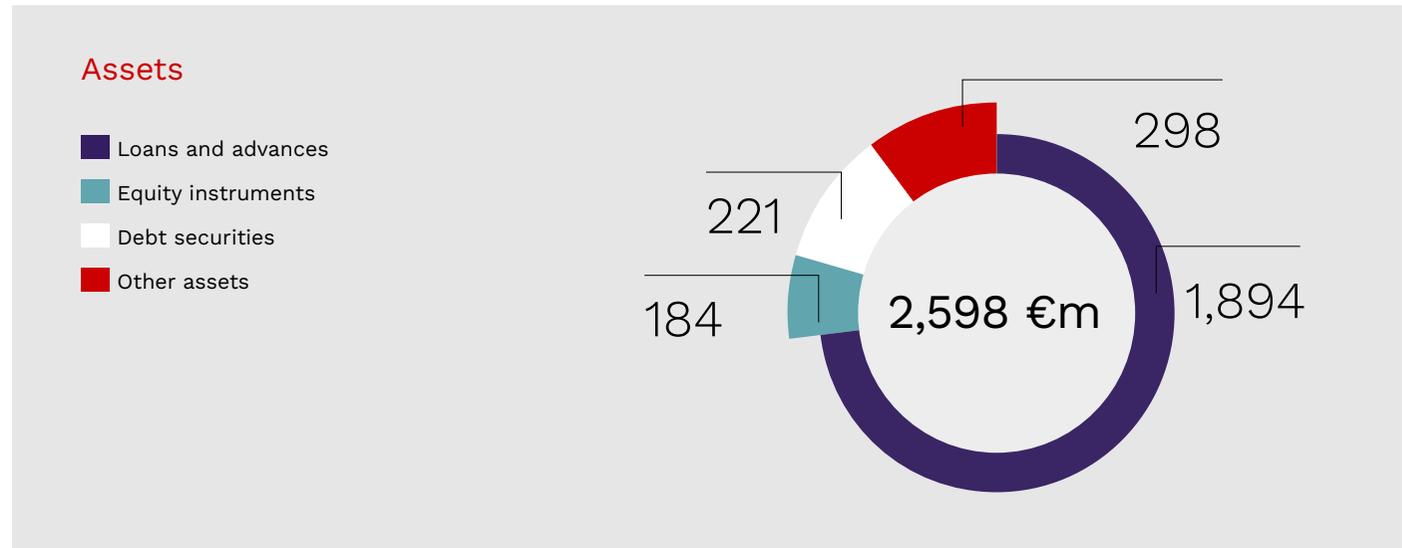
# Financial information

# 7.1 Balance sheet

The ICF Group has closed 2022 with total assets of almost €2.6 billion. 73% of this is under “Loans and advances”, where the Group’s loan portfolio is recorded.

The portfolio’s evolution was shaped by the brisk pace of lending which offset the year’s write-downs and made it possible to close the year with loan portfolio levels very similar to those in the previous year.

“Equity instruments” mainly includes venture capital investments. The portfolio’s volume is significantly up over the previous year due to the high level of business with external venture capital funds. Meanwhile, “Debt securities”, which are the institution’s fixed-income portfolio that is diversified and entirely made up of investments classified as investment grade, also hold a similar share on the balance sheet as in previous years. This, together with undrawn borrowings, enables the Group to maintain a strong cash position, thereby safeguarding its ability to meet its future challenges.



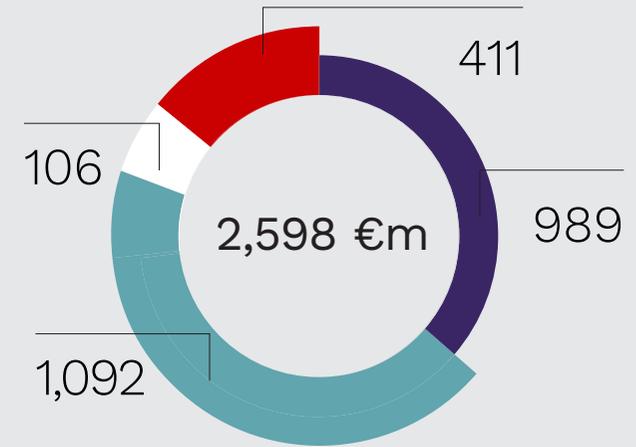
Equity is up as a result of the distribution to reserves of the profit for 2021 and the generation of profits in 2022.

As for debt, the ICF Group is financed on the market mainly through wholesale borrowings from public and private financial institutions. This year, new debt was raised in the private sector to offset a significant maturity of issues over the period. This makes it possible to continue delivering a wide range of financial and investment solutions to the business community and organisations.

The Group also has €110 million of off-balance sheet funds available to third parties and €114 million in financial guarantees granted.

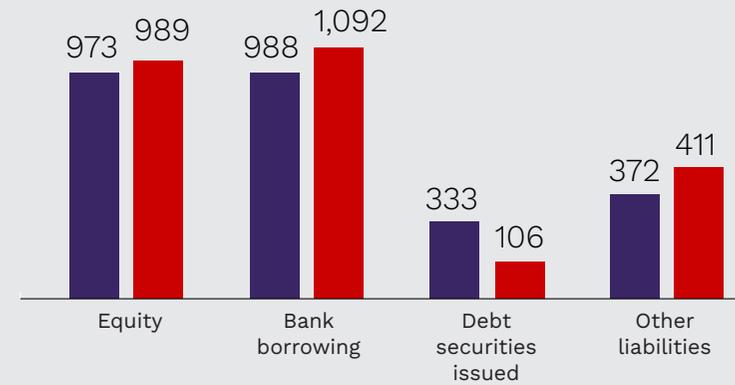
### Liabilities and equity

- Equity
- Bank borrowing
- Debt securities issued
- Other liabilities



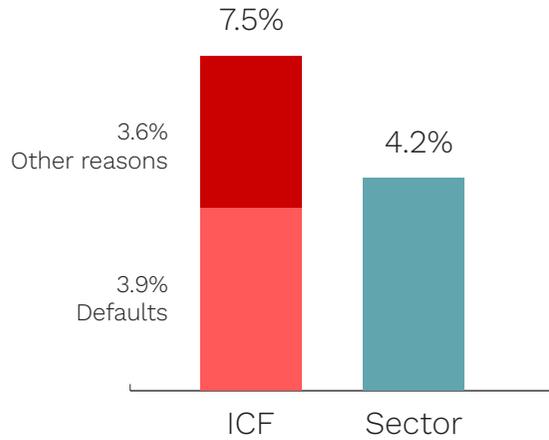
### Change in liabilities 2021-2022

- 2021
- 2022

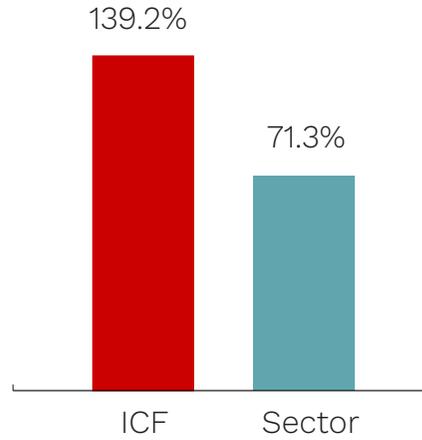


The Group closed the year with an NPL ratio of 7.5%, in line with its long-standing policy of prudence in risk assessment and classification. In this respect, 48% of assets considered as doubtful at year-end 2022 are due to reasons other than NPLs while 52% are down to defaults that have already materialised. In terms of credit risk coverage, the ratio of provisions to doubtful assets was also well above the sector average at 139% at the end of the year.

**NPL ratio**



**Coverage ratio**

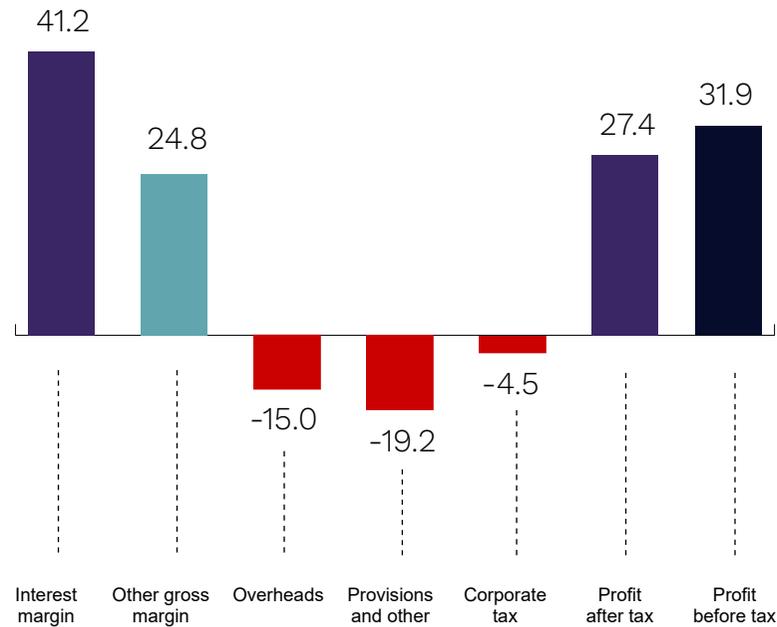


# 7.2 Income statement

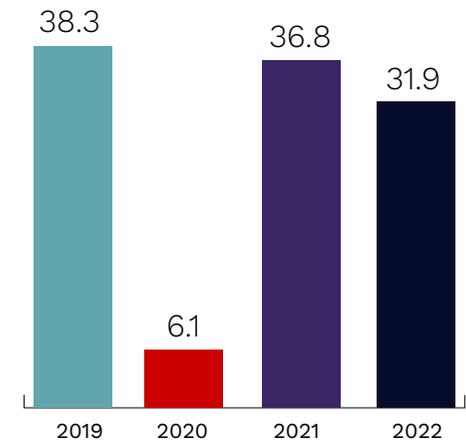
The ICF Group closed 2022 with profit after tax totalling €27.4 million.

The improvement in gross margin is due to rising interest rates and the high dividends received from venture capital investments. Significant steps have also been taken to set up provisions based on prudent portfolio management and against the backdrop of the current economic environment.

ICF Group 2022 Profit/(Loss)



Profit before tax





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