



Institut Català
de Finances



Generalitat
de Catalunya

ANNUAL REPORT 2023

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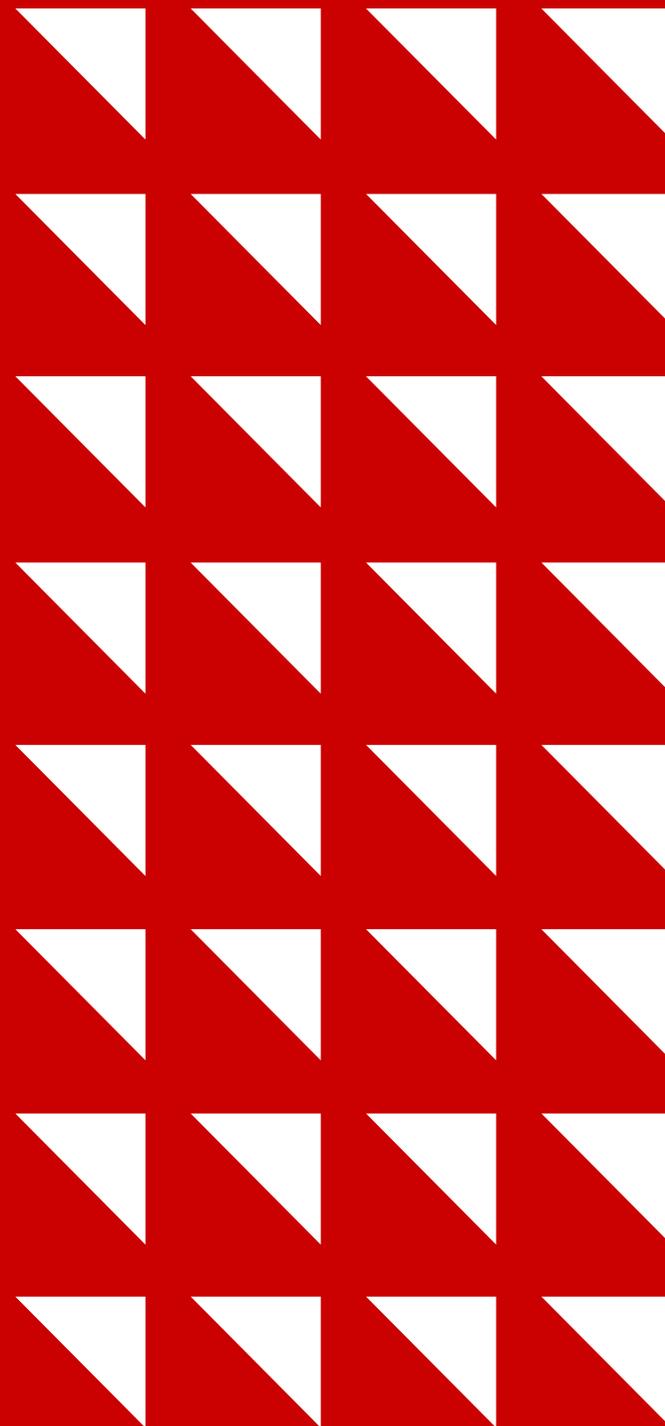
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01 LETTER FROM THE CEO



LETTER FROM THE CEO

The global economy has been shaped in 2023 by central banks' interest rate hikes in their battle against inflation and their steady spillover effect on economic activity. In the euro area, the European Central Bank has raised the rate by 200 basis points to reach a peak of 4.5% in September, the highest since 2001.

Against this backdrop, **the Catalan economy has shown its resilience** with 2.6% growth in 2023, on a par with the Spanish economy (2.5%) and significantly outstripping the euro area (0.5%). Catalan GDP is 3.4% above its pre-pandemic level, which is a stronger recovery than Spain as a whole (2.9%) and the euro area (3.0%).

Meanwhile, inflation in Catalonia in 2023 has further slowed down to an annual average of 3.4% compared to 5.7% in the previous year. This easing of inflation has been coupled with **strong labour market performance** with the unemployment rate standing at 9.0%, down from 9.7% at the beginning of the year.

This has led to a sustained improvement in macro-economic data powered by an increase in projects and investment by the country's companies as reflected in the figures for 2023: we have significantly stepped up our operations, financing a total of 1,657 companies, 98% of which were entrepreneurs and SMEs, for a total of EUR 641 million in loans, guarantees and venture capital.

Our purpose is to ensure that no feasible project in Catalonia falls through due to lack of financing

The significant increase in business in 2023 is related to the support we have given as a public bank to two priority projects: sustainability and addressing the challenging situation in the primary sector. One out of every two euros in loans and guarantees has been earmarked for projects meeting environmental, social and governance (ESG) criteria. We have prioritised the environment, the green transition and the supply of social rental housing in Catalonia, and on this latter point we are thrilled to say that we have made it possible for 2,412 social rental homes to be made available to families.



As for the primary sector, the ICF has financed 1,236 Catalan farmers and stockbreeders to the tune of EUR 77 million against a backdrop of drought and inflation. We have supported the country's farmers at a time of numerous crises: rising prices, the worst drought in decades, and the geopolitical and business situation. This is also what being a public bank is all about.

We have expanded our network of sales representatives to **continue reaching out to the whole of the country**, and this has been apparent in greater business in regions such as Terres de l'Ebre, Ponent and Camp de Tarragona.

We have allocated one out of every two euros in loans to projects meeting environmental and social criteria

Finally, in venture capital we have invested EUR 43.8 million in start-ups with high growth prospects, 75% through external funds and 25% through internal funds.

The economic outlook for 2024 is for **some stability and buoyancy contingent on monetary policy developments**. The latest forecasts for Catalonia estimate 1.8% growth in 2024, similar to the Spanish economy and higher than in the euro area (0.9%). Inflation

is expected to remain subdued, which will make for an easing of interest rates and a downward trend in the Euribor, which the markets have already begun to factor in and which will ease the financial burden on the business community.

Transforming the business model to help enterprises become more resilient and sustainable, growing the public housing stock and supporting the primary sector will all continue to be a priority for the ICF. We will make this happen with our team of hard-working people and I would like to thank them for **their commitment and professionalism** in moving all our projects forward. I know there are many of them.

We have supported the country's farmers at a time of numerous crises

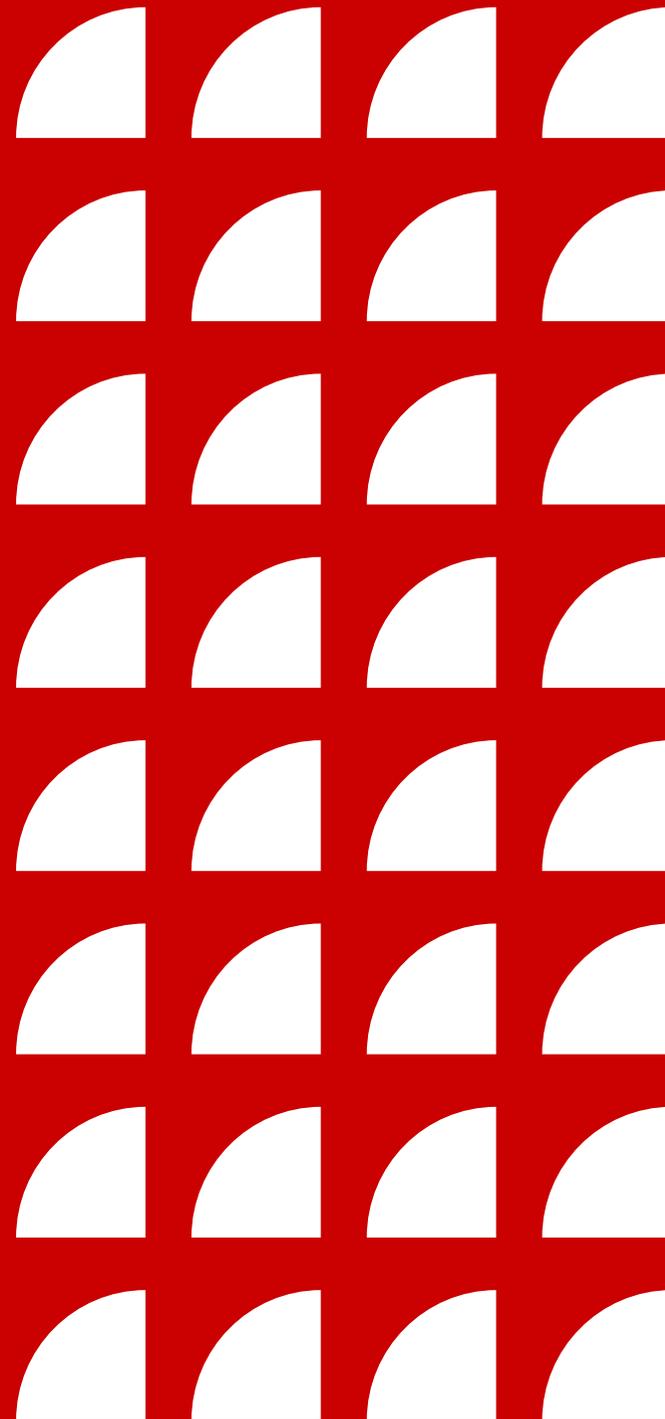
As CEO, I would also like to **thank the ICF's customers** for choosing us. Our efforts are only meaningful because of what they bring to the business and social communities, what they bring to enterprises and organisations, and in short what they bring to the women and men who are driving the country forward with their vision, hard work and pluck. This is why they have all our admiration, and more importantly, **they have all our credit**.



Vanessa Servera i Planas
CEO of l'ICF

02

PRESENTATION



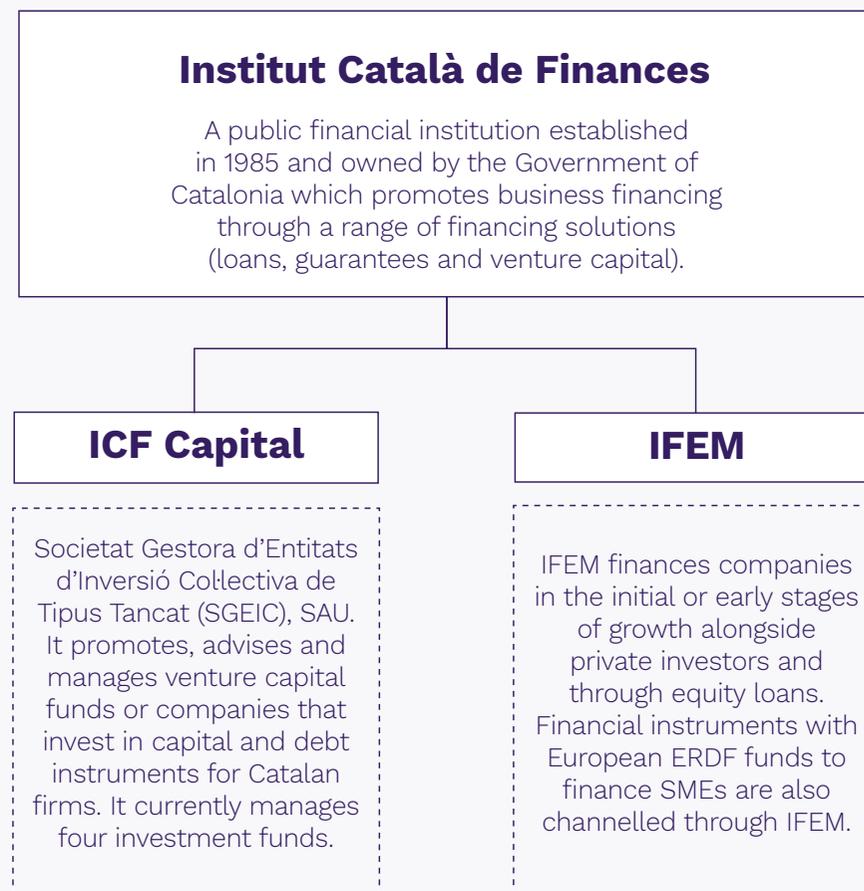
2.1 About us

We are the **Government of Catalonia's public development bank** and our mission is to meet the financing and investment needs of the Catalan business community and social organisations. With financing solutions based on loans, guarantees and venture capital investment, the ICF contributes to the Catalan economy's growth, innovation and sustainability.

We meet the financing and investment needs of the Catalan business and social communities

To accomplish its mission, the ICF 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: **reindustrialisation, the green transition and the social shield.**

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



2.2 Mission and vision

Mission

To unlock business growth, entrepreneurship and innovation by 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**. We are committed to ensuring that no feasible project of a business or organisation falls through due to insufficient long-term financing.

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 market needs and 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.



Commmmitment
Professionalism
Accessibility
Honesty



2.3 Business model

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

2.3.1 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 partnership with the Government of Catalonia means we can provide **facilities with advantageous conditions** for particular purposes. 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 reindustrialisation, the green transition, social housing, upgrading the primary sector, etc.
- ▶ Loans backed by Avalis de Catalunya for guarantees for the self-employed and SMEs.

2.3.2 Guarantee solutions

- ▶ Financial guarantees for large companies or significant amounts of money.

2.3.3 Venture capital solutions

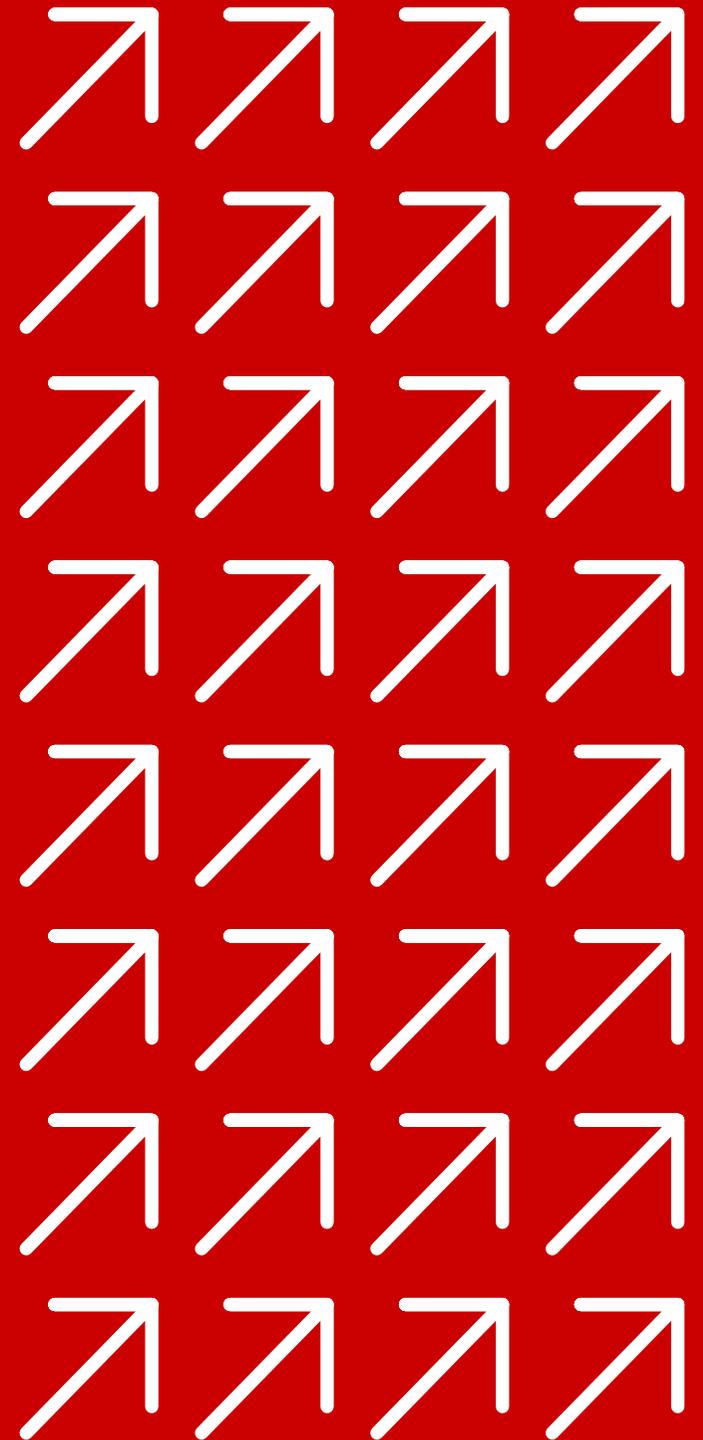
Through venture capital investment, **we back start-ups** with innovation projects and foster the growth and consolidation of existing companies. To this end, the institution has two business lines:

- ▶ Investment in **venture capital funds** run by independent managers in the seed, development and growth segments across a number of sectors.
- ▶ 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 innovation projects with growth potential via debt, convertible debt and/or equity.
- ▶ IFEM Innovació: **public-private co-investment** in start-ups by means of equity loans.



03

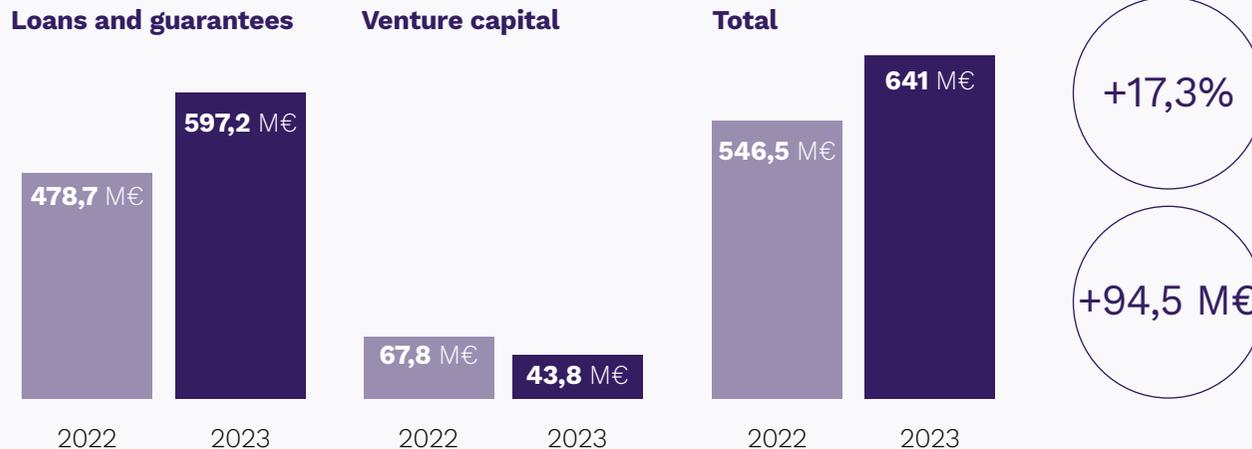
THE ICF IN FIGURES



3.1 Summary of 2023

The ICF has once again cemented its role as a public development bank. In 2023, the institution has increased its new business by 17.3% compared to the previous year, achieving a total of **EUR 641 million** in loan, guarantee and venture capital transactions, EUR 94.5 million more than in 2022.

We have increased our business by 17% by driving sustainability and the primary sector

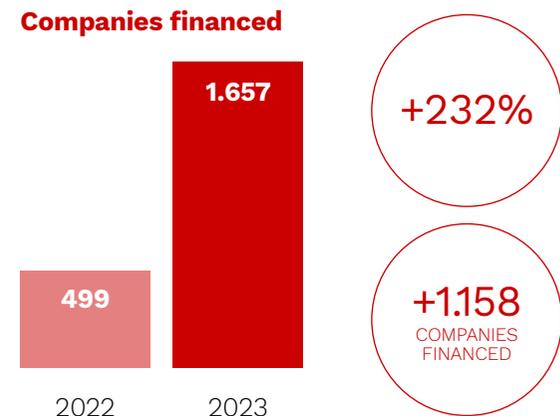


The Government of Catalonia's public bank has also financed three times as many companies as in the previous year, bringing the total to 1,657 of which 98% were entrepreneurs and SMEs.

98% of the companies we have financed were entrepreneurs and SMEs

Generally speaking, public development banking business has grown in 2023 in line with the growth of transactions backing the primary sector and the rise in financing for social and sustainability projects.

Seventy-five percent of the recipients of the ICF's funding have been farmers and stockbreeders, who have been awarded a total of EUR 77 million under the ICF Agroliquidity loan facility. **The institution has supported the country's farmers** in a year in which they have been hard hit by the worst drought in recorded history and widespread price rises.



The commitment to sustainability also accounts for much of the increase in the ICF's business in 2023. While EUR 119 million in loans and guarantees has been made available, funding exclusively for projects with environmental, social and governance (ESG) criteria has grown by EUR 109 million.

Indeed, one out of every two euros in ICF loans and guarantees has gone to projects with ESG criteria as part of our goal of **fostering sustainability, the green transition and the supply of social rental housing** in Catalonia.

One out of every two euros in loans and guarantees has been allocated to ESG projects

The ICF's figures are broken down between business and portfolio below:

Business: it refers to the new financing awarded during the year. In other words, the loans, guarantees and venture capital investments which have been concluded over the twelve-month period.

Portfolio: this is the outstanding risk at year-end of all financing transactions that are still ongoing. It is the principal yet to be repaid by customers.

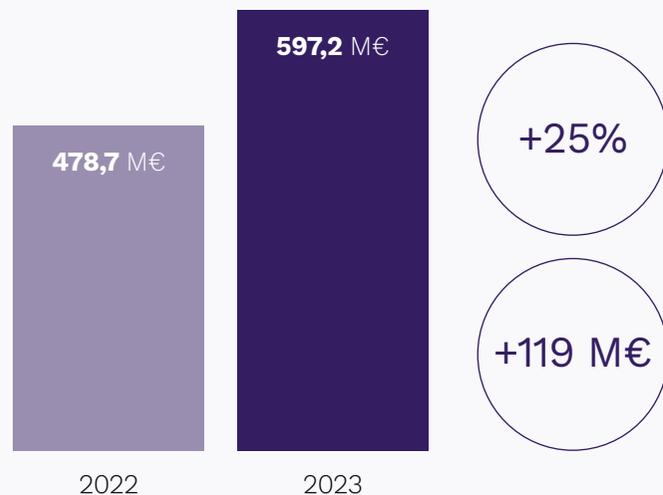


3.2 Loan and guarantee business 2023

The ICF has awarded EUR 597.2 million in loans and guarantees in 2023. Its lending business is up by 25% compared to 2022 at **EUR 119 million more**, bolstering its support for businesses, organisations and entrepreneurs who need financing to take their projects forward.

The public development bank has also closed the year with an **average repayment period of 10 years**, underscoring its commitment to offering long terms to make it easier to pay off these loans.

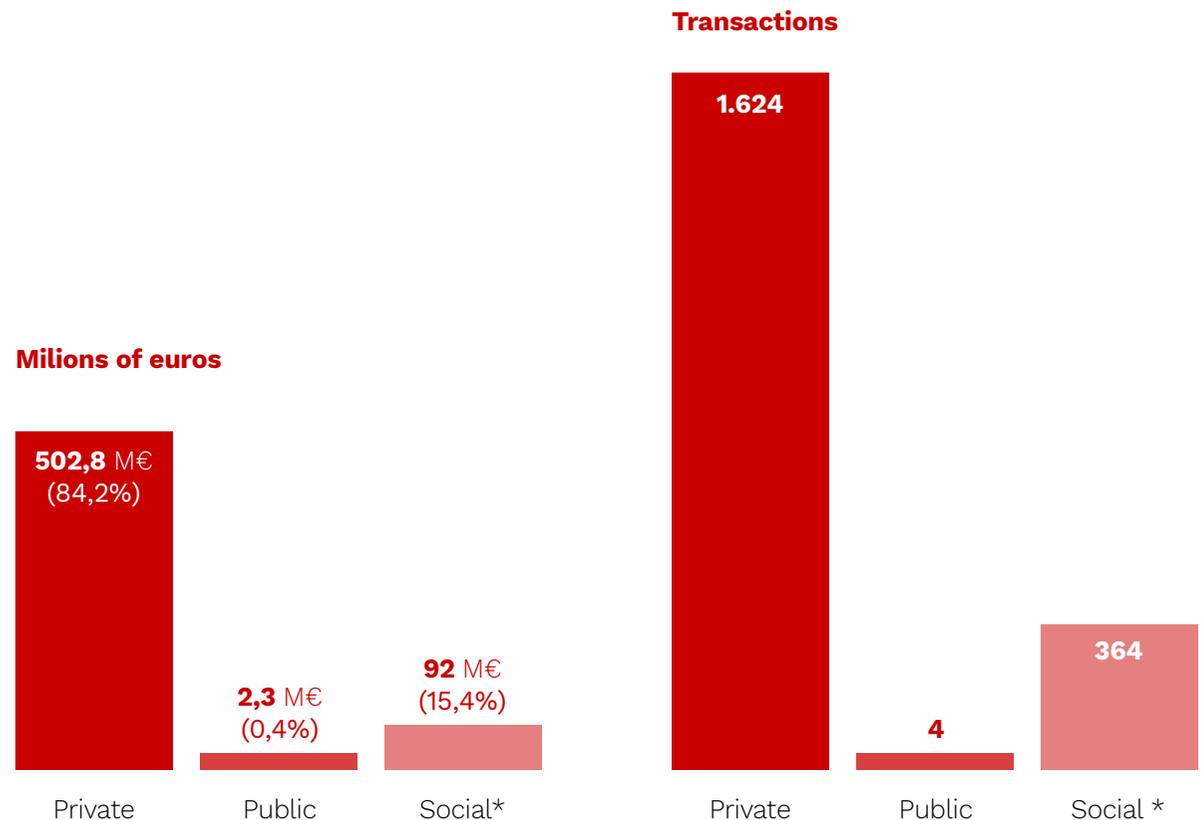
25% more funding for businesses, organisations and entrepreneurs



3.2.1 Business by area

As a public development bank, we provide financing to public and private sector projects and also to **initiatives in the social sector** which at EUR 92 million received 15.4% of the loans awarded by the ICF in 2023. However, the private sector accounts for **most of the institution's funding** with EUR 502.8 million which accounts for 84.2% of the total.

As a public development bank, we provide financing to public and private sector projects and also to initiatives in the social sector which at EUR 92 million received 15.4% of the loans awarded by the ICF in 2023. However, the private sector accounts for most of the institution's funding with EUR 502.8 million which accounts for 84.2% of the total.

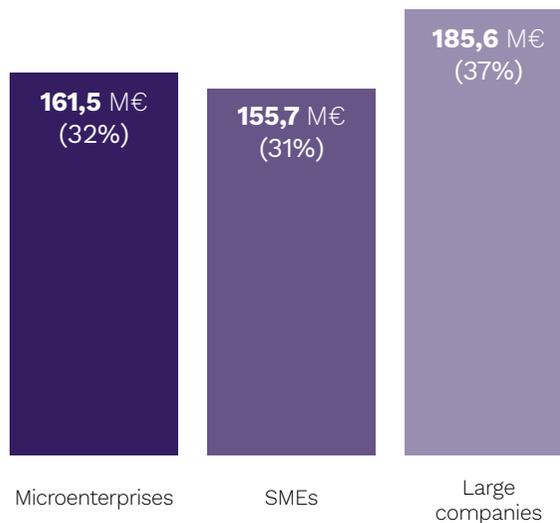


3.2.2 Business by company size

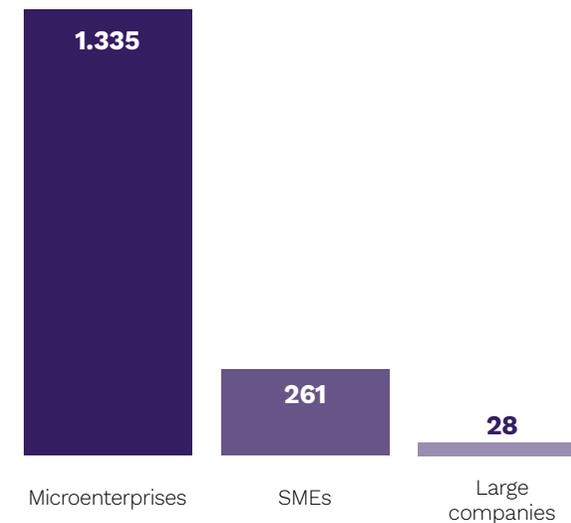
The ICF caters to all the enterprises making up the country's productive sector, **meeting the specific financing needs of each project and business.** Ninety-eight percent of the companies we financed in 2023 were microenterprises, self-employed individuals and SMEs, which received 63% of the amount awarded by the ICF as loans, a total of EUR 317 million. Meanwhile, large companies accounted for 37% of the financing (EUR 185 million).

98% of the businesses we have financed were microenterprises, self-employed individuals and SMEs

Millions of euros



Companies

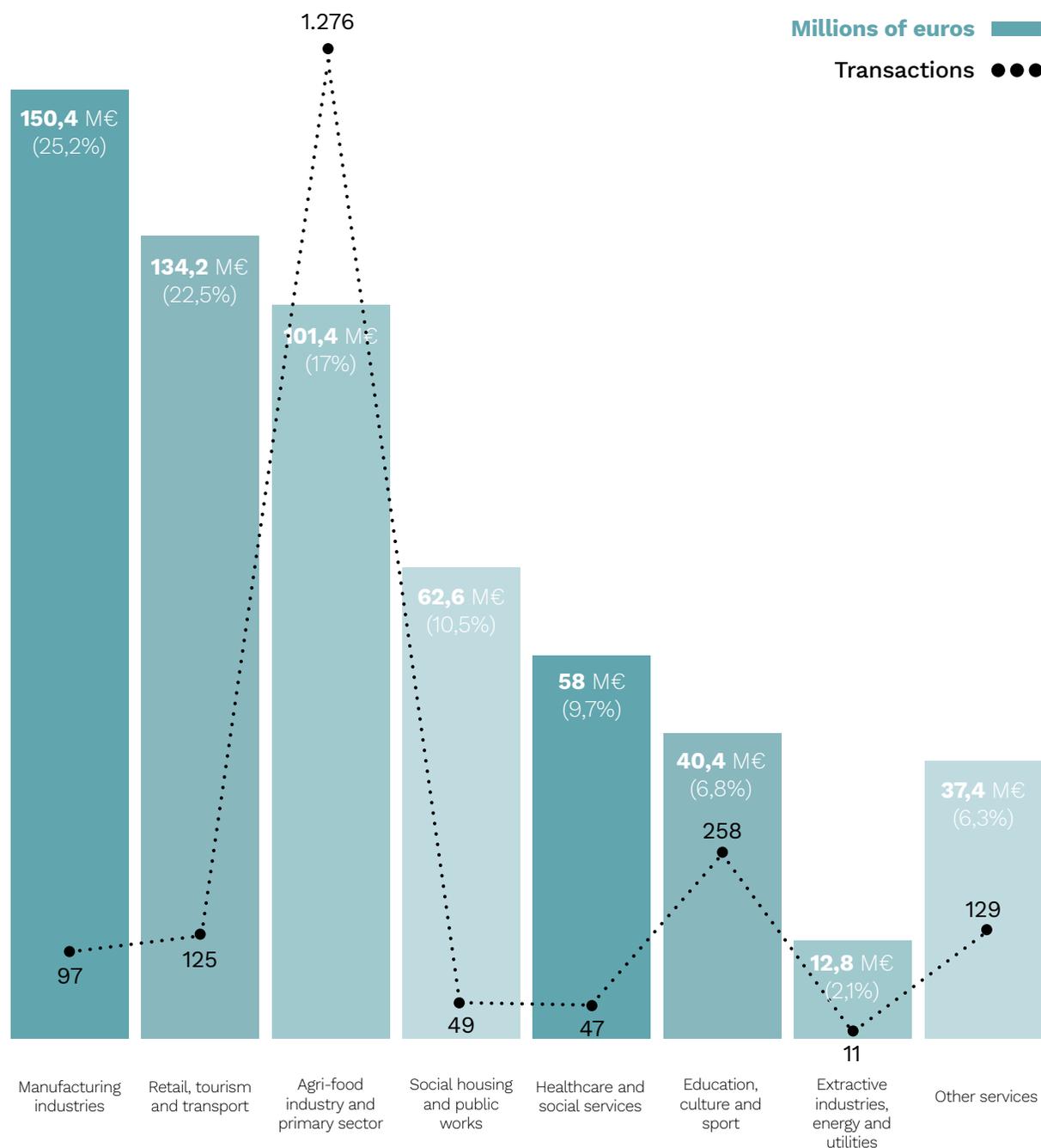


3.2.3 Business by sector

In keeping with its goal of unlocking reindustrialisation, the green transition, housing policies, economic growth and competitiveness, **the ICF furnishes financing to the entire Catalan business community**. In 2023, manufacturing industries have taken the largest share at 25.2% of the financing awarded by public banking in loans and guarantees.

Retail, tourism and transport are in second place at 22.5% followed by the agri-food industry and the primary sector (17%), social housing and public works (10.5%) and health and social services (9.7%).

We unlock reindustrialisation, the green transition and growth



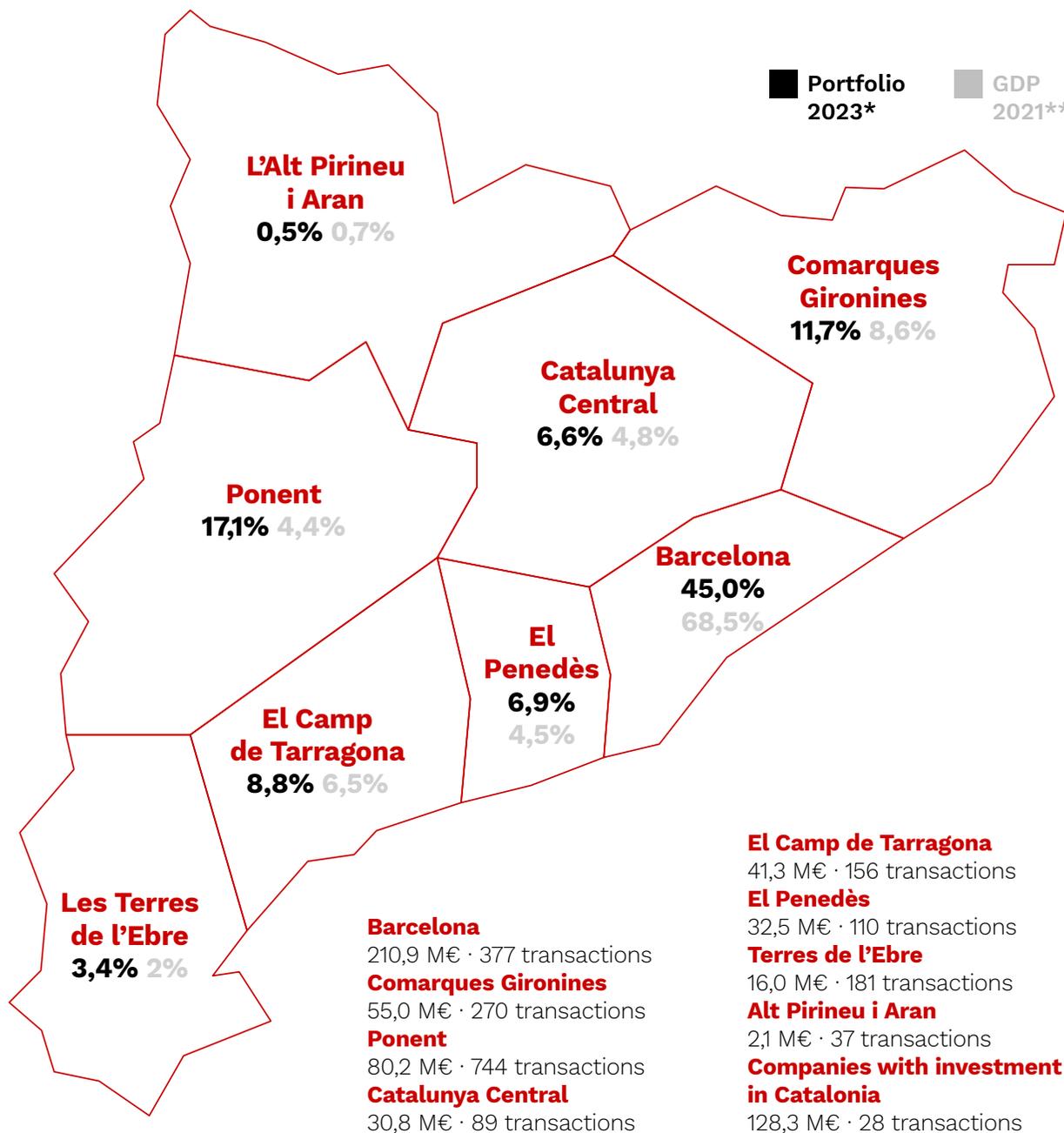
3.2.4 Business by region

The ICF has made significant efforts to extend its reach throughout the country, providing more funding to businesses, organisations and entrepreneurs while also expanding its network of sales offices in Catalonia **with three new representatives** in Terres de l'Ebre, Girona province and Barcelona.

Compared to 2022, the Catalan public bank has stepped up its financing in loans and guarantees in various regions including **Ponent, les Terres de l'Ebre and el Camp de Tarragona** which have a higher volume of resources than their share of Catalan GDP. This boost is mainly down to the rollout of the ICF Agroliquidity loan facility to support the primary sector coupled with the success of the work being done by the sales offices.

We have significantly stepped up our funding in Ponent, les Terres de l'Ebre and el Camp de Tarragona

By contrast, business is down in Barcelona and its metropolitan area although it is still the region accounting for the bulk of loans awarded by the Catalan government's financial institution.

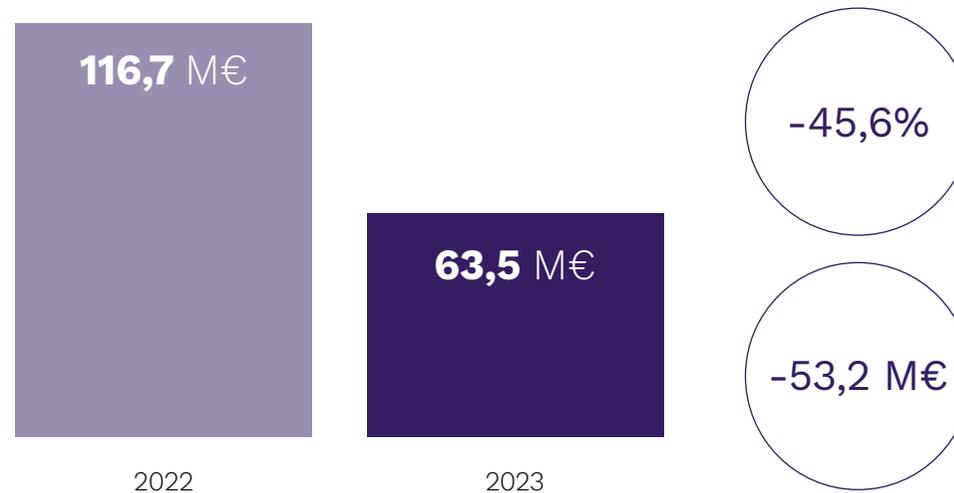


*The percentage does not include investment for companies outside Catalonia.

**Source: Idescat (2021 GDP by counties).

3.2.5 Restructuring

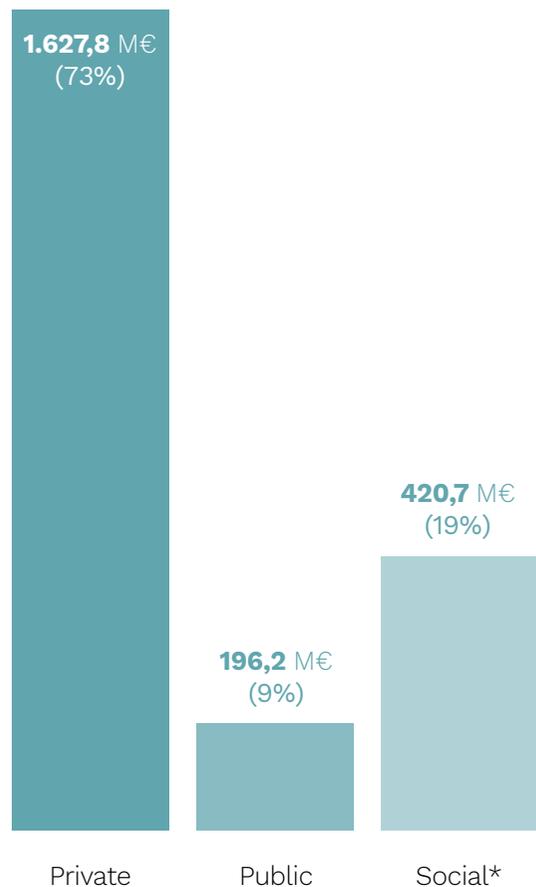
When an ICF customer runs into unexpected difficulties or needs to readjust the payment schedule to the progress of its projects, the risk monitoring team looks into potential debt restructurings in order to **extend the repayment period**. In 2023, 91 restructuring transactions were concluded for a total of EUR 63.5 million, 45.6% less than in 2022 due to the end of the coronavirus crisis.



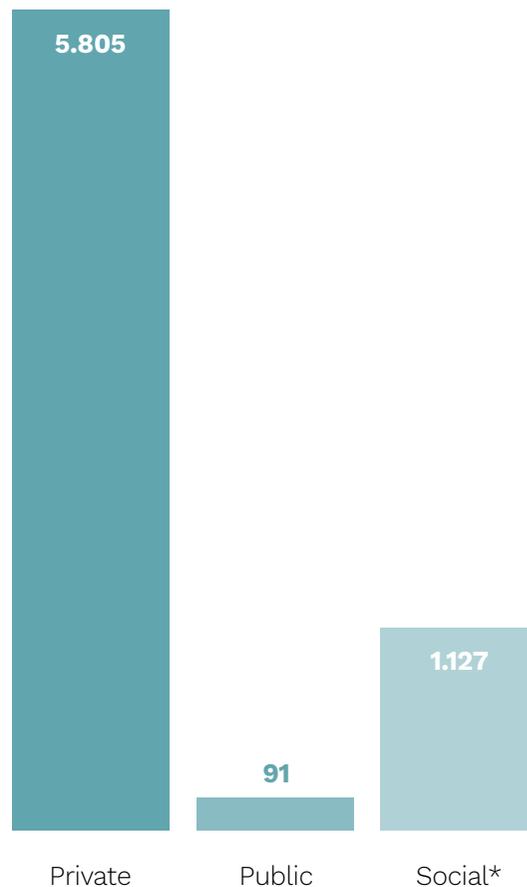
3.3 Loan and guarantees portfolio 2023

3.3.1 Portfolio by area

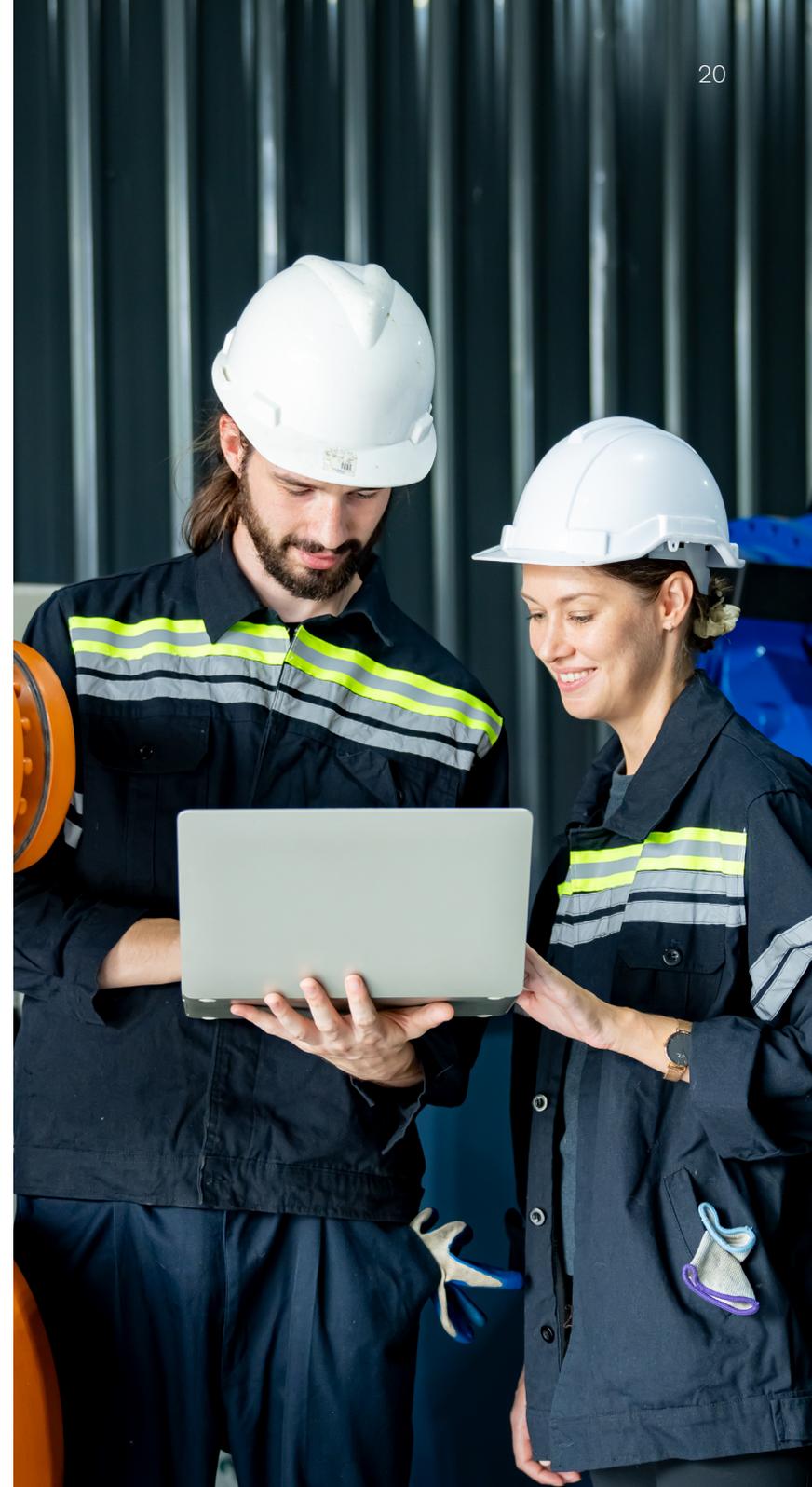
Millions of euros



Transactions

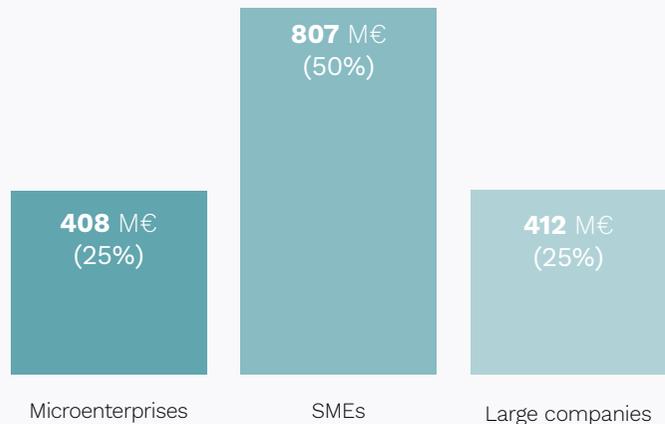


* The social sector consists of non-profit organisations, cooperatives (excluding the agricultural sector), foundations, associations and any other kind of organisation which has had a publicly-subsidised housing project financed. The most relevant transactions have been analysed in order to exclude for-profit entities of this type.

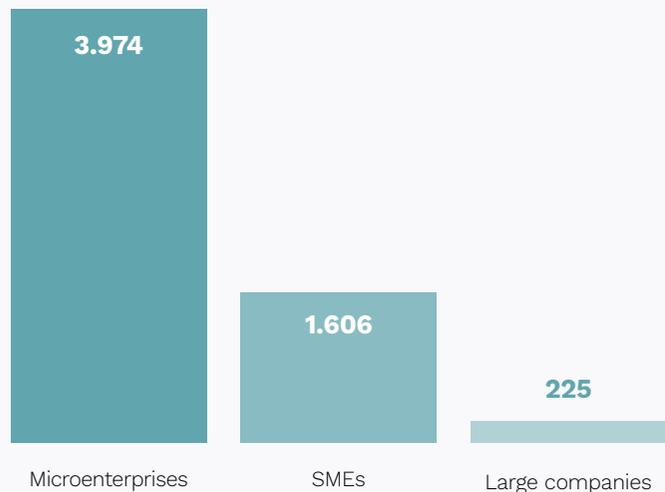


3.3.2 Portfolio by company size

Millions of euros

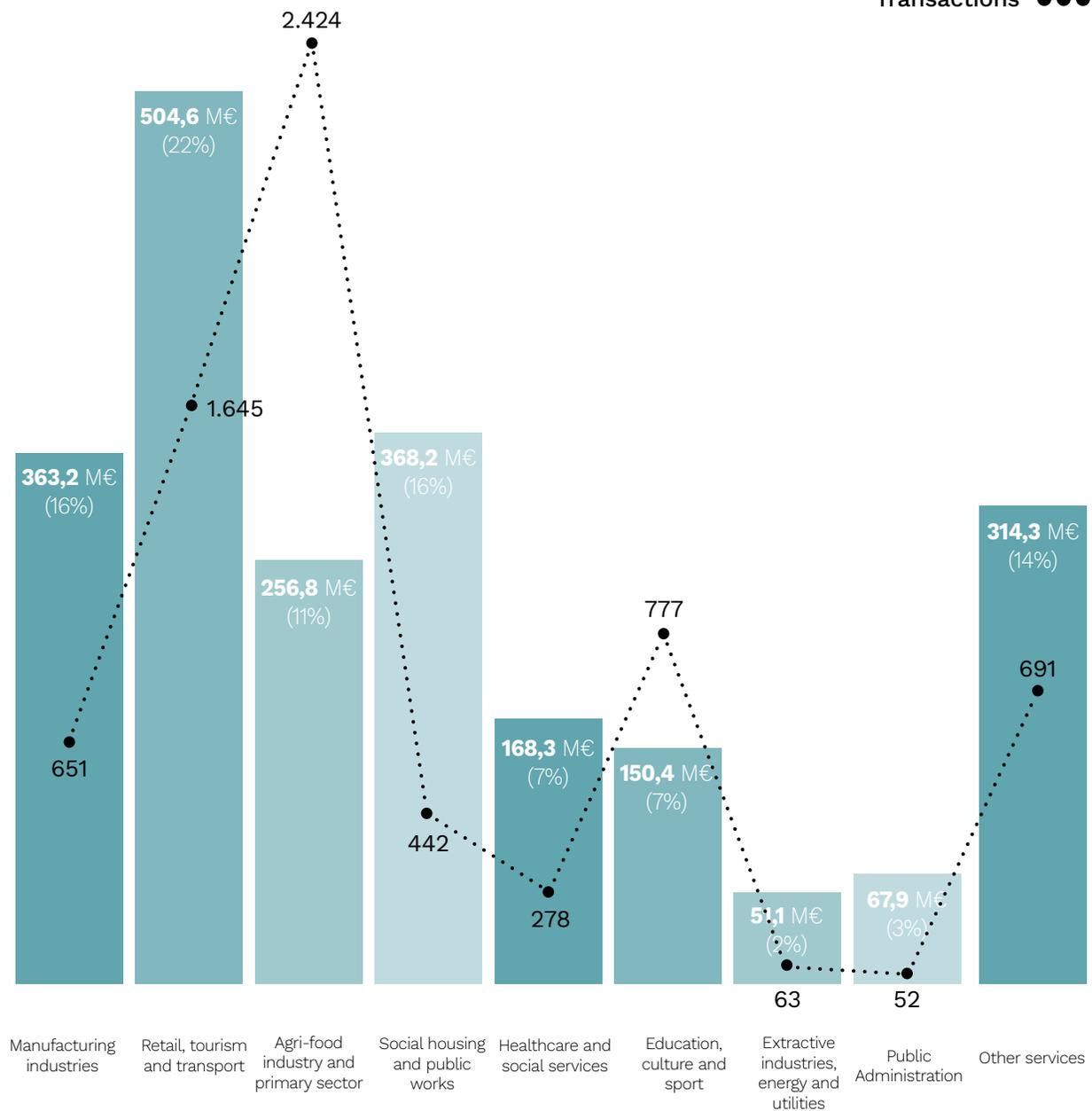


Companies



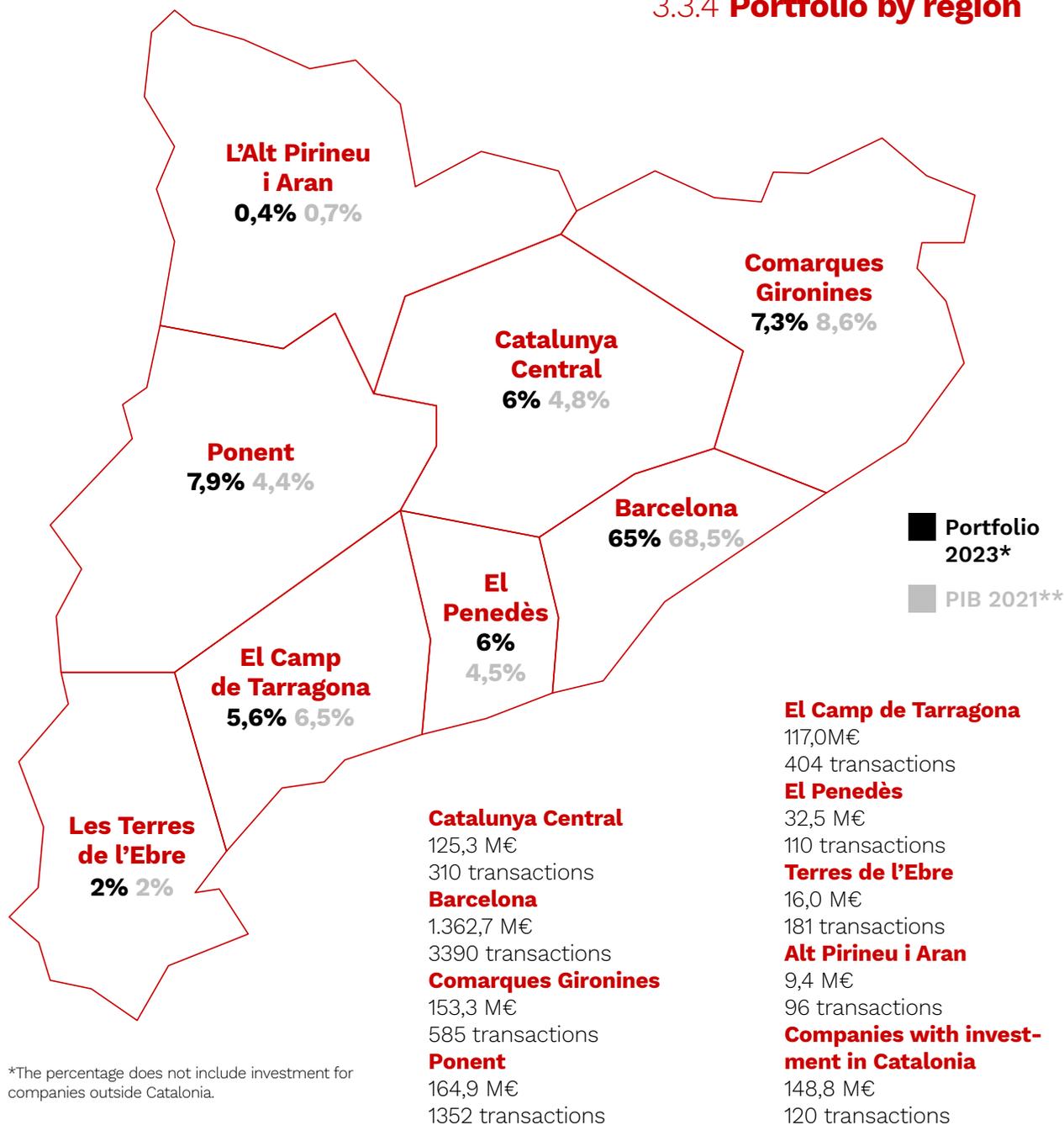
3.3.3 Portfolio by sector

Millions of euros ■
Transactions ●●●





3.3.4 Portfolio by region



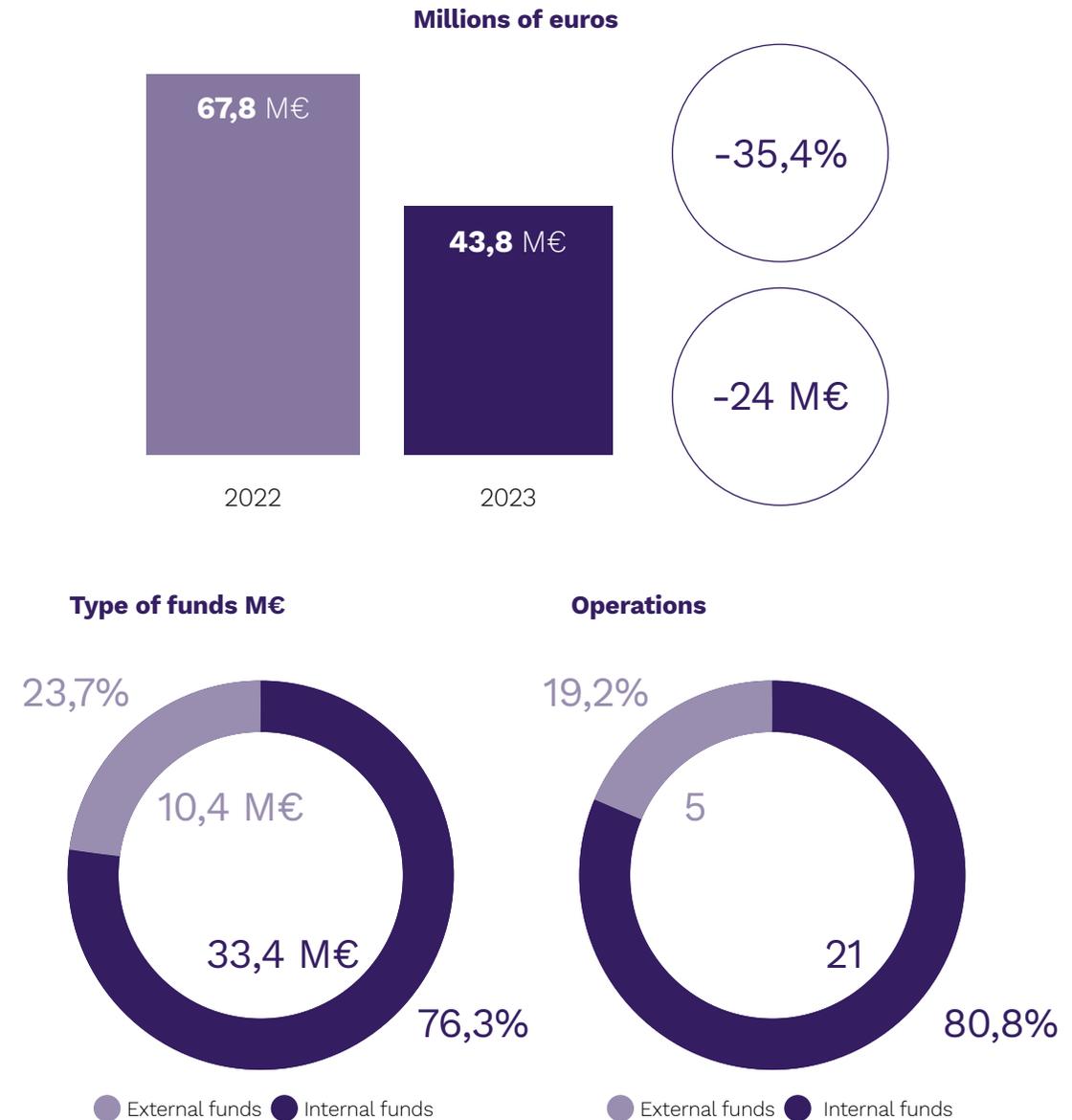
3.4 Venture capital business 2023

The ICF's venture capital investments for **start-ups with high growth expectations** have come to EUR 43.8 million in 2023, down 36% compared to 2022. This is in line with the overall drop in the sector as a whole as had been anticipated following the impact of the Covid-19 crisis.

€44 million earmarked for venture capital investment

The key points in venture capital investment:

- ▶ 25% of the investments have been in investment instruments **managed by the institution.**
- ▶ It has invested in companies with significant growth projects and a **high impact on the country**, such as the operation with Grup Boix.
- ▶ Direct investment in early stage companies and investment in venture capital funds supports **innovation, technology and sustainability.**
- ▶ All investment in funds has been made with **Catalan fund anagers.**



3.4.1 Investments in venture capital funds

Fund	M€	Segment	Sector
ABAC SV FUND III FCR	10	Growth	Growth
SABADELL ASABYS HEALTH INNOVATION INVESTMENTS II FCR	10	Seed	Health Sciences
INVIVO VENTURES III, FCRE	8	Seed	Health Sciences
SC CLIMATE IMPACT FUND III, FCRE	4,9	Venture	Energy Transition
ENION I ENERGY FUND, FCRE	0,5	Seed	Energy Transition

3.4.2 Direct investment: Capital Expansió and Venture Tech II

ICF Capital Expansió II

Empresa	M€	Sector
SERRADORA BOIX S.L.	5	Industrial

ICF Venture Tech II

Company	M€	Sector
QUSIDE TECHNOLOGIES SL	1	Industrial
KINTAI DIGITAL, SL	0,45	ICT
INBRAIN NEUROELECTRONICS, SL	0,35	Life Science
BLOOBIRDS, S.L.	0,53	ICT

IFEM innovació

Company	M€	Sector
OVERSTOCK EXPORT	0,2	Services
DOMMA SELFCARE S.L.	0,2	Services
SHIMOKITAZAWA TECHNOLOGIES	0,2	ICT
VALERDAT S.L.	0,2	ICT
SENIORDOMO SL	0,2	Services
BEYOND THE SCOPE S.L.	0,2	Services
KINTAI DIGITAL SL	0,2	ICT
BERDAC SMART SERVICES S.L.	0,2	Services
CERTIFICADOS DE CASA S.L.	0,1	Services
JG RECOMOTOR SL	0,2	Services
BIGLE IBERIA, S.L.	0,15	ICT
NEMURU DIGITAL S.L.	0,2	ICT
GLOBAL ACTIVITIES HUB SL	0,18	ICT
AUTOPILOT TECH, SL	0,2	ICT
COFFEE IS INCAPTO SL	0,2	ICT

CMAB

Company	M€	Sector
INBIOMOTION, SL	0,2	Life Science

3.5 Venture capital portfolio 2023

Indirect investment

63

Instruments

420

M€ committed by the ICF

5.887,7

million committed by other investors

6.303,7

million committed in total

Direct investment:

ICF funds:

ICF Capital Expansió II:

19,2M€

Cumulative investment

7

Investees

ICF Venture Tech II:

15,5M€

Cumulative investment

14

Investees

ICF funds in divestment period:

Capital Expansió:

16,8M€

Cumulative investment

11

Investees

8

Divested companies

2

Divested in part companies

Capital MAB:

7,5M€

Cumulative investment

8

Investees

4

Divested companies

2

Divested in part companies

Equity loans:

IFEM Innovació:

29,4M€

million ICF investment
(7,2 M€ in portfolio)

98,9M€

investment by
other investors

174

Start-ups
(71 in portfolio)

128,3M€

total co-investment

04

THE ICF'S IMPACT



Institut Català
de Finances



Generalitat
de Catalunya

4.1 Strategic lines

The institution seeks to play a key role in driving Catalonia's current strategic objectives: the **green transition, reindustrialisation and the social shield**.

Hence the ICF has set out its strategic operational strands which additionally address the needs of the business and social communities. In 2023, they have targeted industrial promotion, social housing, sustainability, the primary sector and venture capital.



4.1.1 Industrial promotion

As a public development bank, the industrial sector is always a priority when it comes to helping SMEs grow and **recovering industry's share in the country's production system**. In 2023, industrial projects committed to sustainability and countering climate change and in the circular economy, job creation and innovation have been successfully completed.

Manufacturing industries accounted for 25.2% of new lending activity in 2023, amounting to **EUR 150.4 million** which has gone to entrepreneurs to support their transformation and growth projects.

Manufacturing industries have received 25% of loan financing



Airtificial

The ICF has provided €5 million in funding for Artificial Intelligence Robots in an operation designed to support **new artificial intelligence projects** and the rollout of three projects to supply technology for assembling hybrid and electric vehicles in Portugal and Poland.

The agreement also fosters investment and **exporting talent from Catalonia around the world** and helps towards the ESG transition taking place in the automotive and mobility industry. This business unit is headquartered in Sant Fruitós de Bages (Barcelona) and employs 260 highly skilled people who deliver services to leading multinationals in Spain, Mexico, Poland, China and India.

4.1.2 Social housing

Over the past year, the ICF has worked hard to put housing on the market by **financing renovation and construction of new flats** for vulnerable people who would not otherwise be able to afford one. It is thus increasing the public stock of social housing and championing people's right to housing.

The ICF seeks to **plug a funding gap** that is currently not filled by private financial institutions and enable projects for acquiring and developing social rental housing. In 2023, we have allocated **EUR 45.6 million** and made 2,412 social and affordable rental homes available to individuals and families.

We have made 2,412 social and affordable rental housing units possible



El Prat de Llobregat Cooperativa Obrera

Cooperativa Obrera de Viviendas in El Prat de Llobregat (COV) has started a new development of 101 cooperative social housing units in 2023.

The building, which is being constructed on land provided by El Prat Town Council and will have the highest energy rating, has been made possible by an ICF loan, contributions from other financial institutions, such as the ethical and solidarity-based financial services cooperative Coop 57, and the Cooperative's own resources.

The homes will be rented on an affordable, stable, cooperative and sustainable basis and the families will be able to move in by the end of 2025.

4.1.3 Sustainability

As part of this strategic objective of promoting sustainability, the green transition and the supply of social rental housing in Catalonia, **one out of every two euros** (52%) in ICF loans and guarantees has been allocated to **projects with environmental, social and governance (ESG) criteria**. ESG business has risen by EUR 109 million, up by 55% compared to 2022.

Furthermore, in a year marred by the worst drought in Catalonia since records began, we have financed projects for irrigation communities, industries and other services to improve their water management, supply and usage systems. Our customers report that these projects have **saved 38,640 m³ of water per year, the equivalent of the annual use of 905 people or 43 Olympic-size swimming pools**.

This means that the ICF is a financing lever for sustainable projects for businesspeople, entrepreneurs, social organisations and local councils.

Since 2022, we have also been producing a group-wide **sustainability report**, which calculates our carbon footprint, and have designed a new operating procedure to compile information on ESG criteria to learn, for example, the carbon footprint of the operations we finance which for us is the most significant factor.

One out of every two euros has been earmarked for projects meeting environmental, social and governance criteria



Wallbox

Together with other financial institutions, the ICF has arranged a sustainable syndicated loan for Wallbox worth €35 million. The financing included a first tranche of strategic sustainable investments amounting to €30 million for investment in the charger manufacturing plant in the Zona Franca in Barcelona, in the printed circuit board factory in Sant Boi de Llobregat and in developing SIRIUS energy management software. Wallbox is one of the world leaders in charging and energy management solutions for residential, semi-public and public use with a footprint in 115 countries worldwide.

4.1.4 Primary sector

The primary sector has had an extremely tough 2023 in which it has had to cope with the effects of soaring raw material and fuel prices coupled with the consequences of climate change such as the most severe drought in recent decades. To address this challenging situation we have rolled out the **ICF Agroliquidity** financing option, a credit facility which has been used by stockbreeders, farmers and entrepreneurs in the fishing sector with over 1,200 transactions providing €77 million.

The ICF has employed all its human resources to ensure that these credits reach farmers, stockbreeders and fishing enterprises that have applied for them promptly and has learned as an organisation how to deliver a quicker response.



Ramaderia Fontanals

Salvador Fontanals, owner of Ramaderia Fontanals in Alcarràs, is one of the farmers who applied for financing through the ICF Agroliquidity facility. Like him, more than 1,200 farmers and stockbreeders from all over the country were able to meet their cash flow needs to cope with rising cereal prices, frost and extreme drought along with other climate change-related issues.

4.1.5 Venture capital

Through venture capital investment, the ICF backs start-ups with innovation projects and enhances the growth and consolidation of existing companies. One of its strategic goals is to drive Catalonia's leadership as an innovation hub by fostering setting up and growing the venture capital investment ecosystem anchored in partnership and complementarity with the private sector.

The ICF operates as a joint investor in most venture capital transactions, and as anticipated after Covid-19 there has been a general decline in investment across the sector as a whole. In 2023, the ICF has allocated EUR 44 million in equity investments in businesses, 25% of which have been made with investment instruments managed by the institution.

Direct investment in companies and investment in venture capital funds has supported innovation, technology and sustainability.

All this investment has been conducted with Catalan fund managers.



Grup Boix

The ICF and Grup Boix have concluded a €5 million capital increase in 2023 to kick-start the construction of a new plant. Through the ICF Capital Expansió II fund, the institution has become a minority member of the company to support this project for a new production unit which is highly sustainable and circular.

The ICF sees Grup Boix as an inspiring example of a growth project to be backed by ICF Capital as it encompasses aspects as significant as managing the region's forestry resources, enhancing their value through industry and generating high quality local jobs.

4.2 ICF – Government facilities

Thanks to collaboration agreements with different Departments of the Generalitat de Catalunya, the ICF can offer loans at advantageous conditions for various purposes aligned with the transformation objectives of the productive sector. During 2023 they have been offered the following agreed lines:

- ▶ **ICF Climate Action:** Loans for agricultural, agri-food, forestry and fishing and aquaculture companies, and those linked to its value chain, as well as energy communities that want to finance investments with climate action components. Co-financed by the Ministry of Climate Action, Food and Rural Agenda.
- ▶ **ICF Agroinvestment:** Loans for agricultural, agri-food, forestry and fishing and aquaculture companies that want to finance general investments. Co-financed by the Ministry of Climate Action, Food and Rural Agenda.
- ▶ **ICF Agroliquidity:** Loans for self-employed people and agricultural, agri-food, forestry and fishing companies affected by price increases or the effects of climate change or who want to make a small investment. Co-financed with interest rate discounts by the Ministry of Climate Action, Food and Rural Agenda.
- ▶ **ICF Industry 4.0:** Loans for industrial companies and related services that promote investment projects with a significant impact and aimed at digitalising industry and/or transforming the automotive sector. The loans have a discount on the financial cost (up to 2% interest) from the Ministry of Business and Labour.
- ▶ **ICF Tourism:** Loans for the improvement and modernisation of hotel establishments (hotels, hostels and guest houses), tourist apartments, campsites and rural tourism establishments with operating headquarters in Catalonia which have been trading for at least two years. The loans have a discount on the financial cost (2% interest) from the Directorate General of Tourism in the Ministry of Business and Labour.
- ▶ **ICF Social Housing (construction):** Loans to fund publicly-subsidised housing developments for rental or under the assignment-for-use cooperative scheme. The cost of the financing is subsidised by the Catalan Housing Agency.
- ▶ **ICF Social Housing (acquisition):** Loans to fund the purchase of flats for social renting (reclassified as social housing) by local councils and community organisations as a result of the exercise of rights of first refusal and setting aside legally recognised by the Government of Catalonia and also acquisitions via sales contracts. The cost of the financing is subsidised by the Catalan Housing Agency.



4.3 SDGs

The ICF is steadfastly committed to sustainable development as the only possible path to a secure, fair future with opportunities for all. We therefore strive to ensure that our funding and investments **have a positive impact on both society and the planet**. 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 and work systems.

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** and hardwires ESG (environmental, social and governance) criteria into its screening and decision-making processes and investee management.

The ICF's sustainability report is the annual tool we use to evaluate our commitment to society and the planet

Consistent with our commitment to a sustainable and socially just future, since 2022 **we have drawn up and published an annual sustainability report for the whole of the ICF Group** which calculates our carbon footprint and have also designed a new operating procedure to compile information on ESG criteria.

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



Strategic Goals



Priority Goals



Business in 2023 based on the SDGs

To map the **alignment between the ICF's operations and sustainable development** and report on this commitment, we have calculated the amount we have allocated to each of the SDGs through the loans, guarantees and venture capital transactions undertaken in 2023. We have assigned at most three SDGs to each financing or investment transaction based on the project and its purpose and so the sum of the amounts is greater than total business in 2023 .



Amount (M€)



SDG 3:
Good health and wellbeing

81,6



SDG 7:
Affordable and clean energy

45,1



SDG 8:
Decent work and economic growth

530,6



SDG 9:
Industry, innovation and infrastructure

45,1



SDG 11:
Sustainable cities and communities

111,6



SDG 13:
Climate action

47,4



SDG 17:
Partnerships for the goals

0,7

4.4 Training, gender equality, wellbeing and security

Training and talent development

At the ICF, we believe that the **professional growth of our team is crucial to our success**. So we have designed a comprehensive training plan which covers a wide range of topics, from specific knowledge to personal skills. These training courses enable our team members to constantly refresh their knowledge, keep up to date with regulatory changes and gain new skills relevant to their professional development.

63

Training sessions

1.672

Teaching hours

25

People attending the training programmes in areas including communication and management skills and new certifications

Training actions in **sustainability** have been run in particular with a direct impact on 137 team members and a total of 46.5 hours. Likewise, training related to the **Mortgage Law** has been conducted for 23 people with a total of 41 hours of training.

* Una persona pot assistir a més d'una formació.

Internship programme and Next Generation Talent Conference

In 2023, 35 students joined the ICF Group as part of their internships, 25 of them during this year and 10 who had already started their training in 2022. Five of these students **have become staff members** on the back of their skills and talent shown during their internships. This underlines the success of our internship programme as a means for spotting young talent and contributing significantly to the growth and renewal of our team.

“Next Generation Talent” was a major ICF initiative held in November. It consisted of an open invitation to all recent university graduates in the region designed to recruit young talent to fill several financial analyst positions through a selection process which included a number of tests. This enabled us to **identify and tap emerging talent** while at the same time giving young graduates the chance to gain their first professional experience.



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. Several actions have been run this year to foster equality, in particular a talk given on 8 March to mark International Women's Day.

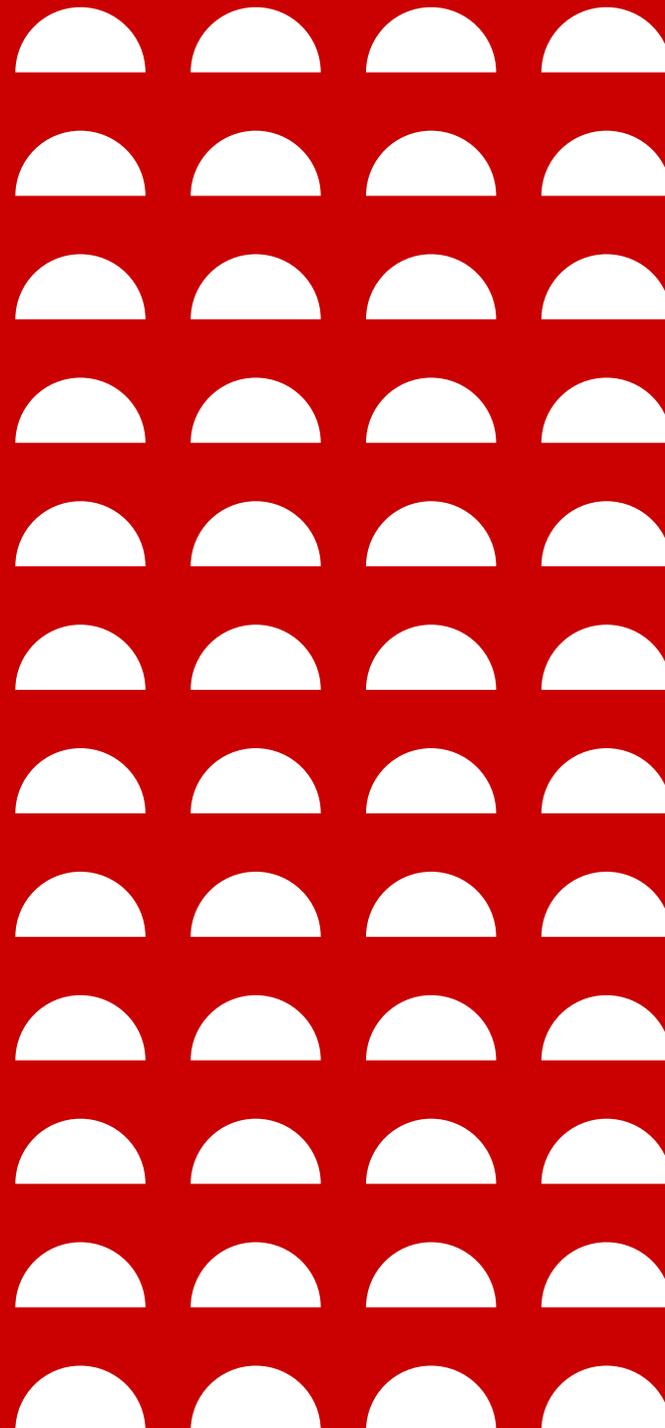
Furthermore, women employees have voluntarily taken part in the "Spend a day with me" activity in which pairs of women from the organisation shared aspects and

The ICF's Equality Plan is a tool for transformation and continuous improvement

thoughts about their daily lives, thus fostering **understanding, support and sisterhood** in the team. These initiatives attest to the organisation's ongoing commitment to gender equality and fostering an inclusive and respectful working environment.



05 GOVERNANCE



5.1 Our institution

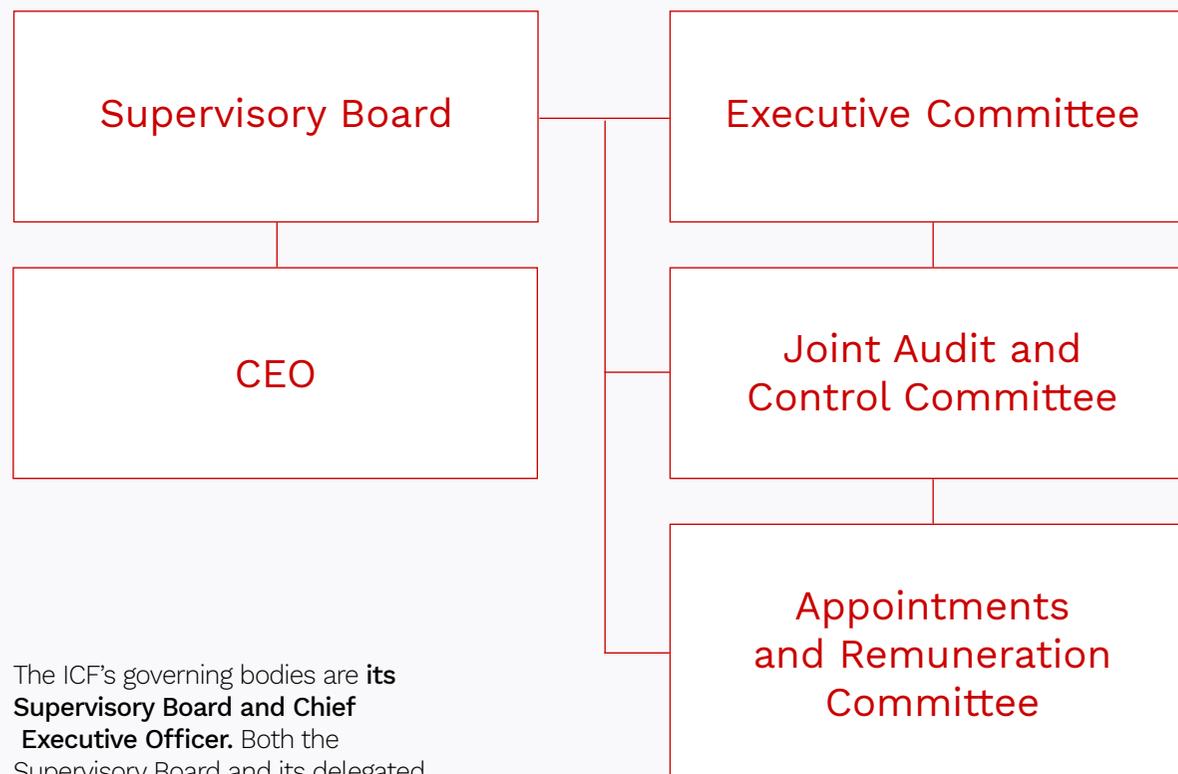
The ICF is a public entity subject to private law with its own legal personality and whose operations are regulated by its own law, the Catalan government-owned enterprise charter and the rest of the legal system. It also complies with the rules of private law applicable to it and specifically with the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

Likewise, it has its own assets and cash and operates autonomously in terms of its organisation, finance, assets, functions and management, 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.

The ICF operates autonomously in terms of its organisation, finance, assets, functions and management

5.2 Corporate governance



The ICF's governing bodies are **its Supervisory Board and 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.

5.3 Supervisory Board

The Supervisory Board is **the ICF'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 ICF'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 which have to report to it about their operations.

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).**

Position	Name
Chair	Josep Maria Vilarrúbia Tapia* (proprietary)
CEO	Vanessa Servera i Planas (executive)
Members**	Rafael Abella Martín (independent) Joan B. Casas Onteniente (independent) José Luis Peydró (independent) Xavier Puig Pla (independent) Pilar Soldevila García (independent) Miquel Puig Raposo (proprietary) – Secretary for Economic Affairs and European Funds at the Ministry of Economy and Finance Albert Castellanos Maduell (proprietary) – Secretary of Business and Competitiveness, Ministry of Business and Labour Núria Cuenca León (proprietary) – Secretary of Business and Competitiveness, Ministry of Business and Labour
Non-member secretary	Joan Roca Sagarra

(*) On 16/01/2024, he was replaced in the post by Mr Josep Maria Aguirre i Font.

(**) On 02/04/2024, Carme Hortalà i Vallvé joined as an independent member.

5.4 Delegated committees

Under article 9 of the Law on the ICF, the **Supervisory Board may set up 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 (31/12/2023)

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.

Position	Name
Chair	Josep Maria Vilarrúbia Tapia * (proprietary)
CEO	Vanessa Servera i Planas (executive)
Members	José Luis Peydró (independent) Xavier Puig Pla (independent)
Non-member secretary	Joan Roca Sagarra

(*) On 16/01/2024, he was replaced in the position by Mr. Josep Maria Aguirre i Font.

Appointments and Remuneration Committee (31/12/2023)

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.

Position	Name
Chair	Vacant
CEO	Vanessa Servera i Planas (executive)
Secretary and member	Rafael Abella Martín (independent)
Member	Pilar Soldevila García (independent)

Joint Audit and Control Committee (31/12/2023)

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

Position	Name
Chair	Rafael Abella Martín (independent)
Secretary and member	Joan B. Casas Onteniente (independent)
Member	José-Luis Peydró (independent)

5.5 Governing bodies of ICF subsidiaries

The ICF Group's subsidiaries each have their own boards of directors as their highest decision-making bodies.

IFEM

Position	Name
Chair	Vanessa Servera Planas
Secretary, non-director	Marc Lloveras Llavina
Directors	Irene Bertrán Aixut Marta Gomà Rigat Jordi Vila Pairó Laia Arnal Arasa Joan Romero Circuns Aleix Cubells Barceló

ICF Capital

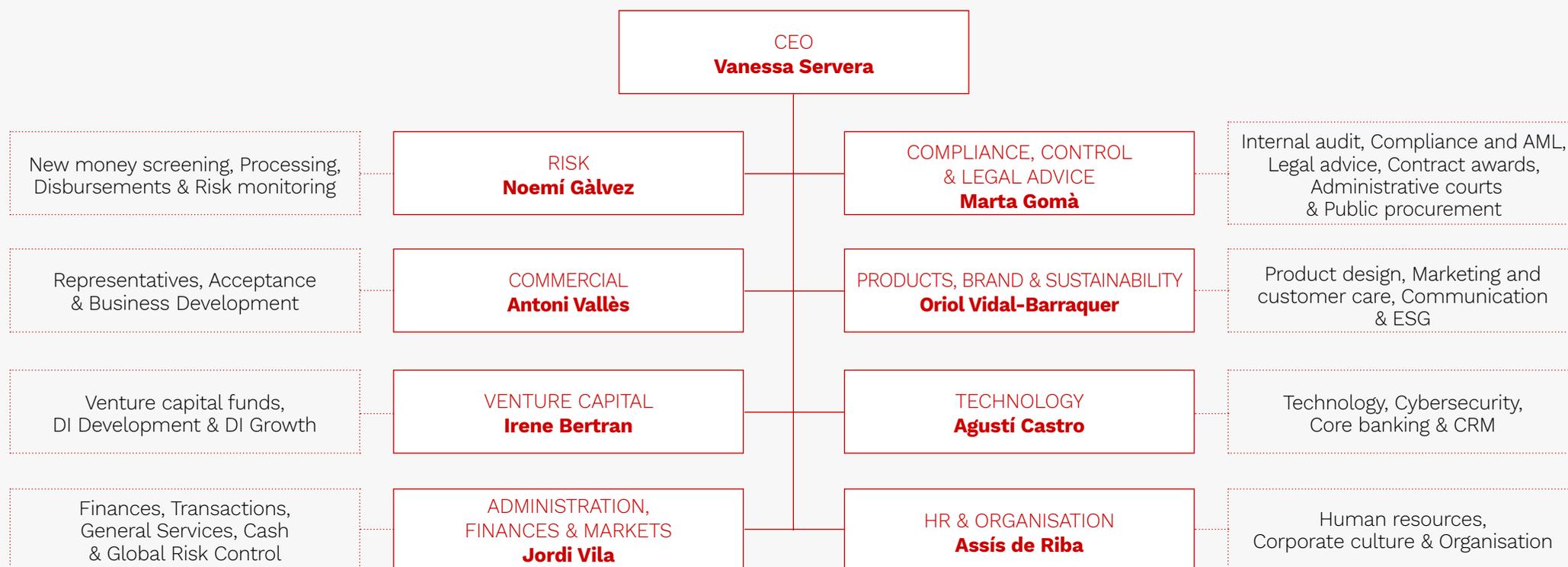
Position	Name
Chair	Vanessa Servera Planas
Deputy chair	Irene Bertran Aixut
Secretary, non-director	Lluís Ahicart Guillén
Directors	Marta Gomà Rigat Jordi Vila Pairo Noemí Gálvez Monreal



5.6 Organisation chart Management Committee (31/12/2023)

Internally, the ICF is organised into various functional areas, both business and cross-cutting, whose heads make up the **Management Committee led by the CEO**. In 2023, the Product, Brand and Sustainability division was set up, bringing together product design, marketing and customer service, communication and sustainability.

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 development.



5.7 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.

Areas and committees for risk monitoring and control: Regulatory Compliance and Global Risk Control

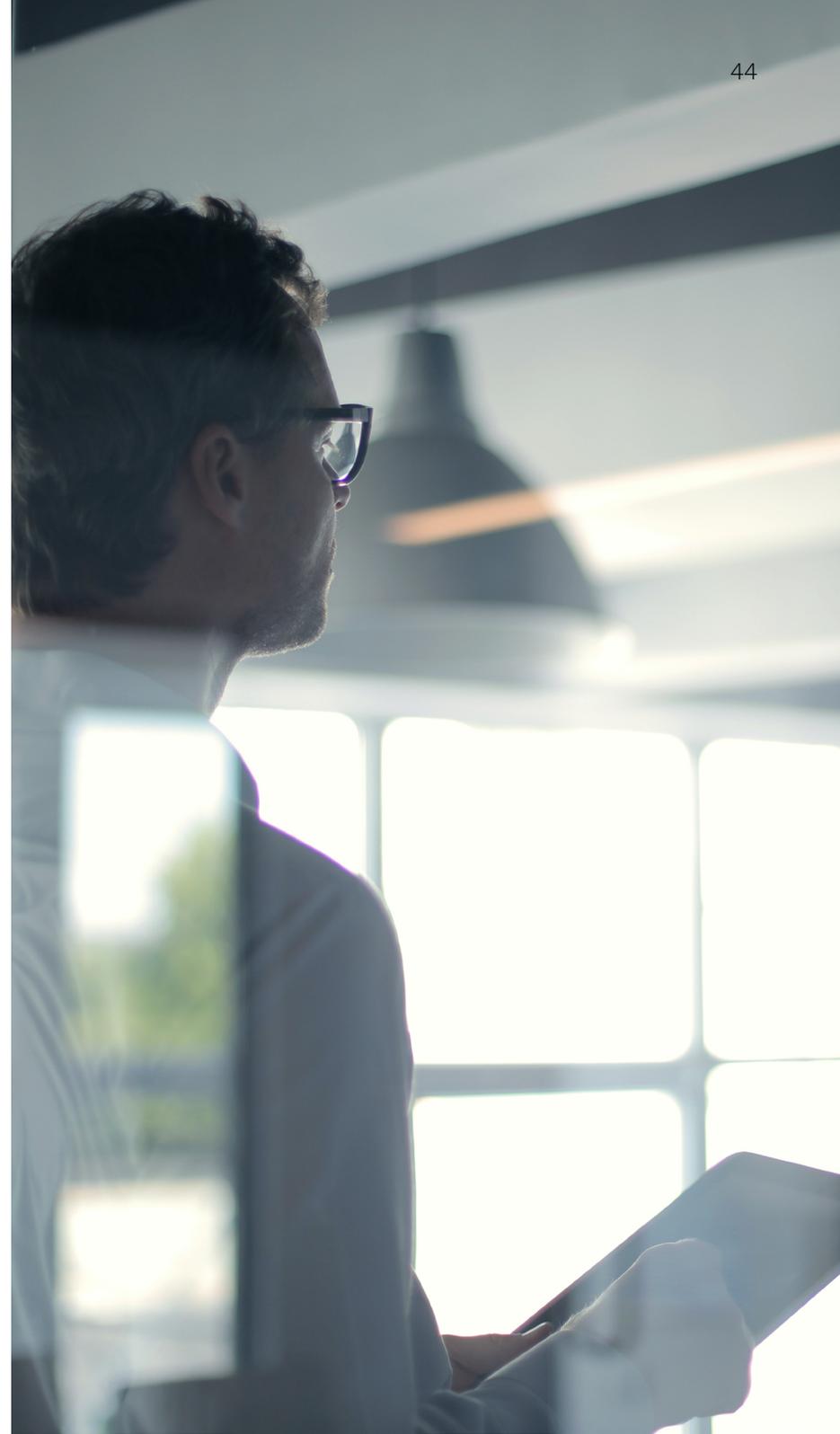
Responsibilities:

- ▶ 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.



5.8 Professional team

The people who make up the ICF’s team are at the core of the organisation. This means listening to their needs and providing them with 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 2023, the ICF team was made

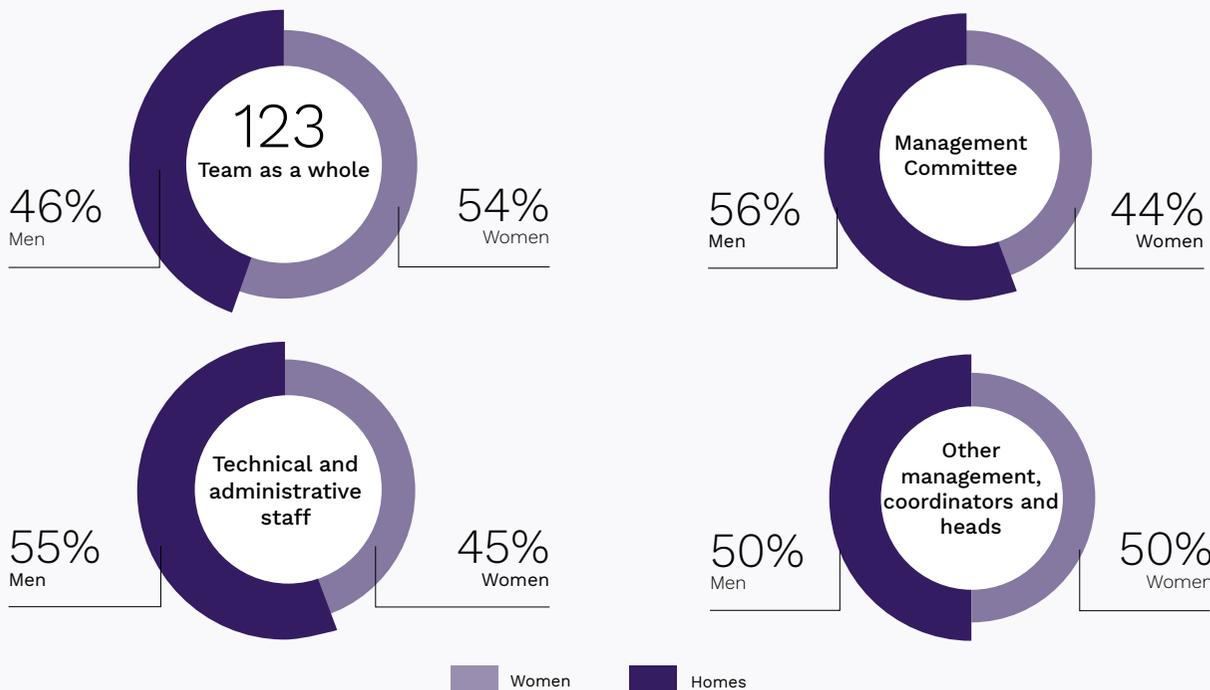
up of 123 people, 54% of whom were women and 46% men, which makes for an **evenly balanced workplace where the commitment to equality is indisputable**. The most prominent professional profiles were university graduates with degrees in economics or business administration.

One of the institution’s principles is to **provide a stable working environment**. Two indicators of this

commitment are that 95.4% of the workforce has a permanent contract and the average length of service is ten years.

95.4% of the workforce has a permanent contact and average length of service is 10 years

Breakdown of staff by age group



Breakdown of staff by gender and occupational category



5.9 Sales offices

The ICF has a network of sales representatives throughout Catalonia to **meet the financing needs of business and social partners throughout the country** and handle their enquiries promptly and personally by adapting to the specific needs of each company or community organisation and tailoring financial solutions to cater to their particular needs. In 2023, as part of this commitment the ICF has expanded its network of sales offices with three new representatives in the regions of Terres de l'Ebre, Girona and Barcelona, **bringing the total to 10 professionals with a presence throughout Catalonia.**

Sales office	Representatives
Baix Llobregat i Garraf	1
Barcelona	2
Catalunya Central, Cerdanya i Solsonès	1
Comarques Gironines	1
Penedès i Camp de Tarragona	1
Lleida	1
Terres de l'Ebre	1
Vallès Occidental	1
Vallès Oriental i Maresme	1

The ICF has expanded its network of sales offices with three new additions in Terres de l'Ebre, Girona and Barcelona

5.10 New customer service offices

For the first time we will open customer service offices in Catalonia's main towns and cities. This decision ties in with our regional expansion plan to locally and efficiently cater to the business community's financing needs across the country.

At the Government of Catalonia's public bank, we are undertaking a strategic shift to step up accessibility and **direct dealings with businesses and organisations** throughout the country. This brick and mortar footprint will help raise awareness about our additional and complementary alternative to the financing furnished by private banks.

The ICF is scheduled to open its first customer service office in the summer of 2024 and will roll out its network over the course of 2025, coinciding with the institution's 40th anniversary.



5.11 Public banking in Europe

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 directly and indirectly represents nearly a hundred European financial institutions. EAPB members are national and regional development banks, municipal funding agencies and public commercial banks from all over Europe. **As a public financial institution, the ICF has been a member since 2014.**

The public banking model is crucial to diversifying sources of financing and investment for companies and organisations and as a **robust add-on to the private financial sector**. Funding is provided for national, regional and local projects which unlock sustainable economic and social development through a greener economy, social housing, health, education and public infrastructure.

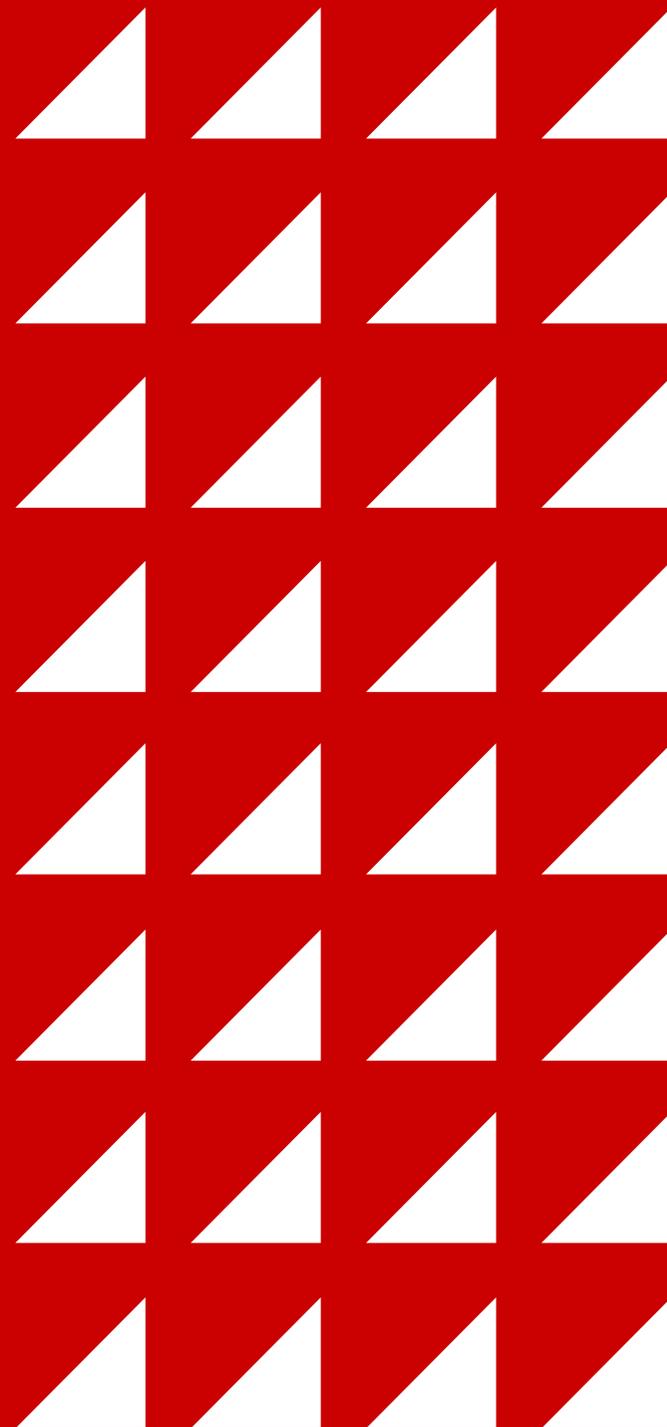
In an economic setting shaped by the wars in Ukraine and Gaza and high inflation and interest rates, public financing sources have been pivotal in making it easier for businesses to gain access to credit.

L'EAPB, en xifres

- ▶ Nearly 30 public banks in 17 European countries
- ▶ It indirectly represents the interests of nearly 90 financial institutions with a total volume of €3.4 billion in global assets.
- ▶ Public banking has a 15% market share of the European financial sector and 83,000 professionals.

06

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 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 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

7,1%

NPL

*NPL ratio: measures the percentage of non-performing loans (customers with defaults) with respect to the credit portfolio.

129,5%

Coverage

*Coverage ratio: measures the level of protection that institutions have against their customers' unpaid loans.

2.629

RWA (M€):

*RWA: Risk-Weighted Assets

6.2 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 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 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.



6.3 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:

288

Liquid assets (M€)

1.136

Wholesale liabilities (M€):

893%

Liquidity coverage ratio (LCR):

*LCR (liquidity coverage ratio): measures an institution's ability to meet its short-term payment obligations (30 days). It is a regulatory metric that includes a minimum threshold of 100%.

127%

Net stable funding ratio (NSFR):

* NSFR: measures the stability of funding. It is a regulatory metric that includes a minimum threshold of 100%.

6.4 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.

+4,1%/-4,0%

Sensitivity to economic value

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

-1,7% / +2,2%

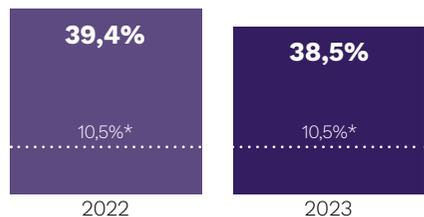
Regulatory scenario +200 bp / -200 bp: The +-200 bp scenario includes a regulatory floor specified in the EBA guidelines and used in the definition of the supervisory test. This floor states that negative rates cannot be lower than -1%, rising to a floor of 0% over 20 years.



6.5 Solvency

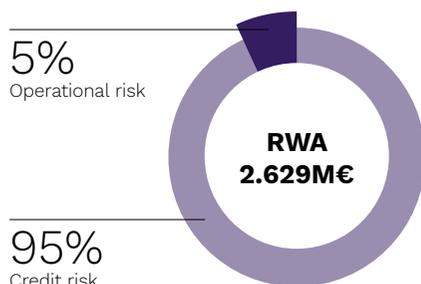
The ICF Group closed the 2023 financial year with eligible capital of EUR 1,013.5 million and a total capital ratio of 38.5%. This provides **robust solvency and levels well above the regulatory minimum of 10.5% consisting of the minimum** total capital plus conservation buffer as set out in Directive 2013/36/EU, as amended by Directive 2019/878, and Regulation No 575/2013, as amended by Regulation (EU) No 2019/876. The 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 are used.

Total capital ratio:



*The minimum required by the regulator

Risk profile



Main indicators:

38,5%

Total capital ratio

*Total capital ratio: measures the solvency of financial institutions by taking into account core capital and other capital components. It is used for banking regulator purposes

1.013,5 M€

Eligible capital

37,8%

Leverage ratio (LR)

*Leverage Ratio: it is a measure of an institution's level of indebtedness. It is a regulatory metric that includes a minimum threshold of 3%.

37,8%

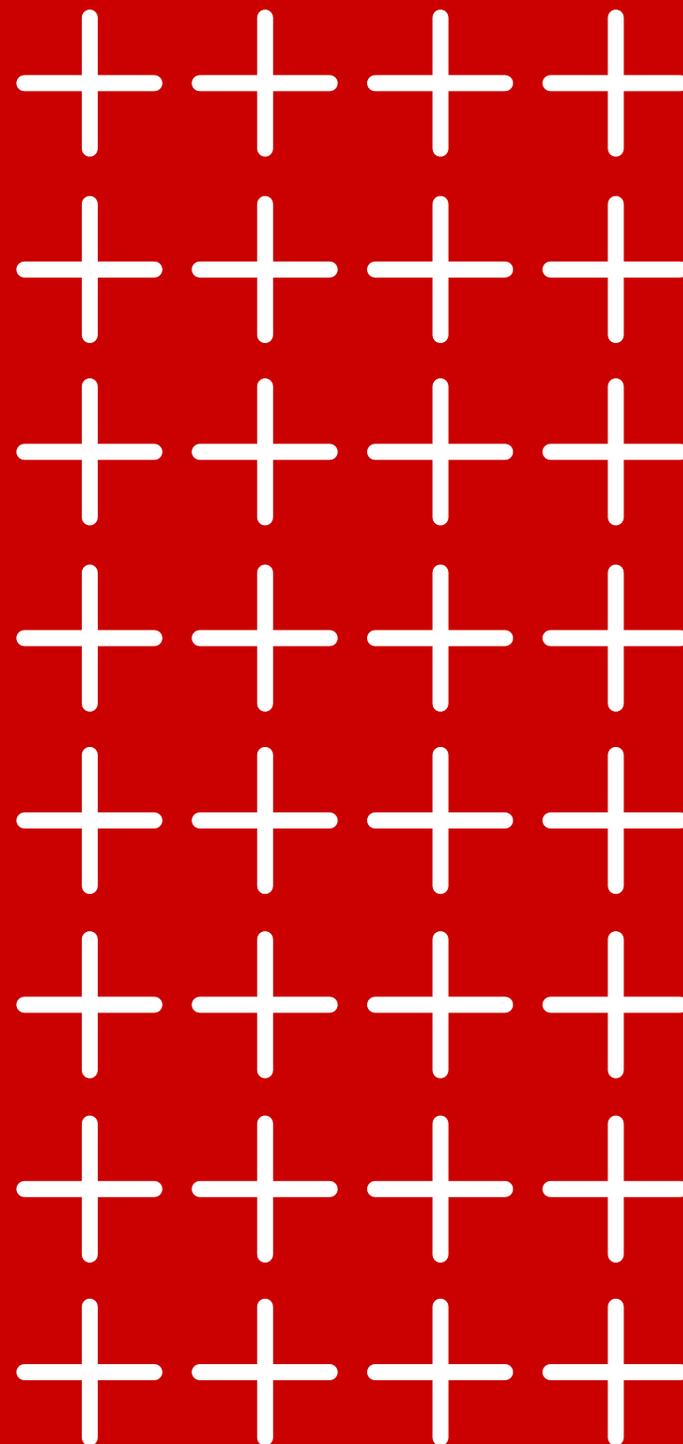
CET1 ratio

*CET1 ratio: measures the solvency of financial institutions by taking into account mainly core capital (paid-up capital, reserves and profit or loss for the year). It is used for banking regulator purposes



07

FINANCIAL INFORMATION



The ICF Group has closed 2023 with **total assets of almost €2.63 billion**. 75% of this is under “Loans and advances”, where the Group’s loan portfolio is recorded. The portfolio’s performance was shaped by the boost provided by annual operations which offset the year’s write-downs and made it possible to close the year with loan portfolio and total asset volumes above 2022.

“Equity instruments” mainly includes venture capital investments which are up compared to the previous year **due essentially to disbursements in 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, 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**.

CREDIT PORTFOLIO

2.245M€

+16M€
compared 2022

NPL RATIO

+7,1%

-0,4%
compared 2022

PORTFOLIO UNDER SPECIAL SURVEILLANCE

+9,0%

-0,7%
compared 2022

COVERAGE

129,5%

71,3%
(figure for the sector 12.2023)*

VENTURE CAPITAL PORTFOLIO

194M€

+28M€
compared 2022

CASH

288M€

11%
of Total Assets

SOLVENCY

38,5%

16,7%
(figure for the sector 09.2023)**

NET PROFIT

49,5M€

+22,1M€
compared 2022

*Source: calculated in-house using Bank of Spain statistics on “Aggregate balance sheet according to the supervisory statements of credit institutions and financial credit institutions (FCIs)”.

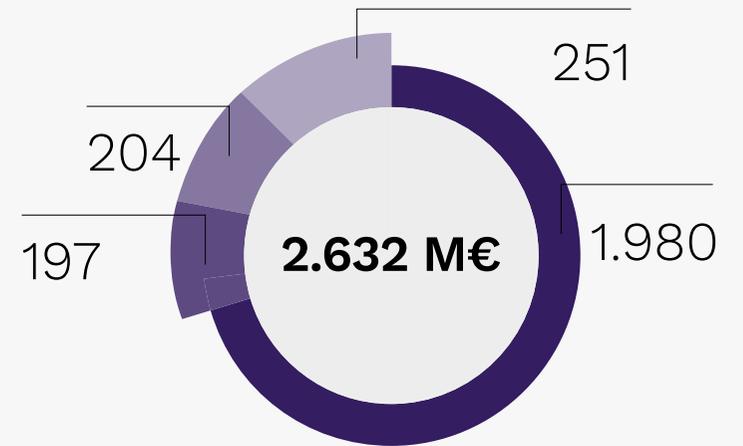
**Source: Risk Dashboard Q3 2023 of the European Banking Authority.



7.1 Balance sheet

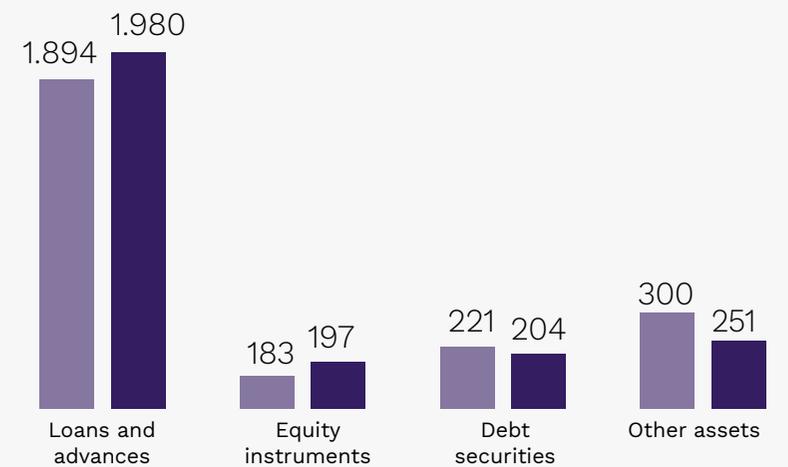
Assets

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



Change in assets 2022-2023:

- 2022
- 2023



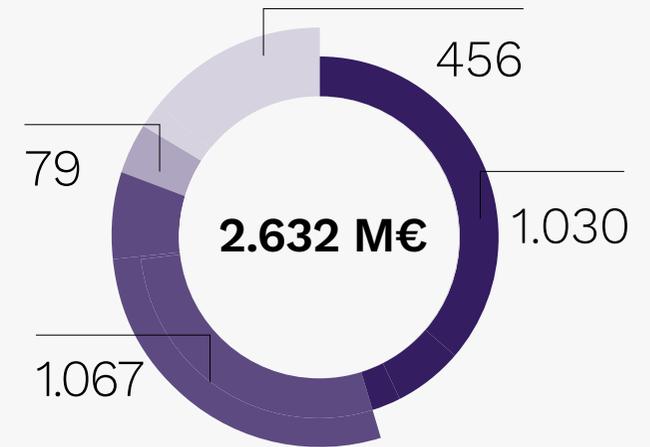
Equity is up as a result of the distribution to reserves of the profit for 2022 and the generation of profits in 2023. As for debt, the ICF Group is financed on the market mainly through loans from public and private financial institutions.

The Group also has €308 million of off-balance sheet funds available to third parties and €90 million in financial guarantees granted.



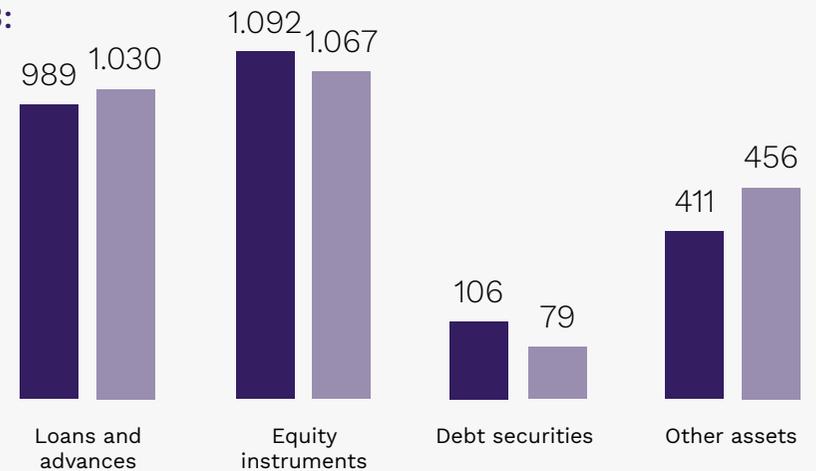
Liabilities and equity:

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

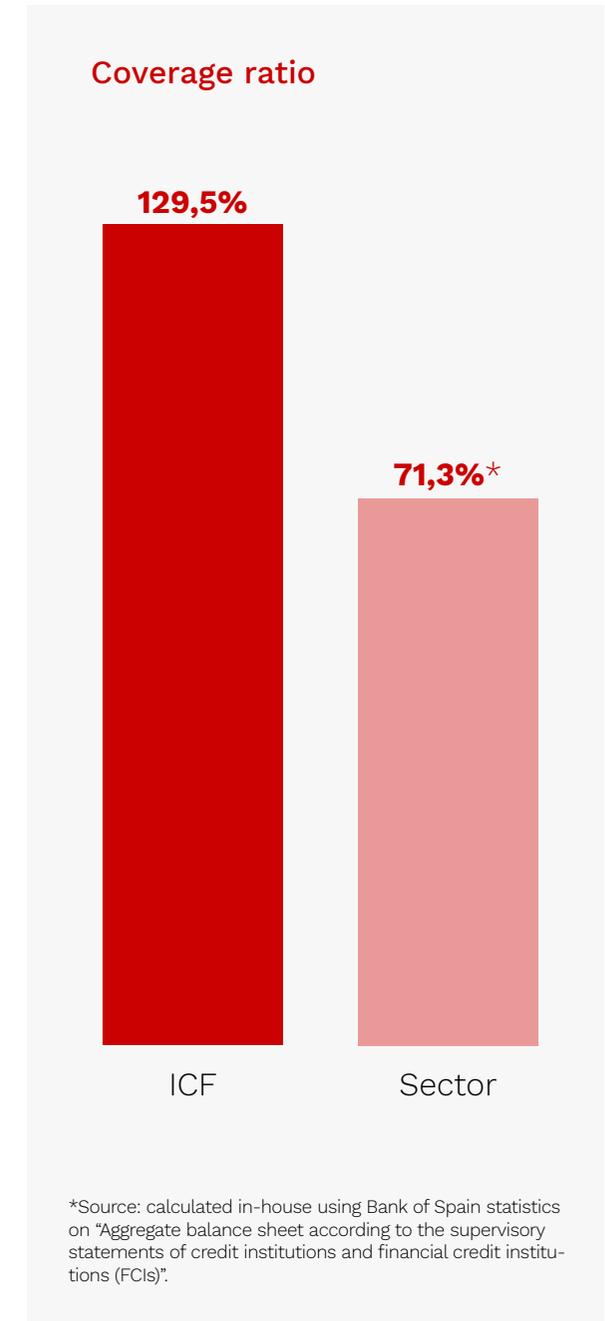
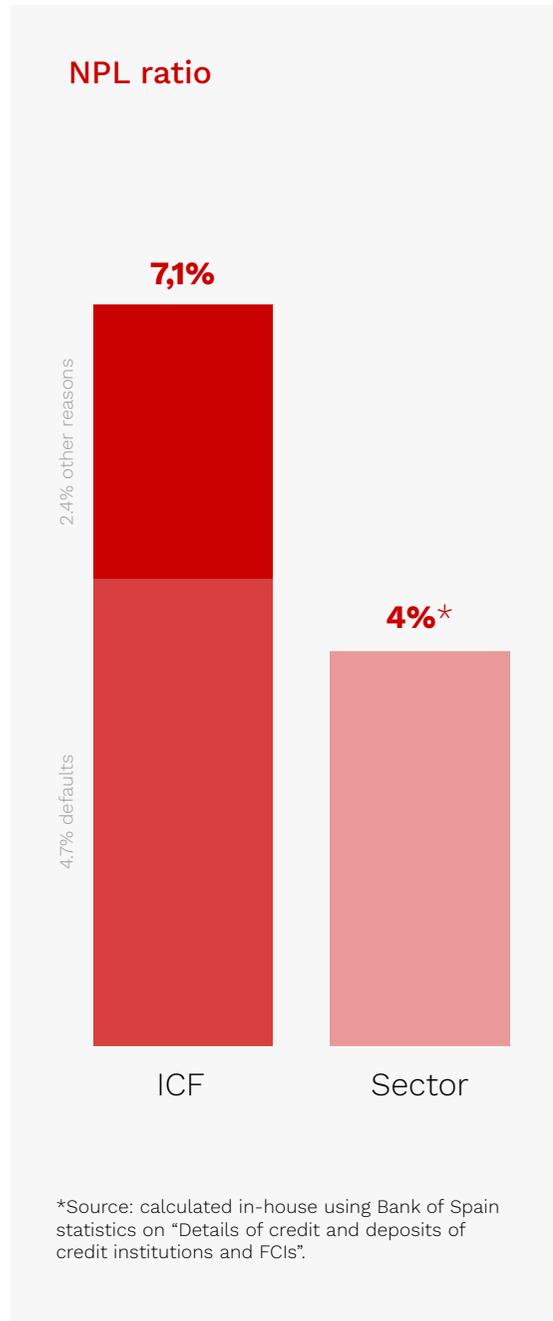


Change in liabilities and equity 2022-2023:

- 2022
- 2023



The Group closes the year with a non-performing loan ratio of 7.1%, which means a 40 bp reduction compared to last year. It is thus maintaining its long-standing policy of prudence in risk assessment and classification. Accordingly, 34% of assets considered as doubtful at year-end 2023 are due to reasons other than NPLs while 66% are down to defaults that have already materialised. In terms of credit risk coverage, the ratio of provisions to doubtful assets also remains well above the sector average at 129.5% at the end of the year.

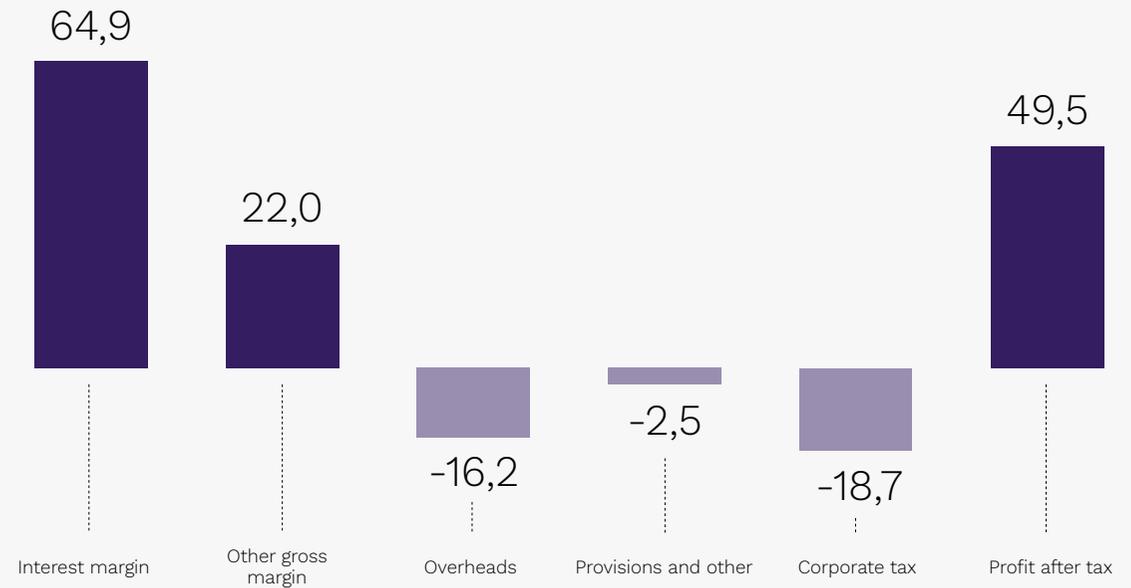


7.2 Income statement

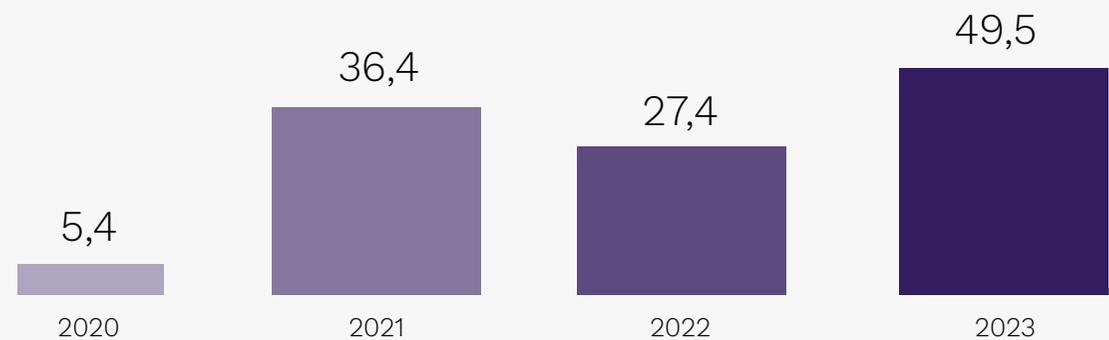
The ICF Group closed 2023 with profit after tax totalling EUR 49.5 million. In line with the sector trend, the rise in interest rates has boosted the operating result. Furthermore, the high level of coverage, as a result of the Group's efforts in recent years to build up provisions from the standpoint of prudent portfolio management, as well as the good performance of non-performing loans, kept the cost of risk under control.



ICF Group 2023 Profit/(Loss) (M€)



Profit after tax (M€)



7.3 Distribution of profits

The ICF has posted extraordinary profits in 2023, driven in line with the trend across the banking sector **by rising interest rates and the strong performance of regular business**. Specifically, the ICF generated EUR 44.8 million in profits last year (EUR 49.5 million at the consolidated Group level).

Consequently, **for the first time in its history it has distributed dividends** to the Government of Catalonia, its sole owner. In early 2024, the Catalan Government agreed that EUR 25 million of the public development bank's profits would be used to subsidise interest on the ICF's new loan facilities **for social housing, the primary sector and small local businesses** which it runs in conjunction with the Government.

The rest of the profits will be allocated to voluntary reserves and capitalisation reserves to foster the institution's organic growth by supporting projects including the ICF's regional expansion plan which involves opening customer service offices across the country.





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