Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

INSTITUT CATALÀ DE FINANCES AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended December 31, 2023

Ernst & Young, S.L.
Edificio Sarrià Forum
Avda. Sarrià, 102-106
08017 Barcelona
España

Tel: 933 663 700
Fax: 934 053 784
ey.com

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Catalan. In the event of discrepancy, the Catalan-language version prevails. (See Note 37)

To the Governing Board of Institut Català de Finances:

Opinion

We have audited the consolidated financial statements of Institut Català de Finances (the Institute) and subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated statement of recognised income and expenses, the consolidated statement of changes in equity, the consolidated cash flow statement, and the consolidated notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 1.b to the accompanying consolidated financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Estimation of credit risk impairment losses for loans and advances at amortised cost

Description

The Group's portfolio of loans and advances to customers at 31 December 2023 amounts to EUR 1,949,599 thousand, with an associated impairment provision of EUR 206,474 thousand (see note 7 to the accompanying consolidated financial statements). The impairment of loans and advances at amortised cost is a significant and complex estimate.

The relevant accounting principles and criteria applied by the Group to estimate the impairment losses, either individually or collectively, are detailed in note 2.g to the accompanying consolidated financial statements.

The methods used to estimate impairment losses involve the exercise of a high degree of judgement in elements such as the classification of transactions according to their risk, the identification and classification of impaired exposures or those with a significant increase in risk, the sale value of the pledged collateral and, in the case of estimates made on an individual basis, the assessment of the borrowers' likeliness to pay based on the future evolution of their business. For the collective analysis, the Group uses the model for estimating credit risk impairment losses established in Circular 4/2017 by Bank of Spain and subsequent amendments, and a specific calculation methodology for estimating losses for individual exposures.

In addition, the Group is exposed to risks arising from the macroeconomic and geopolitical environment characterized by increased volatility, inflationary pressures, supply chain problems and tighter monetary policies, situations that have been added to the conflict between Russia and Ukraine and that generate uncertainties on some of the variables that the Group uses to estimate its impairment losses. For this reason, the Group has supplemented the impairment losses for credit risk established in the Circular 4/2017 of the Bank of Spain and subsequent amendments, with certain additional adjustments of a temporary nature that have been considered necessary to collect the particular characteristics of borrowers or portfolios that may not be identified in the general process of collective estimation of impairment losses.

Therefore, the estimation of credit risk impairment losses for loans and advances at amortised cost has been considered a most relevant audit issue.

Our response

Among the audit procedures that we have performed in this area, we have evaluated the internal control environment around the estimation of credit-risk impairment losses and performed substantive testing on losses estimated both individually and collectively.

With regards to the evaluation of the internal control environment, our tests have focused, among others, on:

- Assessing of the adequacy of the policies and procedures established by the Group in accordance with the applicable regulatory requirements, as well as their effective application.
- Reviewing the procedures established by the Group in the process of granting loans to assess their collectability based on the debtor's likeliness to pay and its financial information.

- Verification of the criteria for classifying exposures (“staging”) according to their credit risk, taking into account the seniority of the defaults, the conditions of the operation, including refinancing or restructuring, and the controls or monitoring alerts established by the Group.
- Reviewing of the procedures for the periodic monitoring of loans, mainly those related to updating the debtor’s financial information and the periodic review of the loan file, as well as and monitoring the alerts established by the Group for the identification of assets under special surveillance or impaired.
- Assessing the design of the relevant controls in place for managing and measuring collaterals pledged in credit operations.

Additionally, we have performed substantive procedures, mainly consisting of:

- In relation of impairment losses determined on an individual basis, we reviewed a sample of loans to assess their appropriate classification and the assumptions used by the Institute's management to identify and estimate impairment losses, including the debtor's financial position, forecasts of future cash flows and, when considered, the valuation of the pledged collaterals.
- In relation of impairment losses determined collectively, we have reviewed a sample of transactions to assess their segmentation and classification, by testing, against supporting evidence, certain attributes included in the Institute databases, such as the days past due, the existence of refinancing or restructuring transactions or the values of collaterals pledged, considering, in any case, the effects that may have arisen from the deterioration of the economy, as well as the changes introduced by the Group in its policies and procedures.
- We have recalculated the estimate of credit-risk impairment losses determined collectively, reproducing the impairment model that considers the loss percentages in accordance with the segmentation and classification of transactions established in Bank of Spain in Circular 4/2017 and subsequent amendments, as well as the additional provisions recognised by the Group in 2023.
- We have assessed whether the accompanying consolidated financial statements contain the information required by the regulatory framework for financial information applicable to the Group.

Valuation of venture capital investments

Description	In accordance with note 6 to the accompanying consolidated financial statements, the Group holds investments in venture capital entities amounting to EUR 196,799 thousand at 31 December 2023, which are measured, in accordance with the accounting policies detailed in note 2.b to the consolidated annual accounts, at fair value, the cumulative changes in which are classified in the Group's equity. The determination of the fair value of venture capital investments is an estimate based on accounting information on the equity value of investee companies. Therefore, we consider the valuation of private equity investments a most relevant audit issue.

Our response	Our audit approach included analysing and evaluating the internal control environment over the monitoring processes of investments in venture capital entities, including the analysis and processing of information obtained by the Institute's management on these investments to estimate their valuation. Additionally, we have performed, mainly, the following substantive audit procedures: ► Tests of details to assess the quality and completeness of the technical and management accounting information on the projects developed by the venture capital entities in which the Group invests, and on the treatment given to it by the Institute's management. ► Analytical procedures to test the consistency of the valuation of these investments with the profitability of the entities and the general trends of the markets in which they operate. Finally, we have evaluated whether the accompanying consolidated financial statements include the information required by the regulatory framework for financial information applicable to the Group.

Valuation of venture capital investments

Description	The continuity of the Group's business processes is highly dependent on its technological infrastructure, which is outsourced to a service provider. Access rights to the different systems are granted to the Group's employees to allow them to develop and fulfil their responsibilities. These access rights are important because they are designed to ensure that changes to applications are authorized, monitored and implemented appropriately, and are key controls to mitigate the potential risk of fraud or error as a result of application changes.
Our response	Within the context of our audit, with the collaboration of our IT specialists, we have evaluated the general controls of the information systems relevant to the preparation of financial information. Thus, our work has consisted, fundamentally, in testing general controls of access to the systems, management of changes and development of the applications, and their security, as well as the application controls established in the key processes for the financial information. Among other procedures, we have reviewed the independent expert's report on the description of controls, design and operational effectiveness in technological environment (ISAE-3402) corresponding to the fiscal year 2023, issued by an independent expert, from whom we have obtained confirmation of his training, technical capacity and objectivity.

Other information: consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the Institute’s directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the consolidated management report with the consolidated financial statements based on the knowledge of the entity we obtained while auditing the consolidated financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Directors' responsibilities for the consolidated financial statements

The directors are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with the regulatory framework for financial information applicable to the company in Spain, identified in Note 1.b to the accompanying consolidated financial statements, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Institute regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Institute's directors, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.

(Signed in the original report in Catalan)

Albert Fernández Chafer

April 25, 2024

CONSOLIDATED FINANCIAL STATEMENTS ICF GROUP

(Translation from the original Consolidated Financial Statements issued in Catalan. In the event of discrepancy, the Catalan-language version prevails)

INSTITUT CATALÀ DE FINANCES GROUP

CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2023 and 2022 (in thousands of Euros)

ASSETS	Note	31/12/2023	31/12/2022*	LIABILITIES AND EQUITY	Note	31/12/2023	31/12/2022*
				LIABILITIES			
Cash, deposits in central banks and other on-demand deposits	5	**58,995**	**79,479**	**Financial liabilities held for trading**		**-**	**-**
				Derivatives		-	-
Financial assets at fair value through other comprehensive income	6	**401,152**	**404,261**	**Financial liabilities at fair value through other comprehensive income**	14	**1,481,891**	**1,484,428**
Equity instruments		197,351	182,907	Deposits		1,398,123	1,373,148
Debt securities		203,801	221,354	Credit institutions		1,067,471	1,092,218
				Customer funds		330,652	280,930
Financial assets at amortised cost	7	**1,979,815**	**1,894,346**	Debt securities issued		78,654	105,697
Loans and advances		1,979,815	1,894,346	Other financial liabilities		5,113	5,583
Central banks		-	-				
Credit institutions		30,216	15,468				
Customers		1,949,599	1,878,878	**Derivatives – hedge accounting**	8	**-**	**-**
				Changes in the fair value of the hedged items in a portfolio covered against interest rate risk		**-**	**-**
				Provisions	15	**3,341**	**3,657**
Derivatives – hedge accounting	8	**16,687**	**20,899**				
				Changes in the fair value of the hedged		2,459	2,775
Changes in the fair value of the hedged items in a portfolio covered against interest rate risk		**(15,172)**	**(20,155)**				
				Other provisions		882	882
Investments in joint ventures and associates	10	**7,482**	**7,621**	**Tax liabilities**	20	**1,280**	**1,200**
				Current tax liabilities		596	332
Associated entities		7,482	7,621	Deferred tax liabilities		684	869
Tangible assets	11	**68,328**	**69,029**	**Other liabilities**	16	**115,164**	**119,392**
Property, plant and equipment		10,504	10,330				
Investment property		57,824	58,699	**TOTAL LIABILITIES**		**1,601,675**	**1,608,677**
Intangible assets	12	**2,065**	**2,449**	**EQUITY**			
Other intangible assets		2,065	2,449				
				Own funds	19	**997,786**	**948,360**
Tax assets	20	**64,105**	**74,717**	Capital		693,149	693,149
Current tax assets		5,308	5,325	Paid-up capital		693,149	693,149
Deferred tax assets		58,797	69,392	Cumulative earnings		252,215	225,054
				Other reserves		2,890	2,758
Other assets	13	**40,070**	**53,937**	Reserves from joint ventures and associates		2,890	2,758
Rest of other assets		40,070	53,937	Profit/(loss) attributable to equity holders of the parent		49,531	27,399
				Accumulated other comprehensive income	18	**32,602**	**40,784**
				Items that are not reclassified to profit or loss		36,945	50,725
Non-current assets and disposal groups held for sale	9	**8,535**	**11,239**				
				Changes in fair value of equity instruments through profits/(loss)		36,945	50,725
				Items that can be reclassified to profit or loss		(4,343)	(9,941)
				Derivative hedging instruments Cash flow hedging		-	-
				Changes in fair value of debt instruments		(4,343)	(9,941)
				TOTAL EQUITY		**1,030,388**	**989,145**
TOTAL ASSETS		**2,632,063**	**2,597,822**	**TOTAL LIABILITIES AND EQUITY**		**2,632,063**	**2,597,822**
PRO MEMORIA: OUT-OF-BALANCE EXHIBITIONS							
Financial guarantees granted	**21**	89,919	114,149				
Loan commitments granted	**21**	307,551	320,733				

* Presented solely and exclusively for comparative purposes.

Notes 1 to 35 to these financial statements and the appendixes I, II and III form an integral part of the consolidated balance sheet on December 31, 2023.

INSTITUT CATALÀ DE FINANCES GROUP

CONSOLIDATED PROFIT AND LOSS ACCOUNTS CORRESPONDING TO THE YEARS ENDED ON DECEMBER 31, 2023 AND 2022 (in thousands of Euros)

	Note	Exercise 2023	Exercise 2022*
Interest income	22	104,514	53,862
Financial assets at fair value with changes to other accumulated global results		3,429	1,825
Financial assets at amortized cost		101,085	52,037
(Interest expenses)	23	(39,566)	(12,697)
A) INTEREST MARGIN		**64,948**	**41,165**
Dividend income	6	752	7,372
Commission income	24	4,674	3,191
(Commission expenses)	25	(2,685)	(2,964)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	26	-	76
Gains or (-) losses from assets and liabilities held for trading, net	8.2	-	1,598
Gains or (-) losses from hedge accounting, net	8	213	129
Exchange rate differences [gains or (-) losses], net		(16)	29
Other operating income	27	20,692	17,751
Other operating expenses	28	(1,710)	(2,311)
B) OPERATING PROFIT, NET		**86,869**	**66,037**
(Administrative expenses)		(13,773)	(12,168)
(Personnel expenses)	29	(8,084)	(7,578)
(Other administrative expenses)	30	(5,689)	(4,590)
(Depreciation and amortisation)	31	(2,412)	(2,816)
(Provisions or (-) reversal of provisions)	15	267	249
(Impairments or (-) or reversals of impairments to financial assets not recognised at fair value through profit or loss)		(4,643)	(24,697)
(Financial assets at fair value through other comprehensive income)	32	-	-
(Financial assets at amortised cost)	32	(4,643)	(24,697)
C) OPERATING MARGIN		**66,307**	**26,606**
Gains or (-) losses on non-current assets and disposal groups classified as held for sale not eligible as discontinued operations	33	1,907	5,272
D) GAINS OR (-) LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		**68,214**	**31,878**
Gains or (-) losses on income tax from continuing operations	20	(18,683)	(4,480)
E) GAINS OR (-) LOSSES AFTER TAXES FROM CONTINUED ACTIVITIES		**49,531**	**27,399**
F) CONSOLIDATED PROFIT FOR THE YEAR		**49,531**	**27,399**

* Presented solely and exclusively for comparative purposes.

Notes 1 to 35 in these financial statements and the appendixes I, II and III form an integral part of the consolidated income statement for 2023.

INSTITUT CATALÀ DE FINANCES GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (in thousands of Euros)

A) Consolidated recognized income and expenditure statements for the years ended December 31, 2023 and 2022:

	Exercise 2023	Exercise 2022*
Profit or (-) loss for the year	**49,531**	**27,399**
Other comprehensive income	**(8,287)**	**(11,321)**
Items that will not be reclassified to profit or loss	**(13,886)**	**(2,912)**
Actuarial gains or (-) losses on defined benefit plans	-	-
Non-current assets and disposal groups held for sale	-	-
Share in other recognised income and expenses of investments in joint ventures and associates	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	(13,886)	(2,912)
Fair value changes of financial liabilities at fair value through profit or loss that is attributable to changes in the credit risk	-	-
Income tax related to items that will not be reclassified	-	-
Items that can be reclassified to profit or loss	**5,598**	**(8,408)**
Hedge of net investments in foreign operations [effective portion]	-	-
Revaluation gains/(losses) recognised in equity	-	-
Amount transferred to profit or loss	-	-
Other reclassifications	-	-
Foreign currency translation	-	-
Gains or (-) losses on foreign currency translation recognised in equity	-	-
Amount transferred to profit or loss	-	-
Other reclassifications	-	-
Cash flow hedges [effective portion]		1,689
Revaluation gains/(losses) recognised in equity	-	-
Amount transferred to profit or loss	-	1,689
Amounts transferred to the initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments	-	-
Revaluation gains/(losses) recognised in equity	-	-
Amount transferred to profit or loss	-	-
Other reclassifications	-	-
Debt instruments at fair value through other comprehensive income	7,278	(13,118)
Revaluation gains/(losses) recognised in equity	7,278	(13,091)
Amount transferred to profit or loss	-	(27)
Other reclassifications	-	-
Non-current assets and disposal groups held for sale	-	-
Revaluation gains/(losses) recognised in equity	-	-
Amount transferred to profit or loss	-	-
Other reclassifications	-	-
Income tax related to items that can be reclassified to profit or loss	(1,679)	3,021
Total comprehensive income for the year	**41,244**	**16,079**

* Presented solely and exclusively for comparative purposes.

Notes 1 to 35 in these financial statements and the appendixes I, II and III form an integral part of the consolidated statement of recognised income and expense for 2023.

B) Total statements of changes in consolidated equity for the years ended December 31, 2023 and 2022:

Statement for the year ended on December 31, 2023	Capital	Cumulative earnings		Joint business reserves	(-) Treasury shares	Profit/(loss) attributable to equity holders of the parent	(-) Interim dividend	Other accumulated comprehensive income	Total
		Voluntary reserves	Capitalisation reserves						
Sources of changes in equity									
Opening balance [December 31, 2022]	**693,149**	**213,215**	**11,839**	**2,758**	**-**	**27,399**	**-**	**40,784**	**989,145**
Effects of error correction	-	-	-	-	-	-	-	-	-
Effects of changes on accounting policies	-	-	-	-	-	-	-	-	-
Adjusted opening balance [December 31, 2022]	**693,149**	**213,215**	**11,839**	**2,758**	**-**	**27,399**	**-**	**40,784**	**989,145**
Total overall result for the year	**-**	**-**	**-**	**-**	**-**	**49,531**	**-**	**(8,287)**	**41,244**
Other variations in equity	**-**	**34,908**	**(7,747)**	**132**	**-**	**(27,399)**	**-**	**105**	**-**
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of preferred shares	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of shares	-	-	-	-	-	-	-	-	-
Own	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity components	-	35,145	(7,747)	-	-	(27,399)	-	-	-
Reduction of financial assets at fair value with changes in other overall results (note 6)	-	-	-	-	-	-	-	-	-
Action-based payments	-	-	-	-	-	-	-	-	-
Other increases or (-) decreases in wealth, clean	-	(237)	-	132	-	-	-	105	-
Closing balance [December 31, 2023]	**693,149**	**248,123**	**4,092**	**2,890**	**-**	**49,531**	**-**	**32,602**	**1,030,388**

Statement for the year ended 31 December 2022	Capital	Cumulative earnings		Joint business reserves	(-) Treasury shares	Profit/(loss) attributable to equity holders of the parent	(-) Interim dividend	Other accumulated comprehensive income	Total
		Voluntary reserves	Capitalisation reserves						
Sources of changes in equity									
Opening balance [December 31, 2021]	**693,149**	**177,051**	**11,839**	**2,790**	**-**	**36,419**	**-**	**52,105**	**973,353**
Effects of correction of errors	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Adjusted opening balance [December 31, 2021]	**693,149**	**177,051**	**11,839**	**2,790**	**-**	**36,419**	**-**	**52,105**	**973,353**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**27,399**	**-**	**(11,321)**	**16,079**
Other changes in equity	**-**	**36,164**	**-**	**(32)**	**-**	**(36,419)**	**-**	**-**	**(287)**
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Issue of preferred shares	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-
Capital decrease	-	-	-	-	-	-	-	-	-
Dividends (or remuneration of shareholders)	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury	-	-	-	-	-	-	-	-	-
shares	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	36,419	-	-	-	(36,419)	-	-	-
Derecognition of financial assets at fair value through other comprehensive income (Note 7)	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Other increases or (-) decreases in equity	-	(255)	-	(32)	-	-	-	-	(287)
Closing balance [December 31, 2022]	**693,149**	**213,215**	**11,839**	**2,758**	-	**27,399**	-	**40,784**	**989,145**

* Presented solely and exclusively for comparative purposes.

Notes 1 to 35 in these financial statements and the appendixes I, II and III form an integral part of the consolidated statement of total changes in equity on December 31, 2023.

INSTITUT CATALÀ DE FINANCES GROUP
CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED
ON DECEMBER 31, 2023 and 2022

	Exercise 2023	Exercise 2022*
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(23,783)**	**13,708**
Profit (loss) for the year	**49,531**	**27,399**
Adjustments to obtain cash flows from operating activities	(6,450)	14,809
Amortization	2,412	(1,900)
Other settings	(8,862)	16,709
Net increase/decrease in operating assets	(77,744)	81,880
Financial assets held for trading	-	-
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value with changes in other comprehensive income	(36,378)	40,963
Financial assets at amortized cost	(41,335)	39,234
Other operating assets	31	1,683
Net increase/decrease in operating liabilities	19,737	(94,609)
Financial liabilities held for trading	-	(1,598)
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortized cost	20,130	(89,158)
Other operating liabilities	(393)	(3,853)
Collections/Payments for Income Tax	(8,857)	(15,771)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES	**3,283**	**1,354**
Payments	(1,328	(1,127)
Tangible assets	(539)	(666)
Intangible assets	(789)	(461)
Investments in dependents, joint ventures and associates	-	-
Other business units	-	-
Non-current assets and liabilities that have been classified as held for sale	-	-
Investments held until maturity	-	-
Other payments related to investment activities	-	-
Amounts received	4,611	2,481
Tangible assets	-	-
Intangible assets	-	-
Investments in subsidiaries, joint ventures and associates	-	-
Other business units	-	-
Non-current assets and associated liabilities held for sale	2,704	2,481
Held-to-maturity investments	-	-
Other payments related to investment activities	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**-**
Payments	-	-
Dividends	-	-
Subordinate liabilities	-	-
Amortization of equity instruments	-	-
Acquisition of equity instruments	-	-
Other payments related to financing activities	-	-
Collections	-	-
Subordinate liabilities	-	-
Issuance of equity instruments	-	-
Sale of equity instruments	-	-
Other collections related to financing activities	-	-
D) EFFECT OF EXCHANGE RATE CHANGES	**(16)**	**(29)**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(20,484)**	**15,034**
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**79,479**	**64,445**
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**58,995**	**79,479**
CASH AND CASH EQUIVALENTS ITEMS AT THE END OF THE PERIOD		
Cash	-	-
Cash equivalents in central banks	-	-
Other financial assets	58,995	79,479
Less: bank overdrafts repayable on demand		

* Presented solely and exclusively for comparative purposes.

Notes 1 to 35 in these financial statements and the appendixes I, II and III form an integral part of the consolidated statement of cash flows on December 31, 2023.

Institut Català de Finances and companies comprising the Institut Català de Finances Group

Notes to the Consolidated Financial Statements for the year ended on December 31, 2023

1. Introduction, basis of presentation of the consolidated financial statements and other disclosures

a) Nature of the Entity and the Group

The Institut Català de Finances (hereinafter the Institute, the Entity or the ICF) is a public financial institution with its own legal personality subject to the private legal system, wholly owned by the Generalitat de Catalunya. The regulatory governing of the Institute are found in Legislative Decree 1/2022, of July 26, which approves the revised text of the Law of the Institut Català de Finances.

The Institut Català de Finances has its own assets and treasury and acts to fulfil its functions with organic, financial, patrimonial, functional and managerial autonomy with full independence from public administrations.

The Institut Català de Finances is subject to the specific regulations of credit institutions and, therefore, is subject only to the basic public regulations and to those dictated by the regulatory bodies of the European Union that apply to it, taking into account its special activity and nature. The Institute must prepare its annual accounts and record its operations in accordance with the accounting criteria and standards established for credit institutions.

On 1 August 2011, by virtue of Law 7/2011, of 27 July, on fiscal and financial measures, the ICF merged by absorption the Catalan Institute of Agricultural Credit (hereinafter, the ICCA). Its corporate purpose, which was integrated from the effective date of merger into the ICF's activity, was to finance investments in productive assets of owners of holdings or companies in the agricultural, fishing and agri-food sector. Likewise, on December 20, 2013, the global transfer of the assets and liabilities of Institut Català de Finances Holding SAU was signed in favour of its sole shareholder, the Institut Català de Finances.

The Institut Català de Finances acts as head of the Institut Català de Finances Group (hereinafter the Group or the ICF Group). At 31 December 2023 and 2022, the following subsidiaries are part of it, 100% owned by it directly or indirectly:

- Instruments Financers per a Empreses Innovadores, S.L. Sociedad Unipersonal (hereinafter IFEM) was incorporated by public deed on December 12, 2008. The corporate purpose of the company will consist of the management of public programs agreed with both the Generalitat de Catalunya and with the European Union and the Spanish State, in the broadest sense. The company will execute its corporate purpose through the financial instruments it deems appropriate, both for investment, financing and guarantee, including the holding and management of financial holdings, in guarantee companies, companies and venture capital funds and shares in other public or private companies, as well as the granting of financing and investment, both directly and indirectly through financial intermediaries.

The ICF agreed on May 31, 2023 to cede to IFEM the tasks of implementing the financial instruments of the Operational Program of Catalonia ERDF 2014-2020, as well as all the rights and obligations derived from its status as executing entity of these instruments, including all contracts of the Eurocredit loan line.

The transfers were formalized during the month of September through a non-cash contribution to IFEM, which was complemented by a monetary contribution, and which led to the corresponding capital increase, for a total amount of 175,000 thousand euros (156,263 thousand euros correspond to the value of the economic rights derived from the Eurocredit loan facility and 18,737 thousand euros to the monetary contribution). The increase in the capital of IFEM by the ICF, its sole partner, led to the creation of 1,750,000 new shares and the modification of the bylaws of IFEM, to reflect the new figure of the share capital after the capital increase, which is set at 225,000 thousand euros.

- Institut Català de Finances Capital S.G.E.I.C., S.A. Sociedad Unipersonal (hereinafter ICF Capital), was incorporated indefinitely on February 26, 2011 and is subject to Circular 1/2021, of March 25, of the National Securities Market

Commission, regulating Management Companies of Venture Capital Entities, as well as current legislation in relation to this type of Companies such as Law 22/2015, of November 12, and failing that, Royal Decree-Law 1/2011, of July 2, which approves the revised text of the Capital Companies Law. The corporate purpose and its main activity is the administration and management of Venture Capital Funds and assets of Venture Capital Companies. It is a single-person company, its only partner being the Institut Català de Finances.

- Capital MAB, F.C.R. (hereinafter, Capital MAB) is a venture capital fund incorporated on February 27, 2012, with prior authorization from the National Securities Market Commission granted on February 17, 2012. On 2 March 2012, the National Securities Market Commission registered the fund in its administrative register of venture capital funds under number 134. Initially, the duration of the Fund was 10 years, extendable to 12 years. On September 27, 2021, it was extended to 12 years. On December 31, 2018, the investment period ended.

- Capital Expansió, F.C.R. (hereinafter, Capital Expansió) is a venture capital fund established on July 20, 2012, with prior authorization from the National Securities Market Commission granted on July 6, 2012. On 26 July 2012, the Comisión Nacional del Mercado de Valores registered the fund in its administrative register of Venture Capital Funds under number 136. Initially, the duration of the Fund was 10 years, extendable to 12 years. On September 27, 2021, it was extended to 12 years. On December 31, 2018, the investment period ended.

- ICF Venture Tech II, F.C.R.E. (hereinafter, ICF Venture Tech II) is a venture capital fund registered on June 28, 2019 in the administrative registers of European Venture Capital Funds of the National Securities Market Commission under number 11 and, constituted, based on prior authorization granted on June 21, 2019 by the same body. The duration of the Fund is 10 years, extendable to a maximum of 12 years.

- ICF Capital Expansió II, F.C.R.E. (hereinafter, ICF Capital Expansió II) is a venture capital fund registered on June 28, 2019 in the administrative registers of European Venture Capital Funds of the National Securities Market Commission under number 11 and, constituted, based on prior authorization granted on June 21, 2019 by the same body. The duration of the Fund is 10 years, extendable to a maximum of 12 years.

The registered office is located at Gran Via de les Corts Catalanes, 635 in Barcelona.

These consolidated annual accounts of the ICF Group for the year ended December 31, 2023 have been formulated by the Governing Board on March 20, 2024, and are pending approval by the Government; however, the Governing Board understands that they will be approved without changes. The consolidated annual accounts of the ICF Group for the year ended December 31, 2022 were approved by the Government on June 20, 2023.

b) Bases for presenting consolidated annual accounts

In accordance with the applicable regulations, the consolidated ICF Group presents the consolidated annual accounts for the year ended 31 December 2023 in accordance with Circular 4/2017 of the Bank of Spain, of 27 November, to credit institutions, on the rules of public and reserved financial information and models of financial statements (the "Circular 4/2017") and its subsequent amendments, which constitute the development and adaptation to the Spanish credit institution sector of the International Financial Reporting Standards approved by the European Union ("IFRS-EU"), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards.

The consolidated annual accounts of the ICF Group for the year ended December 31, 2023 have been prepared taking into account all applicable accounting principles and standards and mandatory assessment criteria so that they show, in all significant aspects, the true picture of the ICF Group's assets and financial situation at 31 December 2023, as well as the results of its operations and cash flows, all of them consolidated, for the year ended on that date, in accordance with the regulatory framework for financial information that is applicable mentioned above and, in particular, with the accounting principles and criteria contained therein.

Note 2 summarizes the most significant accounting principles and policies and assessment criteria applied in the preparation of the ICF Group's consolidated annual accounts for the year ended December 31, 2023.

The consolidated annual accounts have been prepared based on accounting records maintained by the Institut Català de Finances and the other companies that make up the Group. However, and given that the accounting principles and valuation criteria applied in the preparation of the Group's consolidated annual accounts for 2023 may differ from those used by some of the entities integrated therein, the necessary adjustments and reclassifications have been introduced in the consolidation process to standardise these principles and criteria and to adapt them to the accounting regulations applied by the Group.

c) Responsibility for information and estimates made

In the consolidated annual accounts of the ICF Group for fiscal year 2023, estimates have occasionally been used to quantify some of the assets, liabilities, income, expenses and commitments recorded in them. Basically, these estimates relate to:

- Impairment losses on certain assets (see notes 6, 7, 8, 9).
- The useful life of tangible and intangible assets (see notes 11 and 12).
- Litigation provisions (note 15).
- The fair value of certain unlisted financial assets (see note 17).
- Deferred tax recovery of assets (see note 20).

While the estimates described above are made based on the best information available as of December 31, 2023 on the facts analysed, it is possible that events that may take place in the future will force them to be modified (upwards or downwards) in the coming years; which would be done prospectively recognizing the effects of change of estimate on the balance sheet and profit and loss account, in accordance with the nineteenth rule of Circular 4/2017.

d) Comparison of information

The figures for the 2022 financial year included in the accompanying consolidated financial statements for fiscal year 2023 are presented solely and exclusively for comparative purposes.

e) Environmental impact

Given the activity to which it operates, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to the Group's assets, financial situation and results. For this reason, the report of the Group's consolidated annual accounts does not include specific breakdowns with respect to information on environmental issues.

However, as a public financial institution, the ICF Group has ethical and responsible management as its raison d'être. For this reason, it works to promote financing with a positive impact on both society and the environment, always ensuring sustainable development. Likewise, it has integrated transversal ESG (environmental, social and good governance) criteria into its management model, which is reflected in its activity, products, work systems and initiatives.

2. Accounting principles and policies and valuation criteria applied

In the preparation of the Group's consolidated annual accounts for 2023, the following accounting principles and policies and assessment criteria have been applied:

a) Consolidation principles

The consolidated annual accounts have been drawn up applying the method of global integration to subsidiaries and the method of participation in associated companies.

Subsidiaries

"Subsidiary Entities" are considered to be those over which the Group has the capacity to exercise control. It is understood that this capacity exists when:

- The Group has the power to direct the relevant activities of the investee;
- The Group has practical capacity to exercise this power in order to influence its performance;
- Due to the Group's involvement, it is exposed to or entitled to variable returns from the investee entity.
- Any fact or circumstance that may affect the evaluation of whether or not there is control as well as the analyses described in the guides for the application of the reference regulations, for example, that a

direct or indirect participation of more than 50% of the voting rights of the entity being evaluated is maintained.

When the facts and circumstances indicate that there have been changes in any of the three previous conditions, the Group reassesses its capacity to control the investee.

In acquiring control of a subsidiary entity, the Group applies the acquisition method provided for in the regulatory framework, with the exception of an acquisition of an asset or group of assets.

The annual accounts of subsidiaries are consolidated, without exception for reasons of activity, with those of the Institute by application of the global integration method, which consists of the aggregation of assets, liabilities and equity, income and expenses, of a similar nature, that appear in the individual annual accounts. The book value of direct and indirect shareholdings in the capital of subsidiaries is eliminated with the fraction of the equity of the subsidiaries they represent. All other balances and transactions are eliminated in the consolidation process. The consolidation of the profits generated by subsidiaries in the year is carried out by the amount of the result from the date of acquisition.

Those companies that are part of the venture capital activity are not considered subsidiaries, since in accordance with the Management Regulations of Venture Capital Funds and Companies the Institute does not have control over their management, with the only exceptions of Capital MAB F.C.R., Capital Expansió F.C.R., ICF Venture Tech II, F.C.R.E. and ICF Capital Expansió II, F.C.R.E., with a 100% stake by the Institute and managed by ICF Capital S.G.E.I.C. S.A.U.

Associated entities

They are entities over which the Group, directly or indirectly, has a significant influence and are not subsidiaries or multigroup. The significant influence is evident, among others, in the following situations:

a) Representation on the board of directors or equivalent management body of the investee entity.
b) Participation in the policy-setting process, including those related to dividends and other distributions.
c) Existence of significant transactions between the Group and the investee.
d) Exchange of senior management personnel.
e) Provision of essential technical information.

The analysis to determine whether there is significant influence on an investee will also take into account the importance of investment in the investee, the seniority of the investee's governing bodies and the existence of potential convertible voting rights at the date of analysis. In most cases, significant influence is considered to exist when the Group has a stake equal to or greater than 20% of the voting rights of the investee entity.

Associated entities are not considered to be companies that form part of venture capital activity, given that, in accordance with the Management Regulations of Venture Capital Funds and Companies, they do not have significant influence on their management. These holdings are presented under the heading "Financial assets at fair value with changes to other accumulated global results".

In the consolidated annual accounts, the associated entities are assessed using the "participation method", i.e. by the fraction of their net equity representing the Group's share in its capital, once the dividends received and other capital eliminations have been considered. In the case of transactions with an associated entity, the corresponding losses and gains are eliminated as a percentage of the Group's share in its capital.

Annex II of this report presents details of the companies considered subsidiaries and associates of the Group, together with certain significant information about them.

b) Instruments financers

Initial registration

Financial instruments are initially recorded on the balance sheet when the Group becomes part of the contract originating them, in accordance with its conditions. The most common financial credits and deposits, assets and liabilities, are recorded from the date on which the legal right to receive or the legal obligation to pay, respectively, cash arises. Financial derivatives, in general, are recorded on the date of their contracting.

With regard to transactions involving the purchase and sale of financial assets instrumented through conventional contracts, which cannot be settled by difference, they are recorded from the date on which the benefits, risks, rights and duties inherent to all owners belong to the buyer. This date, depending on the type of financial asset purchased or sold, may be the contracting date or the settlement or delivery date. In particular, transactions carried out on the spot currency market are recorded on the settlement date; Transactions carried out with capital instruments traded on secondary Spanish securities markets are recorded on the contracting date, and transactions carried out with debt instruments traded on secondary Spanish securities markets are recorded on the settlement date.

Deregistration of financial instruments

A financial asset is totally or partially delisted on the balance sheet when contractual rights over the cash flows it generates expire or when it is transferred. The transfer of the asset must entail the substantial transmission of its risks and benefits or the transmission of its control, in those cases where there is no transfer of those (see Note 2.f).

On the other hand, a financial liability is totally or partially delisted from its balance sheet when the obligations it generates have been extinguished or when it is acquired by the Group.
Fair value and amortized cost

In their initial record on the balance sheet, all financial instruments are recorded at their fair value, which, if there is no evidence to the contrary, is the transaction price. Then, on a given date, the fair value of a financial instrument corresponds to the amount for which it could be delivered, if it is an asset, or liquidated, if it is a liability, in a transaction carried out between interested parties, informed in the matter, acting under conditions of mutual independence. The most objective and usual benchmark of the fair value of a financial instrument is the price that would be paid for it in an organised, transparent and deep market ("quote price" or "market price").

When there is no market price for a particular financial instrument, in order to estimate its fair value, the price established in recent transactions of similar instruments and, failing that, valuation models sufficiently verified by the international financial community are used; taking into account the specific peculiarities of the instrument to be assessed and, especially, the different types of risks that the instrument is associated with.

The fair value of financial derivatives traded on organised, transparent and deep markets included in the trading portfolio is assimilated to their daily trading and if, for exceptional reasons, their quotation cannot be established on a specific date, they are used to value them using methods similar to those used to value derivatives not traded on organised markets.

The fair value of derivatives not traded on organized markets or traded on shallow or transparent organized markets is determined by methods recognized by financial markets, such as "net present value" (NPV) or options pricing models.

However, for certain financial assets and liabilities, the criterion for recognising the balance sheet is amortised cost. This criterion applies to financial assets included in "Financial assets at amortised cost", and with regard to financial liabilities, to those registered as "Financial liabilities at amortised cost".

Amortized cost is understood as the acquisition cost of a financial asset or liability corrected (in more or less, as the case may be) for the repayments of the principal and the part systematically attributed to the profit and loss account, using the effective interest rate, of the difference between the initial cost and the corresponding redemption value at maturity. In the case of financial assets, the amortised cost also includes corrections in their value caused by their deterioration.

The effective interest rate is the updated interest rate that exactly equals the initial value of a financial instrument to all of its estimated cash flows for all items during its remaining life. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of acquisition, adjusted, where appropriate, for initial premiums and discounts, fees that, by their nature, are comparable to an interest rate and transaction costs. In variable-rate financial instruments, the effective interest rate coincides with the current rate of return for all items until the first review of the reference interest rate that may occur.

As indicated above, certain assets and liabilities are recorded on the balance sheet, where appropriate, at their fair value, such as "Financial assets at fair value with changes in other comprehensive income" and "Derivatives".

Part of the assets and liabilities of these chapters are included in one of the fair value micro-hedging managed by the Group and that, therefore, their book value is adjusted to include their fair value corresponding to the covered risk.

The ICF Group considers that the fair value of assets and liabilities as a result exclusively of market interest rate movements will not be significantly different from that recorded on the balance sheet (see note 3.1).

With respect to the fair value of assets classified in the "Tangible Assets" balance sheet chapter, Note 11 is reported.

Classification and valuation of financial assets and liabilities

Financial instruments not included in the categories mentioned below are recorded in one of the following chapters of the balance sheet attached: "Cash, cash balances in central banks and other demand deposits", "Derivatives – hedge accounting" and "Investments in dependents, joint ventures and associates". All other financial instruments are presented on the balance sheet in accordance with the following categories:

- **Financial assets at amortized cost:** Financial assets should be classified in this category when managed with a business model whose objective is to maintain financial assets to receive contractual cash flows, and their contractual conditions give rise to cash flows on specified dates, which are only payments of principal and interest on the outstanding principal amount**.** This category includes "Loans and advances" and "Securities representative of debt":

    - **Loans and receivables:** This chapter includes financing granted to third parties originating from typical credit and loan activities carried out by the Group, specific debts to this party of buyers of goods and users of the services they provide and to securities representative of debt not listed or listed on markets that are not sufficiently active. The assets are initially valued at their fair value, adjusted for the amount of fees and transaction costs that are directly attributable to the acquisition of the financial asset, which are attributed to the profit and loss account using the effective interest rate method until maturity. Subsequently, they are valued at amortized cost, in accordance with what is described above in this same note.

      Assets purchased at discount are accounted for by the cash paid. The difference between the redemption value and the cash paid out is recognized as financial income in the profit and loss account for the period remaining until maturity.

      The returns accrued from these operations are recorded in the "Interest income" chapter of the profit and loss account and are calculated using the effective interest rate method. Exchange rate differences for securities denominated in currencies other than the euro are recorded as described in Note 2.d. Impairment losses, if any, are recorded in accordance with the provisions of Note 2.g. Finally, variations in the fair value of financial assets covered in fair value hedging transactions are valued as described in Note 2.c.

    - **Securities representative of debt:** This chapter includes the debt securities that are traded on an active market with a precise maturity date and give rise to payments on date and for fixed or predeterminable amounts, and on which the intention and demonstrated capacity is held to hold them until maturity.

      They are valued by their amortized cost, using the effective interest rate method in their determination.

- **Financial assets at fair value with changes in other comprehensive income:** Financial assets should be classified in this category when managed with a business model whose objective combines the perception of contractual cash flows of financial assets and their sale, and whose contractual conditions give rise to cash flows on specified dates, which are only payments of principal and interest on the amount of outstanding principal.

  This category includes capital instruments owned by the Group corresponding to entities that are not subsidiaries or associated, as well as debt instruments not classified as financial assets at amortised cost. The instruments included in this category are initially valued at their fair value, adjusted for the amount of transaction costs that are directly attributable to the acquisition of the financial asset. After their acquisition, financial assets included in this category are valued at their fair value.

  Changes in the fair value of debt instruments classified in this category are counted as counterparty under the heading "Equity. Other cumulative overall results. Changes in the fair value of debt instruments valued at fair value with changes in other comprehensive income" until such time as the financial asset is delisted or there is evidence of impairment. At this time the balance recorded in equity is taken to the profit and loss account, in the chapter "Impairment of value or reversal of impairment of value and gains and losses due to modifications of cash flows of financial assets not valued at fair value through profit or loss". In relation to the securities representative of debt, the valuation is made on the basis of quotation on organized markets, considering that there is evidence of deterioration when the market value is less than 60% of the cost value.

In the particular case of shares in companies and venture capital funds without official listing, they are valued at their fair value, recording in the equity the result of variations of such fair value, unless this implies a decrease in value of less than 10% and linked to the management expenses of the first years of operation of the vehicles. When the results are materialised, the value adjustments are reclassified against the item "Accumulated earnings" within the Group's Own Funds.

The returns received from Companies and Venture Capital Funds corresponding to accrued dividends are recorded as a counterparty under the heading "Dividend income" in the profit and loss account.

- **Financial liabilities at amortized cost:** This chapter includes financial liabilities that have not been classified as trading portfolio. The balances recorded correspond to the typical fundraising activity of credit institutions; regardless of its form of instrumentalization and its maturity period.

  Initially, they are valued at their fair value, adjusted for the amount of transaction costs that are directly attributable to the issuance of financial liabilities, which are attributed to the profit and loss account using the effective interest rate method until maturity. Subsequently, they are valued at amortized cost, in accordance with what is described above in this same note.

  The returns accrued from financial liabilities at amortized cost are recorded in the "Interest expenses" chapter of the profit and loss account. Exchange differences for liabilities denominated in currencies other than the euro are recorded as described in Note 2.d. Variations in the fair value of financial liabilities covered in fair value hedging transactions are assessed as described in Note 2.c.

Additionally, Circular 4/2017 establishes the following category of financial instruments: "Financial assets and liabilities held for trading". During the financial years 2023 and 2022, the Group has neither liabilities nor assets classified in this category, corresponding exclusively to derivative instruments that do not qualify to be considered accounting coverage.

Reclassifications between portfolios

Only if the Group decides to change its business model for the management of financial assets would it reclassify all the financial assets affected according to the requirements set forth in Circular 4/2017. This reclassification would be done prospectively from the date of reclassification. In accordance with the approach of Circular 4/2017, in general, changes in the business model occur very infrequently.

c) Derivative instruments and hedging

The ICF Group uses financial derivatives as a financial risk management tool (Note 3). When these operations meet certain requirements, they are considered as "hedging".

When the ICF Group designates an operation as a hedge, it documents the operation appropriately, in accordance with current regulations. The documentation of these hedging operations correctly identifies the covered instrument or instruments and the hedging instrument or instruments, as well as the nature of the risk to be covered, as well as the criteria or methods followed by the ICF Group to assess the effectiveness of the coverage throughout the duration of the same, taking into account the risk that is trying to be covered.

The ICF Group considers hedging operations to be those that are highly effective. A hedge is highly effective if, during the expected period of its duration, variations in fair value or cash flows attributed to the risk covered in the hedging operation are practically entirely offset by variations in fair value or cash flows, depending on the case, the instrument or instruments of coverage.

To measure the effectiveness of hedging operations, the Institute analyses whether, from the beginning to the end of the term defined by the hedging operation, it can be prospectively expected that changes in the fair value or cash flows of the hedging item attributable to the covered risk will be almost entirely offset by changes in fair value or cash flows, as the case may be, of the hedging instrument or instruments and that, retrospectively, the coverage complies with the conditions established in standard 31 of Circular 4/2017 that adapts to the IFRS 9 regime, paragraph 6.4.1, not requiring that the results range within a range of variation of eighty to one hundred and twenty-five percent with respect to the result of the covered consignment.

The hedging operations carried out by the ICF Group are classified into the following categories:

- Fair value hedging, covering exposure to variations in the fair value of financial assets and liabilities or firm commitments not yet recognised, or an identified portion of such assets, liabilities or firm commitments, attributable to a particular risk and provided they affect the profit and loss account.
- Cash flow hedging, which covers variations in cash flows attributed to a particular risk associated with a financial asset or liability or a highly likely planned transaction, provided that it may affect the profit and loss account.

With regard specifically to financial instruments designated as covered items and accounting hedge, valuation differences are recorded according to the following criteria:

- In fair value hedging, the differences produced both in the hedging elements and in the hedged elements – in terms of the type of risk covered – are recognized directly in the profit and loss account.
- Cash flow hedging: the Group recognises as recognised income and expenses in equity losses and gains from the fair value valuation of the hedging instrument that correspond to the party identified as effective hedge. In the hedges of planned transactions that give rise to the recognition of a financial asset or liabilities, the associated losses or gains that have been recognized in equity, are reclassified into profit and loss in the same year or years during which the acquired asset or liabilities assumed affect the result, and in the same item of the profit and loss account.

The differences in the valuation of the hedging instrument corresponding to the ineffective part are recorded directly, where appropriate, in the chapter "Gains or (-) losses resulting from the accounting of hedges, net" of the profit and loss account.

The ICF Group interrupts the accounting of hedging operations when the hedging instrument matures or is sold, when the hedging operation ceases to meet the requirements to be considered as such or, finally, when the consideration of the operation as hedging is revoked.

When, in accordance with the provisions of the previous paragraph, the fair value hedging operation is interrupted, in the case of covered items valued at their amortised cost, the adjustments to their value made due to the application of the hedge accounting described above will be attributed to the income statement until maturity of the covered instruments, applying the recalculated effective interest rate to the date of interruption of this hedging operation.

Derivatives implicit in other financial instruments or other contracts are separately recorded as derivatives when their risks and characteristics are not closely related to those of the parent instrument or contract, and where reliable fair value can be given to the independently considered implied derivative.

d) Foreign currency operations

The functional currency of the ICF Group is the Euro. Consequently, all balances and transactions denominated in currencies other than the euro are considered, where appropriate, denominated in foreign currency. The Group does not have significant balances in foreign currency in its financial statements.

e) Recognition of income and expenses

The most significant criteria used by the ICF Group to recognise its income and expenses are summarised below.

a) Income and expenses from interest, dividends and similar items

In general, income and expenses from interest and similar concepts are recognized for accounting purposes according to their accrual period, by application of the effective interest rate method and regardless of the resulting monetary or financial flow.

Dividends received from other companies are recognised as income at the moment when the Group's right to receive them arises, provided that the distribution corresponds to profits generated by the investee since the Institute became a shareholder.

b) Commissions

Income and expenses for fees are recorded in the profit and loss account with different criteria depending on their nature.

Financial fees, such as loan and credit arrangement fees, are part of the actual yield or cost of a financial transaction and are recognized in the same chapter as financial products or costs, i.e. in "Interest income" and "Interest expenses". These fees, which are charged in advance, are charged to the profit and loss account over the life of the transaction, except when offsetting related direct costs.

Non-financial commissions, derived from the provision of services, are recorded in the chapters "Income from commissions" and "Expenses from commissions", throughout the period of provision of the service, except those that respond to a singular act, which accrue at the time they occur.

c) Non-financial income and expenses

They are recognized for accounting purposes according to the accrual criterion.

d) Collections and payments deferred over time

They are recognized for accounting by the amount that results from financially updating the anticipated cash flows at market rates.

f) Transfers of financial assets

The accounting treatment of transfers of financial assets depends on the way in which the risks and benefits associated with the assets transferred are transferred to third parties:

- If the risks and benefits of the transferred assets are substantially transferred to third parties - in the case of unconditional sales, sales with a repurchase agreement at their fair value on the date of repurchase, sales of financial assets with an option to purchase or sell issued deeply out of money, asset-backed securities in those held by the transferor, does not retain subordinated financing or grant any type of credit improvement to new holders and other similar cases -, the transferred financial asset is delisted from the balance sheet; while simultaneously acknowledging any right or obligation retained or created as a result of the transfer.

- If the risks and benefits associated with the transferred financial asset are substantially withheld - in the case of sales of financial assets with a repurchase agreement for a fixed price or for the sale price plus interest, securities loan contracts in which the lender is obliged to repay the same or similar assets, securitizations of financial assets in which subordinated financing is maintained or other types of credit improvements that substantially absorb the Expected credit losses for securitized assets and other similar cases -, the transferred financial asset is not delisted from the balance sheet and continues to be valued with the same criteria used before the transfer. On the contrary, they are recognized in accounting matters, without compensating each other:

    - An associated financial liability for an amount equal to that of the consideration received; which is subsequently valued at its amortized cost.

    - Both the income from the financial asset transferred but not deregistered, and the expenses of the new financial liabilities.

- If the risks and benefits associated with the transferred financial asset are not transferred or substantially withheld – in the case of sales of financial assets with an option to purchase or sell issued that are not deep in or out of the money, of securitizations of financial assets in which the transferor assumes a subordinated financing or some other type of credit improvement for a part of the transferred asset and other similar cases -, It is distinguished between:

- If the Group does not retain control of the transferred financial asset: in this case, the transferred asset is delisted from the balance sheet and any right or obligation retained or created as a result of the transfer is recognised.

- If the Group retains control of the transferred financial asset: it continues to recognise it on its balance sheet for an amount equal to its exposure to changes in value that it may experience and recognises a financial liability associated with the transferred financial asset. The net amount of the transferred asset and the associated liabilities will be the amortized cost of the retained rights and obligations, if the transferred asset is measured by its amortized cost, or the fair value of the retained rights and obligations, if the transferred asset is measured by its fair value.

Accordingly, financial assets are only delisted from the balance sheet when the cash flows they generate have been extinguished or when the risks and benefits involved in them have been substantially transferred to third parties.

g) Impairment of the value of financial assets

Debt instruments valued at amortised cost or fair value with changes in other comprehensive income

The impairment model is applicable to debt instruments at amortised cost, debt instruments valued at fair value with changes in other comprehensive income, as well as other exposures that involve credit risk, such as loan commitments granted, financial guarantees granted and other commitments granted.

The criteria for analysing and classifying operations in financial statements according to their credit risk include, on the one hand, credit risk due to insolvency and, on the other hand, the risk-country to which, where applicable, they are exposed. Credit exposures in which there are reasons for their classification due to credit risk due to insolvency and country-risk are classified in the category corresponding to insolvency risk and country-risk, unless a worse category corresponds to country-risk, notwithstanding that losses due to impairment due to insolvency risk are calculated by the concept of country-risk when it implies greater demand.

Losses due to impairment for the period are charged to the profit and loss account as an expense, with counterpart to the book amount of the asset. Subsequent reversals of previously recognised impairment hedges are recorded as income into the profit and loss account. In the case of instruments valued at fair value with changes in other comprehensive income, the instrument will subsequently be adjusted to its fair value with counterparty in "Other accumulated comprehensive income" of equity.

Classification of operations according to credit risk due to insolvency

Financial instruments – including off-balance sheet exposures – are classified into the following categories, taking into account whether there has been a significant increase in credit risk since the initial recognition of the transaction, and if a default event has occurred:

- Phase 1 – Normal risk: The risk of a non-compliance event occurring has not increased significantly since the initial recognition of the transaction. The correction of impairment value for this type of instrument is equivalent to the expected credit losses in twelve months.

- Phase 2 – Normal risk in special surveillance: the risk of a non-compliance event occurring has increased significantly since the initial recognition of the operation. The correction of impairment value for this type of instrument is calculated as the expected credit losses in the estimated life of the operation.

- Phase 3 – Doubtful risk: an event of non-compliance has occurred in the operation. The correction of impairment value for this type of instrument is calculated as the expected credit losses in the estimated life of the operation.

- Bankrupt risk – Operations for which the Group does not have reasonable expectations of recovery. The correction of impairment value for this type of instrument is equivalent to its book value and entails its total deregistration from the assets.

In this sense, and for the purpose of classifying a financial instrument into one of the above categories, the Group has taken into consideration the following definitions:

Significant increase in credit risk

For financial instruments classified under the Phase 1 - Normal Risk category, the Group assesses whether it is still appropriate for credit losses expected in twelve months to remain subject to recognition. In this regard, the Group carries out an assessment on whether there has been a significant increase in credit risk since its initial recognition. If it has occurred, the financial instrument is transferred to the category Phase 2 - Normal risk under special surveillance and its expected credit loss throughout its life is recognized. This assessment is symmetrical, in such a way that the return of the financial instrument to the category Phase 1 - Normal Risk is allowed.

In order to carry out this assessment, the Group's credit risk management systems include elements, both quantitative and qualitative, which, in combination or by themselves, could lead to the consideration that there has been a significant increase in the credit risk of the financial instrument, such as adverse changes in the debtor's financial situation, reductions in its credit rating, unfavourable changes in the sector in which it operates, its regulatory or technological environment, among others, that show no evidence of deterioration.

Regardless of the existence of indications of the credit risk of exposure, it is considered that there has been a significant increase in credit risk, in those operations in which any of the following circumstances occur:

- Non-payments of more than 30 days, refutable presumption on the basis of reasonable and substantiated information. The Group has not employed a longer period of time for these purposes.

- Refinancing or restructuring that shows no evidence of deterioration. Note 3.4.6 presents the classification criteria for restructured or refinanced operations.

- Special debt sustainability agreement that shows no evidence of impairment until the care criterion is applied.

- Those held with issuers or holders declared bankrupt that show no evidence of deterioration.

Without prejudice to the foregoing, for assets in which the counterparty has a low credit risk, the Group applies the possibility provided for in the regulation of considering that their credit risk has not increased significantly. Among this type of counterparties, central banks and public administrations are mainly identified.

Impaired exposures and objective evidence of deterioration

For the purposes of determining the risk of non-compliance, the Group applies a definition that is consistent with that used for the internal management of credit risk of financial instruments and takes into account quantitative and qualitative indicators.

In this regard, the Group considers that there is objective evidence of impairment (EOD) when one or more events have occurred with a negative impact on its estimated cash flows. Observable data relating to the following events constitute evidence that a financial asset shows a credit deterioration:

- Non-payment of more than 90 days. Likewise, all transactions carried out by an account holder are included when the amount of transactions with overdue balances more than 90 days old exceeds 20% of the amounts pending collection.

- There are reasonable doubts about the full reimbursement of the asset.

- Significant financial difficulties of the issuer or borrower.

- Breach of contractual clauses, such as non-payment or arrears events.

- The granting by the lender of concessions or advantages for economic or contractual reasons due to financial difficulties of the borrower, which otherwise would not have been granted and which show evidence of impairment.

- Increasing probability that the borrower will go bankrupt or any other financial reorganization situation.

- Disappearance of an active market for the financial instrument in question caused by the issuer's financial difficulties.

- Purchase or origination of a financial asset at a significant discount that reflects the credit losses suffered.

Methodologies for estimating expected credit losses due to insolvency

The amount of impairment losses experienced by these instruments is equivalent to the negative difference that arises when comparing the current values of their anticipated future cash flows discounted at the effective interest rate and their respective securities on books.

The estimation of future cash flows of debt instruments takes into consideration:

- All the amounts that are expected to be obtained during the remaining life of the instrument, including, where appropriate, those that may have their origin in the guarantees available to it (after deducting the costs necessary for its award and subsequent sale). Loss due to impairment considers the estimate of the possibility of collecting accrued, overdue and uncollected interest.

- The different types of risk to which each instrument is subject.

- The circumstances in which the charges are expected to occur.

The process of assessing possible impairment losses on these assets is carried out using differentiated processes based on customers' consideration as individually significant or non-significant, after carrying out an analysis of the portfolio and the monitoring policy applied by the institution.

Once the thresholds have been set, the process is as follows:

- Individualized analysis: for individually significant assets, an analysis is carried out to identify clients with objective evidence of impairment (EOD) distinguishing two groups:

  • Customers with EOD: the loss incurred is calculated based on the present value of the expected future flows (repayment of principal plus interest) of each customer transaction (discounted at the original effective interest rate) and this current value is compared with the book value. For this reason, both the going concerning hypothesis and the assumption of liquidation and execution of guarantees (gone concern) are considered.

  • Customers who do not have EOD: it is verified that they do not present a certain evidence of deterioration, not requiring any type of provision given their adequate credit situation. These exposures are grouped into homogeneous risk groups and a collective assessment of their losses due to impairment is carried out.

- Collective analysis: for non-significant exposures with EOD and for the rest of exposures, a collective calculation is made by homogeneous risk groups, to obtain both the generic coverage associated with an operations group and those of specific hedging to cover specific operations, which have similar risk characteristics that allow their classification into homogeneous groups. For these purposes, the ICF uses as a reference and minimum percentages the risk parameters provided by the Bank of Spain in Circular 4/2017, which are based on the historical experience of the Spanish market, which are increased if deemed necessary by a particular group, depending on this group foreseen by the Group.

Capital instruments valued at acquisition cost

Impairment losses on capital instruments valued at their acquisition cost are equivalent to the difference between their book value and the current value of expected future cash flows, updated at the market rate of return for other similar securities.

Losses due to impairment are recorded in the profit and loss account for the period in which they are manifested, directly reducing the cost of the instrument. These losses can only be recovered later in the event of sale of the assets.

The estimation and accounting of losses due to impairment of shares in subsidiaries, joint ventures and associated entities, which, for the purposes of drawing up these annual accounts, are not considered "Financial Instruments" are made by the Group in accordance with the criteria indicated in Note 2.a above.

h) Financial guarantees and provisions constituted on them

"Financial guarantees" are considered contracts by which an entity is obliged to pay specific amounts on behalf of a third party, in the event that it does not do so; regardless of the form in which the obligation is instrumented, whether it is a deposit, financial or technical guarantee and irrevocable letter of credit issued or confirmed by the

Group. These operations are recorded in the pro-report of the balance sheet instead of order in the category of "Guarantees granted".

When contracts are formalized, these are recognized by their fair value – understood as the current value of future cash flows – under the asset heading "Loans and receivables", with counterpart to the chapter on liabilities "Financial liabilities at amortized cost". Changes in contract value are recorded as financial income in "Interest income" on the profit and loss statement.

The portfolios of financial guarantees, regardless of their holder, instrumentation or other circumstances, are analysed periodically in order to determine the credit risk to which they are exposed and, where appropriate, estimate the need to establish provisions. This process applies criteria similar to those established to quantify impairment losses on debt instruments valued at their amortised cost, explained in Note 2.h above.

The provisions constituted are set out under the heading "Provisions-Commitments and guarantees granted" on the balance sheet liabilities. The provisions and recoveries of provisions are recorded as a counterparty in the "Provisions or (-) reversal of provisions" chapter of the profit and loss account.

i) Leases

In the accounting of lease operations, there is a distinction between those in which the Group acts as a tenant and those in which it acts as lessor.

The Group as a tenant

At the beginning of a contract, the Group assesses whether it contains a lease or not. For those contracts for which the Group has determined to contain or are a lease, the Group registers, on its consolidated balance sheet, an asset that represents the right to control the use of the underlying asset in the lease for a specific period and, simultaneously, a liabilities for lease that represent the obligation to make the payments committed for the use of the underlying asset that have not been paid on that date.

The Group applies a single recognition and valuation approach for all leases, except for short-term leases (of duration equal to or less than 12 months) and leases of low-value assets, for which the Group records lease payments as an expense, linearly throughout the lease period, under the heading 'Administration expenses—Other administration expenses'.

Recognition and valuation of lease liabilities

On the commencement date of the lease, the Group recognises a lease liability of the underlying asset for the current value of the lease payments that will be made during the term of the lease and have not been paid on that date, discounted using the interest rate implicit in the lease, if this can be easily determined. Otherwise, the Group's incremental borrowing interest rate will be used.

Lease payments include fixed payments and variable lease payments that depend on an index or fee, and expected amounts payable resulting from the existence of guarantees. Lease payments also include price for the (reasonably expected) exercise of a purchase option by the Group and payments of penalties for terminating the lease, if the contract reflects the exercise of the cancellation option. Lease variable payments that do not rely on an index or fee are recognized as expenses in the period in which the event occurs, or the condition that triggers the payment under the heading 'Administration expenses—Other administration expenses' in the accompanying consolidated profit and loss account.

Lease liabilities are recorded under the heading 'Financial liabilities at amortised cost – Other financial liabilities' in the accompanying consolidated balance sheet and the financial expenses associated with lease liabilities are recorded under the heading 'Interest expenses' in the attached consolidated profit and loss account.

Subsequently, the lease liabilities are valued by increasing their amount in books so that it reflects the interest calculated by applying the effective interest rate and reducing the amount in books to reflect the payments made by the lease.

Recognition and valuation of assets by right of use

The Group recognises the assets by right to use the underlying asset on the start date of the lease agreement (i.e. the date on which the asset is available for use). Right of use assets are initially measured at cost, which includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made at the initial time, as well as the cost that may be incurred to dismantle or eliminate the underlying asset, or return it to the condition required in the contractual terms. Assets by right of use are recorded under the heading 'Tangible assets – tangible fixed assets' or 'Tangible assets – real estate investments' in the attached consolidated balance sheet.

Subsequently, the amount on books of the assets by right of use is adjusted for the following concepts:

- Accumulated amortization. Assets by right of use are amortized during the shorter between the useful life of the underlying asset and the duration of the lease. Amortization provisions are recorded as a counterparty under the heading 'Amortisation' of the attached consolidated profit and loss account.
- Where applicable, impairment losses, recorded as a counterparty under the heading 'Impairment of value or (-) reversal of impairment of the value of non-financial assets' in the attached consolidated profit and loss account. To assess their impairment, the Directors apply the same criteria as those used on the tangible assets described in note I.
- Reflect changes in the value of lease liabilities.

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and benefits of the property are classified as operating leases. Rental income is recorded linearly in accordance with the conditions of the lease and is included under the heading 'Other operating income' in the attached consolidated profit and loss account according to its operational nature. The costs incurred in negotiating and arranging an operating lease are added to the book value of the lease on the same basis as the rental rent. Contingent rents are recognized as income in the period in which they are earned.

j) Personnel costs

Dismissal allowances

Bank of Spain Circular 4/2017 and subsequent updates only allow us to recognise a provision for severance pay planned in the future when the Institute is demonstrably committed to terminating its bond to employees before the normal retirement date or to pay compensation as a result of an offer to encourage voluntary termination by employees.

k) Tax on profits

Profit tax expense is recognized in the profit and loss account, except when it is the result of a transaction, the results of which are recorded directly in equity; In this case, income tax is also recorded in equity.

The profit tax expense for the year is calculated as the tax payable with respect to the tax result for the year, adjusted for the amount of variations produced during the year in registered assets and liabilities derived from temporary differences and credits for tax deductions and credits and negative tax bases.

The Group considers that there is a temporary difference when there is a difference between the value on books and the tax base of a patrimonial element. The tax base of a patrimonial element is considered to be its amount attributed for tax purposes. A temporary taxable difference is considered to be one that will generate in the future the obligation for the Group to make a payment to the corresponding administration. A temporary deductible difference is considered to be one that will generate a right to reimbursement or a lower payment to be made to the corresponding administration in the future.

Credits for deductions and discounts are amounts that, once the activity has been carried out or obtained or the result to generate its entitlement has been obtained, are not applied for tax purposes in the corresponding tax return until compliance with the conditions established in the tax regulations, considering it probable, on the part of the Group, to apply them in future years, basically because it is expected to have sufficient tax benefits in the future to allow their compensation.

All these temporary differences are recorded on the balance sheet as deferred tax assets or liabilities segregated from current tax assets or liabilities.

At each accounting moment, the recorded deferred taxes, both assets and liabilities, are reviewed in order to verify that they remain in force, making the appropriate corrections according to the results of the analyses carried out.

Since 1 January 2006, the Institute has settled its obligations for this tax under the Tax Consolidation system, in accordance with the provisions of articles 64 et seq. of the Consolidated Text of the Corporation Tax Law approved by Royal Legislative Decree 4/2004.

The Group consolidate for tax purposes at 31 December 2022 is made up of the Institute itself, and the investee entities Financial Instruments for Innovative Companies, S.L. and Institut Català de Finances Capital, S.G.E.I.C. S.A.U. (see Note 20.1).

On July 10, 2021, Law 11/2021, of July 9, on measures to prevent and combat tax fraud, was published in the BOE, which, in its third additional provision, modifies the tax regime of the Institut Català de Finances, equating it to that of the Official Credit Institute (ICO). This modification, among other aspects, involves a change in the tax rate of the parent company of the Group and of the rest of the entities that form part of the scope of the consolidate tax group, as well as a change in the estimate of deductibility related to credit risk hedging in accordance with articles 8 and 9 of the Corporate Tax Regulations. The first year of application of the regulatory change for income tax purposes, in accordance with the criteria established by the Directorate-General for Taxation in response to a binding consultation issued by the Group's parent company, is in 2022 (note 20).

l) Tangible assets

Tangible assets are classified on the balance sheet as tangible fixed assets, investments. Tangible assets from credit regularisation are classified as "Non-current assets and saleable groups of items that have been classified as held for sale".

Fixed assets for own use comprise assets owned by the Group for current or future use for administrative purposes or for the production or supply of goods and which are expected to be used for more than one financial year. The concept of real estate investments corresponds to the net values of land, buildings and other constructions that are maintained for rental exploitation or to obtain a capital gain on their sale.

In general, material assets are presented at the net acquisition cost of accumulated depreciation and value correction resulting from comparing the net value of each line item with its corresponding recoverable amount.

Amortization is calculated, applying the linear method, on the acquisition cost of the assets minus their residual value. An exception is the land, as it is estimated that it has an indefinite life and, therefore, is not subject to depreciation.

The annual allocations for the amortisation of tangible assets are made in return under the heading "Amortisation" of the profit and loss account and, basically, are equivalent to the following amortisation percentages determined according to the estimated useful life years of the different elements.

	Annual depreciation
Buildings for own use and constructions	2%
Furniture	10%
Machinery and electronic equipment	10%
Facilities	10%
IT equipment	25%

On the occasion of each accounting close, the Group analyses whether there are indications that the net value of the elements of its tangible asset exceeds its corresponding recoverable amount. If so, reduce the book value of the asset to its recoverable amount and adjust future charges as amortization in proportion to the adjusted book value and the new remaining shelf life, if a reestimate is necessary. The reduction in the book value of tangible assets is charged to the heading "Impairment of the value or (-) reversal of impairment of the value of non-financial assets" in the profit and loss account.

Similarly, when there are indications that the value of a tangible asset has been recovered, the Group records the reversal of the impairment loss accounted for in periods prior to said heading of the profit and loss account, adjusting future charges accordingly as amortisation. Under no circumstances can the reversal of the loss due to impairment of an asset mean an increase in its book value above that it would have if losses due to impairment had not been recognized in previous years.

Likewise, once a year or when indications are observed that make it advisable, the estimated useful life of the fixed assets is reviewed and, where appropriate, the allocations for depreciation are adjusted to the profit and loss account for future years.

Maintenance and maintenance expenses are charged to the "Other administration overhead" chapter of the profit and loss account.

In order to assess whether there is deterioration in its real estate assets, the Group commissions appraisals from independent experts.

m) Intangible assets

Intangible assets are identifiable non-monetary assets that have no physical appearance and arise as a result of an acquisition from third parties or that have been developed internally. However, only intangible assets whose cost can be objectively determined and which are deemed likely to obtain future economic benefits are recognised.

Intangible assets are initially recognised for their acquisition or production cost and are subsequently valued at their net cost of accumulated depreciation and impairment losses, if applicable.

This chapter basically includes depreciable expenses related to the development of computer systems. These are assets with a defined useful life, which are amortized over a maximum term of five years.

Annual amortisation is recorded under the heading "Amortisation" of the profit and loss account and losses and recoveries in value due to impairment under the heading "Impairment of value or (-) reversal of impairment in the value of non-financial assets".

n) Non-current assets and saleable groups of items that have been classified as held for sale

In the case of the Group, only foreclosed material assets from credit regularisation that have not been used for its own use or have been classified as real estate investments as a result of their use for rental exploitation are classified as non-current assets for sale.

Assets received in payment of debts are recognized by the lower amount between the book value of the financial assets applied and the fair value of the asset minus the necessary sales expenses.

In the event that foreclosed assets remain on the balance sheet for a longer period of time than initially planned, the value of the assets is reviewed to recognise any loss due to impairment that the difficulty of finding reasonable buyers or offers may have revealed.

Impairment losses made apparent after activation are recognised under the heading "Impairment of value or reversal of impairment in the value of non-financial assets" in the profit and loss account. If its value is subsequently recovered, it can be recognized under the same heading of the profit and loss account with the limit of the losses due to impairment previously collected. Assets classified in this category are not amortized.

o) Provisions and contingencies

The provisions cover obligations present at the date of formulation of the annual accounts arising as a result of past events from which financial damages may arise for the entities, with their occurrence considered likely; They are specific in terms of their nature, but indeterminate as to their amount and/or time of cancellation.

Contingent liabilities are possible obligations arising as a result of past events and their realisation depends on the occurrence, or not, of one or more future events independent of the will of the institutions.

The Group's annual accounts include all significant provisions with respect to which it is estimated that the probability of having to meet the obligation is greater than that of not doing so. Provisions are recorded in balance sheet liabilities based on covered obligations, including provisions for taxes and provisions for contingent risks and commitments. Contingent liabilities are recognised in balance sheet order accounts.

Provisions are recorded in the profit and loss account under the chapter "Provisions or (-) reversal of provisions".

At the close of the 2023 financial year, various legal proceedings and claims brought by the Institute originating in the normal conduct of its activity were underway. Both the Institute's legal advisors and their Trustees understand that the conclusion of these proceedings and claims will not have a significant effect on the financial statements for the years in which they end.

p) Deferred income from ERDF funds

The ICF considers the funds received under the ERDF operational programme of Catalonia 2014-2020 as deferred income, classified under the heading "other liabilities" of the attached consolidated balance sheet until the conditions are met to be recognised as income for the year in accordance with the criteria explained in note 16, being classified as "other operating income" in the attached consolidated profit and loss account.

q) Statements of changes in consolidated equity

The statement of changes in equity presented in these annual accounts shows the total variations in equity during the year. This information is presented broken down into two statuses: the statement of recognized income and expenses and the statement of total changes in equity. The following are the main characteristics of the information contained in both parts of the state:

Status of recognized income and expenses

This part of the statement of changes in equity presents the income and expenses generated by the Company as a result of its activity during the year, distinguishing those recorded as results in the profit and loss account for the year and other recorded income and expenses, in accordance with the provisions of current regulations, directly into equity.

Therefore, in this state it is presented:

a) The result of the exercise.

b) The net amount of income and expenses temporarily recognized as adjustments for valuation in equity.

c) The net amount of income and expenses definitively recognized in equity.

d) The income tax accrued for the items indicated in points b) and c) above,

e) The total income and expenses recognized, calculated as the sum of the previous letters.

The variations in income and expenses recognized in equity as valuation adjustments are broken down into:

a) Gains (losses) by valuation: it includes the amount of income, net of expenses incurred in the year, recognized directly in equity. The amounts recognized in the year in this item are maintained in this item, although in the same year they are transferred to the profit and loss account, to the initial value of other assets or liabilities or reclassified to another item.

b) Amounts transferred to the profit and loss account: this includes the amount of valuation gains or losses previously recognised in equity, even in the same year, which are recognised in the profit and loss account.

c) Amount transferred to the initial value of the covered items: this includes the amount of valuation gains or losses previously recognised in equity, even in the same year, which are recognised in the initial value of the assets or liabilities as a result of cash flow hedging.

d) Other reclassifications: includes the amount of transfers made in the year between items of adjustments by valuation in accordance with the criteria established in current regulations.

The amounts of these items, if applicable, are presented by their gross amount, showing their corresponding tax effect in the heading "Tax on profits" of the state

Total statement of changes in equity

This part of the statement of changes in equity presents the reconciliation of the book value at the beginning and end of the financial year of all items of equity a Grouping movements according to their nature into the following categories:

a) Adjustments for changes in accounting criteria and correction of errors: including changes in equity that arise as a result of retroactive re-expression of balances in financial statements originating from changes in accounting criteria or correction of errors.

b) Income and expenses recognized in the year: it collects, in aggregate form, the total of the items registered in the statement of Income and Expenses recognized above.

c) Other variations in equity: includes the rest of the items recorded in equity, such as increases or decreases in the endowment fund, distribution of results, operations with own capital instruments, payments with capital instruments, transfers between items of equity and any other increase or decrease in equity.

r) Cash flow statement

The concepts used in the presentation of cash flow statements are as follows:

- Cash flows: inflows and outflows of cash and its equivalents; that is, short-term investments with large liquidation and low risk of alterations in their value.
- Operating activities: typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing.
- Investment activities: acquisition, disposal or disposal by other means of long-term assets and other investments not included in cash and their equivalents.
- Financing activities: activities that produce changes in liabilities that are not part of the operating activities. Emissions made by the Group placed on the institutional market have been considered financing activities.

For the purposes of preparing the cash flow statement, short-term investments with high liquidity and low risk of changes in their value have been considered effective and cash equivalents. In this way, the Group considers cash or cash equivalents, the following financial assets and liabilities:

- The cash owned by the Group that is registered under the balance sheet heading "Cash, cash balances in central banks and other demand deposits".
- Group short-term deposits, registered under the balance sheet heading "Deposits in Credit Institutions – Other Accounts".

s) Principle of company in operation

In the preparation of the annual accounts, it has been considered that the management of the Group will continue for the foreseeable future. Therefore, the application of the accounting standard is not aimed at determining the value of Equity for the purposes of global or partial transfer or the amount resulting in the event of settlement.

t) Principle of accrual

These annual accounts, except with regard to cash flow statements, have been prepared according to the actual flow of goods and services, regardless of the date of payment or collection, with the exception of interest related to credit investments and other risks without investment with borrowers considered to be damaged, which is credited to profit and loss at the time of collection.

u) Transactions with related parties

Transactions with related parties are accounted for in accordance with the valuation rules detailed above, except for the following transactions:

- The non-monetary contributions of a business to a Group company are generally valued by the book value of the assets delivered in the consolidated annual accounts on the date on which the operation is carried out.

- In the merger and spin-off operations of a business, the elements acquired are generally valued by the amount corresponding to them, once the operation has been carried out, in the consolidated annual accounts. The differences that originate are recorded in reserves.

The prices of transactions carried out with related parties are adequately supported, so the ICF Administrators consider that there are no risks that may cause liabilities.

3. Risk management and capital management

3.1 Market risk

At the end of 2023 and 2022, the Group does not hold any position in the trading portfolio.

3.2 Liquidity risk

3.2.1 Objectives, policies and processes of liquidity risk management

Liquidity risk represents the risk of not having enough liquid funds that prevent the commitments acquired to be met as they become enforceable; as well as the risk of not being able to undo a certain position as a result of market imperfections.

The liquidity risk policies and procedures are approved by the Governing Board, and the entity's Assets and Liabilities Committee (ALC) is responsible for supervising it and defining the procedures for its mediation and control.

The main objective followed by the Group in relation to liquidity risk is to have at all times the instruments and processes that allow the Group to maintain sufficient levels of liquidity to meet its payments without significantly compromising the Group's results and maintaining the mechanisms that, in the event of different eventualities, allow it to comply with its payment commitments.

In the management of the Group's liquidity risk, in addition to the daily forecast of availability and needs, it is essential to plan these needs in the medium term. This planning is carried out taking into account the future evolution of the balance sheet, which allows forecasts to be made sufficiently in advance of possible treasury tensions that may occur and to have, contingently, the necessary instruments to counteract them. This analysis is carried out in different scenarios of growth, delinquency, and other variables and allows to know and project the payments and future collections that it estimates will have to be made in the short and medium term.

In general and traditional, the Group has different sources of funds, including capital increases, obtaining debt from public and private financial institutions and issuing debt securities.

The monthly review of these actions ensures that the Group has the necessary liquidity to promptly meet all its payment commitments and achieve its strategic and operational investment objectives and sustained, stable and moderate growth.

The financing policy for ordinary activity focuses on stable financing, characterised by long-term debt with public and private counterparties.

3.2.2 Maturity periods of financial assets and liabilities

As indicated in section 3.2.1 above, the ICF Group's management of liquidity takes into consideration, as a fundamental element, the analysis of the maturities of its different financial assets and liabilities. The tables show the financial assets and liabilities at December 31, 2023 and 2022 classified according to their remaining maturity periods on the so-called dates, according to their contractual conditions:

At December 31, 2023

	Thousands of euros						
	Demand deposits	**< 1 month**	**1- 3 months**	**3- 12 months**	**1- 5 years**	**> 5 years**	**Total**
Assets							
Cash, deposits in central banks and other on-demand deposits	58,995	-	-	-	-	-	58,995
Loans and advances	653	50,322	64,158	382,143	887,393	595,146	1,979,815
Deposits with credit institutions	653	10,301	173	15,660	863	2,567	30,216
Central banks	-	-	-	-	-	-	-
Customer loans	-	40,022	63,985	366,483	886,530	592,580	1,949,599
Debt securities	-	9,230	5,148	59,037	127,710	2,676	203,801
Total assets	**59,648**	**59,552**	**69,306**	**441,179**	**1,015,103**	**597,823**	**2,242,611**
Liabilities							
Financial liabilities at amortised cost	-	21,615	34,188	181,446	655,014	505,861	1,398,123
Deposits with credit institutions	-	5,429	24,004	113,396	511,113	413,530	1,067,471
Customer funds	-	16,186	10,185	68,050	143,901	92,331	330,652
Debt securities issued	-	7,228	13,039	34,038	5,228	19,121	78,654
Other financial liabilities	5,113	-	-	-	-	-	5,113
Total liabilities	**5,113**	**28,843**	**47,228**	**215,484**	**660,242**	**524,981**	**1,481,891**
Maturity gap	**54,535**	**30,738**	**22,124**	**225,955**	**355,488**	**73,261**	**762,100**
% of total assets	**2%**	**1%**	**1%**	**9%**	**13%**	**3%**	**29%**

At December 31, 2022

	Thousands of euros						
	Demand deposits	**< 1 month**	**1- 3 months**	**3- 12 months**	**1- 5 years**	**> 5 years**	**Total**
Assets							
Cash, deposits in central banks and other on-demand deposits	79,479	-	-	-	-	-	79,479
Loans and advances	10,173	35,490	57,915	297,143	953,396	540,230	1,894,346
Deposits with credit institutions	10,173	228	311	856	1,320	2,580	15,468
Central banks	-	-	-	-	-	-	-
Customer loans	-	35,262	57,603	296,287	952,076	537,650	1,878,878
Debt securities	-	127	16,104	39,076	163,476	2,570	221,354
Total assets	**89,652**	**35,617**	**74,019**	**336,219**	**1,116,872**	**542,800**	**2,195,179**
Liabilities							
Financial liabilities at amortised cost	-	8,359	22,900	137,859	636,591	567,439	1,373,148
Deposits with credit institutions	-	3,641	15,194	92,029	486,813	494,541	1,092,218
Customer funds	-	4,718	7,705	45,831	149,778	72,898	280,930
Debt securities	-	16,048	988	53,578	15,461	19,622	105,697
Other financial liabilities	5,583	-	-	-	-	-	5,583
Total liabilities	**5,583**	**24,406**	**23,888**	**191,437**	**652,052**	**587,061**	**1,484,428**
Maturity gap	**84,069**	**11,211**	**50,131**	**144,782**	**464,820**	**(44,261)**	**710,751**
% of total assets	**3%**	**0%**	**2%**	**6%**	**18%**	**(2%)**	**27%**

3.3 Structural interest rate risk

3.3.1 Objectives, policies and processes of risk management of interest

Interest rate risk is the risk to which the Group associated with its financial instruments is subject and which originates from variations in market interest rates.

Interest rate risk directly affects the Group's activity due to the effect that its variations may have on the profit and loss account. The referencing of financial instruments of assets and liabilities to market interest rates causes an accrual of income and costs adjusted to that market evolution, so that variations in these references can affect both instruments in a non-symmetrical way ("interest rate GAP"). In the case of variable interest rate transactions, the risk to which the Group is subject occurs during the periods of recalculation of interest rates.

The objectives and policies in the field of interest rate risk management are approved by the Institute's Governing Board. The COAP is responsible for defining procedures aimed at meeting the objectives and policies set and their control.

The Group's objectives related to this risk are aimed at limiting the deviation in the financial margin, so that corrections in the market interest rate curves do not directly affect the Group's results.

The COAP is responsible for implementing the procedures that ensure that the Group complies at all times with interest rate risk control and management policies, and in the event of possible deviations, proposes the corrective actions it deems appropriate so that they are resolved effectively.

In the analysis, measurement and control of the interest rate risk assumed by the Group, sensitivity measurement techniques and scenario analysis are used, establishing the appropriate limits to avoid exposure to levels of risks that could significantly affect the Group. These analysis procedures and techniques are reviewed as often as necessary to ensure their proper operation.

The Group uses hedging operations for the individual management of interest rate risk of all significant financial instruments that may expose the Group to equally significant interest rate risks, thus reducing this type of risk almost entire.

3.3.2 Interest rate risk sensitivity analysis

Interest rate risk measures the exposure of the interest margin or the economic value of the Group to potential variations in market interest rates, derived from the repricing structure and maturity profile of the sensitive masses of the balance sheet.

The information presented in this section on interest rate risk sensitivity in the profit and loss account and equity of the Group has been prepared considering a standard market interest rate disturbance of 200 basis points with the particularities defined in the EBA EBA/GL/2015/08 guide.

The indicated analysis has been carried out considering the evolution of the yield curve by the reference tranches used by the Institute and keeping constant the rest of the variables that affect the result and the Group's assets. The effect shown below has been calculated taking into account the financial instruments existing at 31 December 2022 and 2021, respectively, without taking into account the existence of new investments or financing that may be made from that moment.

The following tables show, through a static gap, the distribution of maturities and variable interest rate revisions, at December 31, 2023 and December 31, 2022, of the sensitive masses of the balance sheet, without considering valuation adjustments. For those masses without contractual maturity, their sensitivity to interest rates has been analysed together with their expected maturity date.

At December 31, 2023:

In thousands of euros	IR-sensitive balance		% of total assets		STATIC GAP		
RENEWAL	**Assets**	**Liabilities**	**Assets**	**Assets**	**Simple**	**Cumulative**	**GAP now. (% AT)**
Up to 1 month	204,306	247,885	7.7%	9.3%	(43,578)	(43,578)	(1.6%)
From 1 to 3 months	302,931	366,597	11.4%	13.8%	(63,666)	(107,245)	(4.0%)
From 3 to 6 months	525,670	200,045	19.8%	7.5%	325,625	218,381	8.2%
From 6 to 12 months	808,322	81,393	30.4%	3.1%	726,929	945,309	35.6%
ACCUMULATED 12m	**1,841,229**	**895,919**	**69.3%**	**33.7%**		**945,309**	**35.6%**
From 1 to 2 years	119,862	58,653	4.5%	2.2%	61,209	1,006,518	37.9%
From 2 to 3 years	82,517	52,853	3.1%	2.0%	29,665	1,036,183	39.0%
From 3 to 4 years	42,058	39,391	1.6%	1.5%	2,667	1,038,850	39.1%
From 4 to 5 years	32,331	39,240	1.2%	1.5%	(6,909)	1,031,941	38.9%
From 5 to 7 years	60,180	71,629	2.3%	2.7%	(11,449)	1,020,492	38.4%
From 7 to 10 years	38,972	67,017	1.5%	2.5%	(28,046)	992,446	37.4%
From 10 to 15 years	42,990	24,610	1.6%	0.9%	18,380	1,010,826	38.1%
From 15 to 20 years	34,538	20,668	1.3%	0.8%	13,869	1,024,695	38.6%
From 20 to 25 years	15,244	10,271	0.6%	0.4%	4,973	1,029,668	38.8%
From 25 to 30 years	6,698	9,134	0.3%	0.3%	(2,436)	1,027,232	38.7%
TOTAL	**2,316,619**	**1,289,387**	**87.2%**	**48.5%**		**1,027,232**	**38.7%**

At December 31, 2022:

In thousands of euros	IR-sensitive balance		% of total assets		STATIC GAP		
RENEWAL	**Assets**	**Liabilities**	**Assets**	**Assets**	**Simple**	**Cumulative**	**GAP now. (% AT)**
Up to 1 month	177,840	179,072	6.8%	6.8%	(1,232)	(1,232)	0.0%
From 1 to 3 months	257,737	414,391	9.8%	15.8%	(156,654)	(157,886)	(6.0%)
From 3 to 6 months	472,584	199,605	18.0%	7.6%	272,979	115,093	4.4%
From 6 to 12 months	812,486	139,163	31.0%	5.3%	673,323	788,416	30.0%
ACCUMULATED 12m	**1,720,647**	**932,231**	**65.6%**	**35.5%**		**788,416**	**30.0%**
From 1 to 2 years	200,345	81,228	7.6%	3.1%	119,117	907,533	34.6%
From 2 to 3 years	86,737	35,407	3.3%	1.3%	51,330	958,863	36.5%
From 3 to 4 years	65,888	51,097	2.5%	1.9%	14,791	973,654	37.1%
From 4 to 5 years	29,698	37,630	1.1%	1.4%	(7,932)	965,722	36.8%
From 5 to 7 years	60,467	74,702	2.3%	2.8%	(14,235)	951,487	36.3%
From 7 to 10 years	50,609	104,675	1.9%	4.0%	(54,066)	897,421	34.2%
From 10 to 15 years	40,915	19,706	1.6%	0.8%	21,209	918,630	35.0%

From 15 to 20 years	25,382	11,653	1.0%	0.4%	13,730	932,360	35.5%
From 20 to 25 years	12,553	5,404	0.5%	0.2%	7,149	939,509	35.8%
From 25 to 30 years	3,215	150	0.1%	0.0%	3,065	942,574	35.9%
TOTAL	**2,296,458**	**1,353,883**	**87.5%**	**51.6%**		**942,574**	**35.9%**

For the calculation of the impact on the financial margin, interest projection simulations have been carried out with a period of one year and under the hypothesis of a constant balance sheet structure (conditions defined according to Circular 2/2016 of the Bank of Spain).

The impact on financial margin and economic value at a decrease of 200 basis points has been calculated with respect to the base scenario, which uses the implicit rates of the market curve.

31/12/2023 (Thousands of euros)	**Interest Margin (1)**	**Effect on equity (2)**
200 basis point decrease	(2,320)	30,015

31/12/2022 (Thousands of euros)	**Interest Margin (1)**	**Effect on equity (2)**
200 basis point decrease	(3,406)	28,750

(1) 1-year sensitivity to the interest margin of sensitive of balance sheet aggregates.
(2) Sensitivity of the base economic value of sensitive of balance sheet aggregates.

3.4 Credit risk

3.4.1 Objectives, policies and processes of credit risk management

Credit risk is the risk of loss that can occur when a customer or counterparty breaches their contractual payment obligations. This risk is inherent in traditional banking products (loans, credits, borrowed financial guarantees, etc.). Credit risk affects both financial assets that appear in the financial statements accounted for their amortized cost, and assets that are recorded in the financial statements at their fair value. Regardless of the accounting criteria used to record financial assets in financial statements, the Group applies the same credit risk control policies and procedures.

The objectives and general policies for granting credit operations and limits on credit investment for credit risk control are approved by the Group's Governing Board. In addition, the Risk Monitoring and Management Department has established the necessary control procedures to monitor the credit risk portfolio, by type of customers, and informs the Monitoring Committee of its evolution. On the other hand, the Global Risk Control department carries out this monitoring at a global level and controls that the risk policies contained in the Group's regulations are properly applied, that the risk control methods and procedures are adequate, implemented effectively and reviewed on a regular basis, providing the corresponding information to the Directorate General so that they can be put into practice. If applicable, any corrective measures deemed necessary.

The Group's fundamental objective related to credit risk is based on achieving sustained, stable and moderate growth in credit risk, which allows the balance to be maintained, on the one hand, between levels of concentration of risks, both at the level of accredited persons, as well as acceptable sectors, activity and geographical areas and, on the other hand, maintaining, at all times, Solid, prudent and moderate levels of solvency, liquidity and credit coverage.

The risk concentration objectives are approved by the Group's Governing Board from a twofold perspective: first, which consists of achieving positioning levels in certain priority sectors, in accordance with the Group's strategic plan; from a second, limiting the concentration of credit risk for individually considered counterparties, as well as groups of companies. The limits on concentration of risks are established based on factors of economic activity sector, as well as other common economic characteristics. The targets for limiting concentration of risks are basically set using parameters such as equity and the total amount of credit investment.

The maximum credit risk to which the Group is exposed is measured, by financial assets valued at their amortised cost, by their nominal value plus the balance of the amounts available without any conditions for the creditors.

The Group classifies financial assets subject to credit risk internally according to the characteristics of the operations, taking into account, among other factors, the counterparties with whom the operations have been contracted and the guarantees presented by the operation.

The Monitoring Committee decides on the management, accounting qualification and associated coverage.

The Global Risk Control department carries out periodic monitoring of risk concentration levels, the evolution of non-performing loan rates and different alerts defined to monitor the evolution of credit risk, of which the Global Risk Control Committee is periodically informed, which will take the corrective measures it deems appropriate.

In addition, the Joint Audit and Control Committee is responsible for planning and monitoring both internal and external audits, overall risk control and regulatory compliance; Internal control and the prevention of money laundering.

3.4.2 Level of exposure to credit risk

The following table shows the level of exposure to credit risk assumed by the Group at 31 December 2023 and 2022 for each type of financial instrument, without deducting from it the actual guarantees or other credit improvements received to ensure compliance with debtors:

As of December 31, 2023

Types of instruments	**Thousands of Euros**				
	Asset balances(*)				
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost – Loans and receivables	Derivatives	Memory: Off-balance exp.	Total
Debt instruments	-	-	-	-	-
Deposits with credit institutions	-	30,054	-	-	30,054
Customer loans	-	2,149,057	-	-	2,149,057
Debt securities	208,744	-	-	-	208,744
Total debt instruments	**208,744**	**2,179,112**	**-**	**-**	**2,387,856**
Guarantees granted	-	-	-	-	-
Financial guarantees	-	-	-	89,919	89,919
Other financial guarantees granted	-	-	-	-	-
Total guarantees granted	-	-	-	**89,919**	**89,919**
Other exposures	-	-	-	-	-
Derivatives	-	-	16,687	-	16,687
Contingent commitments granted	-	-	-	307,551	307,551
Total other exposures	-	-	**16,687**	**307,551**	**324,237**
MAXIMUM LEVEL OF CREDIT RISK EXPOSURE	**208,744**	**2,179,112**	**16,687**	**397,469**	**2,802,012**

At December 31, 2022

Types of instruments	Thousands of Euros				
	Asset balances(*)				
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost – Loans and receivables	Derivatives	Memory: Off-balance exp.	Total
Debt instruments	-	-	-	-	-
Deposits with credit institutions	-	15,448	-	-	15,448
Customer loans	-	2,106,352	-	-	2,106,352
Debt securities	232,075	-	-	-	232,075
Total debt instruments	**232,075**	**2,121,800**	**-**	**-**	**2,353,875**
Guarantees granted	-	-	-	-	-
Financial guarantees	-	-	-	114,149	114,149
Other financial guarantees granted	-	-	-	-	-
Total guarantees granted	-	-	-	**114,149**	**114,149**
Other exposures	-	-	-	-	-
Derivatives	-	-	20,899	-	20,899
Contingent commitments granted	-	-	-	320,733	320,733
Total other exposures	-	-	**20,899**	**320,733**	**341,632**
MAXIMUM LEVEL OF CREDIT RISK EXPOSURE	**232,075**	**2,121,800**	**20,899**	**434,882**	**2,809,657**

* Amounts excluding valuation adjustments.

In relation to the information shown in the previous tables, it should be noted that:

- The data relating to "debt instruments" in the previous tables recorded in the assets of the balance sheet are shown by their value on books, without taking into account the impairment losses recorded on them or the rest of valuation adjustments (accrual of interest, arrangement fees and similar pending accrual, etc.).

- The guarantees granted are presented registered for the maximum amount guaranteed by the Group. In general, it is estimated that most of these balances will reach maturity without implying a real need for financing on the part of the Group. These balances are net of provisions constituted to hedge the credit risk associated with them.

- Information on other exposures to credit risks, such as counterparty risk corresponding to contracting derivative financial instruments, is presented for its book value.

3.4.3 Real guarantees received and other credit improvements

Credit risk approval decisions will be based, fundamentally, on the borrower's ability to pay or on the ability to generate or obtain cash to comply, in a timely manner, with the total financial obligations assumed, from the income from their business, or source of habitual income, without depending on guarantors, guarantors or assets delivered as collateral. which must always be considered as second, and exceptional, means of recovery.

In some cases it is considered necessary to have guarantees, specifically, effective guarantees that allow, if necessary, to be a second source of recovery. In this regard, the Group uses as a fundamental instrument in the management and mitigation of credit risk to ensure that the financial assets acquired or contracted by the Group have real guarantees and other credit improvements in addition to the debtor's personal guarantee.

The Group's risk analysis and selection policies define, depending on the characteristics of the operations (risk purpose, counterparty, term, etc.), the actual guarantees or credit improvements that must be provided in addition to that of the debtor himself, in order to be contracted. The assessment of real guarantees is based on the nature of the actual guarantee received.

Below is the breakdown, in thousands of euros, for each type of financial instrument, of the amount of credit risk that is covered by each of the main real guarantees and other credit improvements available to the Group, at 31 December 2023 and 2022, excluding public administrations:

At December 31, 2023:

(Thousands of euros)	Real estate guarantee	Other real guarantees	Guarantees from financial institutions	Guarantees from the public sector	Total
Debt instruments					
Customer loans	386,452	45,570	76,569	23,474	532,065
Total debt instruments	**386,452**	**45,570**	**76,569**	**23,474**	**532,065**
Guarantees granted					
Financial guarantees	3,953	24,175	3,902	34,152	66,182
Total guarantees granted	**3,953**	**24,175**	**3,902**	**34,152**	**66,182**
Total hedged amount	**390,405**	**69,745**	**80,471**	**57,626**	**598,247**

At December 31, 2022:

(Thousands of euros)	Real estate guarantee	Other real guarantees	Guarantees from financial institutions	Guarantees from the public sector	Total
Debt instruments					
Customer loans	304,287	53,557	105,525	12,512	475,881
Total debt instruments	**304,287**	**53,557**	**105,525**	**12,512**	**475,881**
Guarantees granted					
Financial guarantees	4,915	26,923	1,662	50,178	83,678
Total guarantees granted	**4,915**	**26,923**	**1,662**	**50,178**	**83,678**
Total hedged amount	**309,202**	**80,480**	**107,187**	**62,690**	**559,559**

Without prejudice to the table above, which shows the main guarantees, there is a total of 288,122 thousand euros (389,047 thousand euros in 2022) of risk covered by public guarantee programmes, mainly linked to COVID-19 lines granted during 2020 and 2021 (see note 3.4.4).

3.4.4 COVID-19 lines

The financing granted with public guarantee, does not affect the evaluation of the significant increase in risk since it is evaluated through the credit quality of the instrument and not the guarantor. However, in the estimates of the expected loss, the existence of the guarantor implies a possible reduction in the level of provisions required since, for the covered part, the loss that would be incurred in the execution of a guarantee is taken into account.

3.4.5 Credit quality of financial assets neither matured nor damaged

3.4.5.1 Classification of credit risk exposure by counterparties

Below is the level of exposure to credit risk classified according to the counterparties of the operations at December 31, 2023 and 2022 of those exposures to credit risk that, at those dates, were neither expired nor deteriorated:

At December 31, 2023:

Thousands of euros	Public Administrations and rest of Public Sector	Financial institutions	Other resident sectors	Total
Debt instruments				
Financial assets at amortised cost – Debt securities	35,182	77,971	90,563	203,716
Deposits with credit institutions	-	30,054	-	30,054
Customer loans	313,136	-	1,677,790	1,990,926
Total debt instruments	**348,318**	**108,026**	**1,768,353**	**2,224,696**
Guarantees granted				
Financial guarantees	5,009	-	21,986	26,995
Other guarantees granted	-	-	-	-
Total guarantees granted	**5,009**	**-**	**21,986**	**26,995**
Total	**353,327**	**108,026**	**1,790,339**	**2,251,692**

At December 31, 2022:

Thousands of euros	Public Administrations and the rest of the Public Sector	Financial institutions	Other resident sectors	Total
Debt instruments				
Financial assets at amortised cost – Debt securities	7,371	92,472	119,508	219,351
Deposits with credit institutions	-	15,448	-	15,448
Customer loans	322,820	-	1,617,693	1,940,513
Total debt instruments	**330,191**	**107,920**	**1,737,201**	**2,175,312**
Guarantees granted				
Financial guarantees	4,490	-	103,478	107,968
Other guarantees granted	-	-	-	-
Total guarantees granted	**4,490**	**-**	**103478**	**107,968**
Total	**334,681**	**107,920**	**1,840,679**	**2,283,280**

3.4.6 Renegotiated financial assets

As provided in Circular 4/2017 and subsequent amendments, a brief summary of the operations modification policy is included.

The modifications that involve changes in the repayment schedule will be carried out following the following premises:

- Detailed analysis of the holder's economic and financial situation, including the circumstances that led to the need to modify the planned repayment schedule.

- According to the business plan, reviewed by the Group, the customer must be able to meet the instalments arising from the new repayment schedule.
- Minimum experience of 6 months with the client to modify the operation.
- The transaction must be up-to-date with overdue and unpaid interest, both current and late payments.
- Longer periods will be avoided, but the following instalments will be adjusted to facilitate the accrued return of the debt.

With regard to changes in guarantees, they will be studied on a case-by-case basis, although it is expected that the changes in guarantees will maintain the coverage provided for in the approval of the operation and that any release of guarantees will be associated with the reduction of the risk by the same amount.

On the other hand, the modifications are classified according to their motivation and the economic and financial situation of the holder. In this regard, it is considered:

- Refinancing operation: one granted for reasons related to the holder's financial difficulties (current or foreseeable) to cancel one or several operations granted by the Group itself to the holder or other companies in its Economic Group, or to keep these operations totally or partially up to date with payments, with the aim of making it easier for the holders to repay the debt because they cannot or are not expected to be able to comply in time and form with initial conditions.
- Refinanced operation: one that is totally or partially up-to-date with payments as a result of a refinancing operation.
- Restructured operation: one in which, for reasons related to the holder's financial difficulties (current or foreseeable), the financial conditions are modified in order to facilitate the payment of the debt because the holder cannot or is expected not to be able to comply with these conditions in a timely manner, even in the event that the modification is provided for in the contract. In any case, those operations in which a write-down is carried out or assets are received to reduce the debt are included as restructured; its conditions are modified to increase the maturity period; The repayment schedule is varied to reduce the amount of the instalments in the short term, reduce their frequency, or establish or extend the grace period for principal, interest or both; except when it can be proved that the conditions are modified for reasons other than the financial difficulties of the holders and are analogous to those applied in the market on the date of modification to those operations to customers with a similar risk profile.
- Renewal operation: one formalised to replace another previously granted by the Group itself, without the borrower having or expecting to have financial difficulties in the future.
- Renegotiated operation: one in which its financial conditions are modified without the borrower having or expected to have financial difficulties in the future.

The Group classifies restructured, refinanced and refinancing operations as normal risk under special or doubtful surveillance based on the Bank of Spain's guidelines in this regard. As a general rule, refinanced or restructured operations and new operations carried out for their refinancing are classified in the normal risk category under special surveillance. However, taking into account the specific characteristics of the transaction, they are classified as doubtful risk when they meet the general criteria for classifying debt instruments as such and in particular i) operations based on an inadequate business plan, ii) operations that include contractual clauses that extend the repayment as grace periods of more than 24 months, and iii) operations that present amounts delisted from the balance sheet because they are deemed irrecoverable that exceed the coverage resulting from applying the percentages established for normal risk in special surveillance.

Refinanced or restructured operations and new operations carried out for refinancing remain under special surveillance for a trial period until all of the following requirements are met:

- It has been concluded, after a review of the holder's wealth and financial situation, that it is not foreseeable that they may experience financial difficulties and that, therefore, it is highly likely that they will be able to fulfil their obligations to the Group in a timely manner.
- A minimum period of two years has elapsed from the date of formalisation of the restructuring or refinancing operation or, if later, from the date of reclassification from the category of doubtful risk.
- The holder must have paid the accrued principal and interest payments from the date on which the restructuring or refinancing operation was formalised or, if later, from the date of reclassification from the doubtful category.
- The account holder must not have any other transactions with amounts due more than 30 days at the end of the trial period.

When all the above requirements are met, operations are no longer identified in the financial statements as refinancing, refinanced or restructured operations.

During the previous trial period, a new refinancing or restructuring of refinancing, refinanced or restructured operations, or the existence of amounts due in these operations more than 30 days old, will result in the reclassification of these operations into the category of doubtful risk for reasons other than non-performing loans, provided that they are classified in the category of doubtful risk before the start of the trial period.

Refinanced or restructured operations and new operations carried out for their refinancing remain identified as doubtful risk until the general criteria for debt instruments are verified, and in particular the following requirements:

- A period of one year has elapsed since the date of refinancing or restructuring.
- The holder must have paid the accrued principal and interest instalments and reduced the renegotiated principal from the date on which the restructuring or refinancing operation was formalised or, if later, from the date of its reclassification into doubtful status.
- That an amount equivalent to all amounts, principal and interest, that are due on the date of the restructuring or refinancing, or that have been cancelled as a result of the restructuring or refinancing, has been paid through regular payments, or, when it is more appropriate taking into account the characteristics of the operations, that other objective criteria have been verified that demonstrate the holder's ability to pay.
- The holder does not have any other transactions with amounts due in more than 90 days on the date of reclassification to the normal risk category under special supervision of the refinancing, refinanced or restructured operation.

Below is the book value, classified by type of financial instrument, of financial assets at 31 December 2023 and 31 December 2022 considered refinanced or restructured according to the definitions of Circular 4/2017 and subsequent amendments of the Bank of Spain:

31/12/2023	TOTAL					Of which: NON-PERFORMING				
	Without real guarantee		With real guarantee		Cum. impairment losses due to credit risk	Without real guarantee		With real guarantee		Cum. impairment losses due to credit risk
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount		No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	
Public administrations	2	668	-	-	-	-	-	-	-	-
Non-financial companies and individual entrepreneurs (non-financial business activity)	81	40,428	115	127,679	(58,524)	40	18,399	60	65,918	(48,745)
Of which: funding to property construction and development (including land)	2	781	3	945	(994)	1	24	3	945	(767)
Total	**83**	**41,096**	**115**	**127,679**	**(58,524)**	**40**	**18,399**	**60**	**65,918**	**(48,745)**

31/12/2022	TOTAL					Of which: NON-PERFORMING				
	Without real guarantee		With real guarantee		Cum. impairment losses due to credit risk	Without real guarantee		With real guarantee		Cum. impairment losses due to credit risk
	No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount		No. of transactions	Gross carrying amount	No. of transactions	Gross carrying amount	
Public administrations	2	714	-	-	-	-	-	-	-	-
Non-financial companies and individual entrepreneurs (non-financial business activity)	120	145,680	58	36,112	(77,294)	59	84,444	32	11,353	(66,006)
Of which: funding to property construction and development (including land)	3	1,017	3	1,042	(1,213)	3	1,017	2	194	(959)
Total	**122**	**146,394**	**58**	**36,112**	**(77,294)**	**59**	**84,444**	**32**	**11,353**	**(66,006)**

3.4.7 Assets matured or impaired due to credit risk

Below is a breakdown of the financial assets individually estimated as impaired at December 31, 2023 and 2022, based on the age of the oldest unpaid amount of each transaction:

At December 31, 2023:

	Thousands of euros					
	Up to 6 months	Between 6 and 12 months	Up to 6 months	Between 18 and 24 months	Up to 6 months	Total
Debt instruments						
Customer loans	94,638	18,253	10,253	14,626	21,516	159,286
Total debt instruments	94,638	18,253	10,253	14,626	21,516	159,286
Total	**94,638**	**18,253**	**10,253**	**14,626**	**21,516**	**159,286**

At December 31, 2022:

	Thousands of euros					
	Up to 6 months	From 6 to 12 months	From 12 to 18 months	From 18 to 24 months	More than 24 months	Total
Debt instruments						
Customer loans	100,675	21,042	4,167	27,303	12,652	165,839
Total debt instruments	100,675	21,042	4,167	27,303	12,652	165,839
Total	**100,675**	**21,042**	**4,167**	**27,303**	**12,652**	**165,839**

3.4.8 Financial assets determined as impaired

The following is a detail at December 31, 2023 and 2022, classified by financial asset class, of those assets that have been considered impaired and the impairment losses assigned:

At December 31, 2023:

	Thousands of euros	
	Carrying amount (excluding impairment losses)	Impairment losses
Debt instruments		
Customer loans	159,286	(81,104)
Total debt instruments	**159,286**	**(81,104)**

At December 31, 2022:

	Thousands of euros	
	Carrying amount (excluding impairment losses)	Impairment losses
Debt instruments		
Customer loans	165,839	(94,576)
Total debt instruments	**165,839**	**(94,576)**

3.4.9 Movements of impairment losses

Below is the movement of credit risk exposures of loans and advances (recorded as financial assets at amortized cost) and impairment losses accounted for during 2023 and 2022.

2023	Stages 1 and 2 Not impaired		Stage 3 Impaired		Total
	Individual	**Collective**	**Individual**	**Collective**	
Gross amount					
Balance at 1 January 2023	-	**1,940,513**	**60,387**	**105,452**	**2,106,352**
Balance at 31 December 2023	-	**1,989,771**	**34,664**	**124,622**	**2,149,057**
Impairment					
Balance at 1 January 2023	**-**	**(135,760)**	**(55,554)**	**(39,022)**	**(230,336)**
Charges/Recoveries	**-**	12,694	28,566	(28,037)	**13,223**
Transfers between stages	**-**	(2,324)	(3,018)	5,342	**-**
Transfer to write-offs	-	-	-	10,639	10,639
Balance at 31 December 2023	-	**(125,390)**	**(30,006)**	**(51,078)**	**(206,474)**

2022	Stages 1 and 2 Not impaired		Stage 3 Impaired		Total
	Individual	**Collective**	**Individual**	**Collective**	
Gross amount					
Balance at 1 January 2022	-	**1,954,202**	**96,048**	**91,029**	**2,141,279**
Balance at 31 December 2022	-	**1,940,513**	**60,387**	**105,452**	**2,106,352**
Impairment					
Balance at 1 January 2022	**-**	**(89,198)**	**(94,967)**	**(27,732)**	**(211,897)**
Charges/Recoveries	**-**	(45,296)	42,725	(34,989)	**(37,560)**
Transfers between stages	**-**	(1,266)	(3,312)	4,578	**-**
Transfer to write-offs	-	-	-	19,121	**19,121**
Balance at 31 December 2022	-	**(135,760)**	**(55,554)**	**(39,022)**	**(230,336)**

At 31 December 2023, coverage for non-impaired transactions included an amount of 77,822 thousand euros (88,592 thousand euros in 2022) for operations classified as normal and 47,567 thousand euros (47,168 thousand euros in 2022) for operations classified as normal under special surveillance.

The calculation of credit risk impairment provisions, calculated in accordance with the accounting policy described in note 2, has been complemented by the macroeconomic and geopolitical environment characterised by greater volatility, inflationary pressures, supply chain problems and more restrictive monetary policies, situations that have worsened as a result of the war between Russia and the Ukraine and that generate uncertainties for some of the variables that the Group has It uses to estimate its losses due to impairment. For all the above, the Group has supplemented its provisions for credit risk impairment with the additional amounts deemed necessary to collect the particular characteristics of those accredited.

The amounts corresponding to debt instruments are recorded under the heading "Impairment of value or (-) reversal of impairment in the value of financial assets not valued at fair value through profit or loss – Loans and receivables". This heading includes in 2023 other recoveries, mainly linked to the recovery of failed assets, amounting to 5,053 thousand euros (5,442 thousand in 2022).

3.4.10 Maturity and non-impaired financial assets

Below is the breakdown of the financial assets due and not considered impaired at December 31, 2023 and 2022, classified by classes of financial instruments and according to the term elapsed since their maturity:

At December 31, 2023:

Thousands of Euros	Up to 3 months	>3 months	Total
Debt instruments			
Customer loans	1,348	-	1,348
Total debt instruments	**1,348**	**-**	**1,348**

At December 31, 2022:

Thousands of Euros	Up to 3 months	>3 months	Total
Debt instruments			
Customer loans	2,265	-	2,265
Total debt instruments	**2,265**	**-**	**2,265**

3.4.11 Financial assets impaired and deregistered from assets

Below is a summary of the movements that have taken place in the financial year 2023 and 2022 in the items deregistered from the attached balance sheet, as their recovery is considered remote. These financial assets are recorded under the heading "Failed assets" of the supplementary order accounts on the balance sheets attached:

Thousands of euros	2023	2022
Opening balance:	**339,929**	**266,731**
Additions	**14,962**	**85,901**
Charged to non-performing loans and other	14,917	85,623
Recognition of accrued interest	45	278
Recoveries:	**(5,053)**	**(5,442)**
Recovery of principal in cash and/or instruments expired and not received	(5,053)	(5,442)
Disposals	**(189)**	**(7,261)**
Remission and limitation	(189)	(7,261)
Closing balance	**349,648**	**339,929**

3.4.12 Breakdown of the distribution of loan to customers by activity and geographical area

The distribution of the Group's credit portfolio at 31 December 2023 is as follows:

Thousands of euros	Total	Catalonia	Other
Credit institutions	**1,599**	**1,599**	**-**
Public administrations and rest of public sector	**313,136**	**313,136**	**-**
Other	313,136	313,136	-
Non-financial companies and individual entrepreneurs	**1,835,922**	**1,714,261**	**121,661**
Property construction and development	316,082	312,682	3,400
Other purposes	1,519,840	1,401,579	118,261
Large companies	527,432	445,249	82,183
SMEs and individual entrepreneurs	982,640	946,562	36,078
Other purposes	9,768	9,768	-
Less: Impairment adjustments of assets	**(206,474)**	**(206,474)**	**-**
TOTAL	**1,944,182**	**1,675,975**	**121,661**

And the distribution of the credit portfolio corresponding at December 31, 2022:

Thousands of euros	Total	Catalonia	Other
Credit institutions	**2,970**	**2,970**	**-**
Public administrations and rest of public sector	**322,820**	**322,820**	**-**
Other	322,820	322,820	-
Non-financial companies and individual entrepreneurs	**1,783,532**	**1,677,742**	**105,790**
Property construction and development	302,177	302,177	-
Other purposes	1,481,355	1,375,565	105,790
Large companies	496,583	440,565	56,018
SMEs and individual entrepreneurs	982,447	932,815	49,632
Other purposes	2,325	2,185	140
Less: Impairment adjustments of assets	**(230,336)**	**(230,336)**	**-**
TOTAL	**1,878,985**	**1,773,195**	**105,790**

3.4.13 Breakdown of the distribution of credit to customers by activity and guarantee

In accordance with the provisions of Circular 6/2015, below, we show the distribution of credit risk to customers by activity.

<u>At December 31, 2023:</u>

31/12/2023 Thousands of euros	TOTAL	Of which: real estate guarantee	Of which: other real guarantees
Public administrations	**313,136**	**-**	**-**
Non-financial companies and individual entrepreneurs	**1,835,922**	**397,784**	**833,848**
Property construction and development (including land)	316,082	148,901	243,124
Other purposes	1,519,840	248,883	590,724
Large companies	527,432	63,374	185,458
SMEs and individual entrepreneurs	982,640	185,274	396,834
Other purposes	9,768	235	8,432
TOTAL	**2,149,058**	**397,784**	**833,848**

At December 31, 2022:

31/12/2022 Thousands of euros	TOTAL	Of which: real estate guarantee	Of which: other real guarantees
Public administrations	**322,820**	**-**	**-**
Non-financial companies and individual entrepreneurs	**1,783,532**	**182,542**	**789,997**
Property construction and development (including land)	302,177	102,041	128,523
Other purposes	1,481,355	80,501	661,474
Large companies	496,583	8,890	203,539
SMEs and individual entrepreneurs	982,447	71,608	455,690
Other purposes	2,325	3	2,245
TOTAL	**2,106,352**	**182,542**	**789,997**

3.5 Counterparty risk

The counterparty risk is generated by the possibility of incurring losses as a result of non-compliance with contractual obligations, in a timely manner, by financial institutions in operations with derivative instruments.

During the financial year 2023 and 2022, the fair value macro coverage on the portfolio of loans to customers has not been extended. The counterparts for interest rate hedging at 31 December 2023 and 2022 are 2 credit institutions, with notions of 124,758 and 130,727 thousand euros, respectively.

The distribution of notions by maturity is as follows:

Fair value hedging derivatives:

Type of Derivative	Expiration	Notional 2023 *(Thousands of euros)*	Notional 2022 *(Thousands of euros)*
IRS	Up to 3 years	12,000	12,000
IRS	Between 3 and 5 years	-	-
IRS	More than 5 years	112,758	118,727
		124,758	**130,727**

The notional value of derivatives is the magnitude that serves as the basis for estimating the results associated with them, but it cannot be understood that this magnitude represents a reasonable measure of the exposure of the ICF to the risks associated with these products.

3.6 Operational Risk

Operational risk represents the possibility of incurring losses as a result of lack of adequacy or failures in processes, systems and external people or events.

In accordance with the Risk Management and Control Model adopted by the ICF Group, based on the three lines of defence, operational risk management and control involves the entire Group, not limited to specific organizational units or risk specialist areas or control functions.

In this sense, the different areas and companies of the Group are responsible, in the first instance, for the daily management of operational risk, for which they are assigned, among others, the responsibility of keeping the processes, risks and controls of their areas of action updated. As a second line of defence, the Group maintains an internal control coordination function, focused on analysing the Group's operational processes and maintaining the risk map and corporate controls, and another operational risk function, responsible for establishing specific procedures and methodologies for identifying, assessing and controlling operational risk. In addition, it has a Global

Risk Management Department, responsible, among others, for calculating the consumption of own resources by operational risk based on the standard method of the basic indicator established by Basel III.

Finally, Internal Audit, as the last element of control, is the one that carries out the independent review of the Model, verifying compliance and effectiveness of the established corporate policies, and reporting the result of its actions to the Joint Audit and Control Committee.

3.7 Capital management

The Group has computable own resources of 1,013,529 thousand euros at 31 December 2023 (986,003 thousand euros at 31 December 2022), with a solvency ratio of 38.5% (39.4% as of 31 December 2022), this coefficient being much higher than the minimum of Pillar 1 required by Basel III regulations.

The capital ratios have been calculated in accordance with Royal Decree 84/2015, Law 10/2014 and the applicable European regulatory provisions, in particular Regulation (EU) 575/2013, amended by Regulation (EU) 2019/876 during the year.

The coefficient detail is attached at December 31, 2023 and December 31, 2022:

Solvency Coefficient Calculation (Thousands of euros)	**2023**	**2022**
Common equity tier 1 (CET1)	993,012	966,444
Eligible capital	1,013,529	986,003
Total Risk Weighted Assets	2,629,300	2,502,760
CET1 ratio	37.8%	38.6%
Solvency ratio	**38.5%**	39.%

4. Distribution of the result of the year of the Institut Català de Finances as the Parent Entity of the ICF Group

The proposed distribution of the individual profit/application of losses for 2023 to be put forward for approval by the ICF's Supervisory Board and the approved distribution for 2022, respectively, are as follows:

Thousands of euros	**2023**	**2022**
Basis of distribution:		
Profit and loss	44,801	27,401
Distribution:		
Capitalization reserves	2,729	-
Voluntary reserves	17,072	27,401
Dividends	25,000	-

5. Cash, cash balances in central banks and other demand deposits

The breakdown of the balance of this heading in the accompanying balance sheet at December 31, 2023 and December 31, 2022 is as follows:

Thousands of euros	**2023**	**2022**
Current accounts	58,995	79,479
Total	**58,995**	**79,479**

6. Financial assets at fair value through other comprehensive income

The breakdown of the balance under this heading of the balance sheet attached at 31 December 2023 and 31 December 2022 by type of transaction is as follows:

Thousands of euros	2023	2022
Risk capital instruments		
Outstanding risk in venture capital entities	182,938	155,168
Valuation adjustments	13,861	27,187
Subtotal venture capital instruments	**196,799**	**182,355**
Other equity investments	40,688	8,749
Valuation adjustments	(40,137)	(8,197)
Subtotal other investments in capital	**551**	**552**
Total capital instruments	**197,351**	**182,907**
Debt securities		
Debt securities	208,744	232,075
Valuation adjustments	(4,943)	(10,721)
Total debt securities	**203,801**	**221,354**
Total	**401,152**	**404,261**

Valuation adjustments include:

- In the case of venture capital instruments, changes in fair value.
- In the case of securities representing debt: changes in fair value, accrued interest and outstanding premiums.

When the venture capital entities are set up, the Group undertakes to pay a fixed amount so that these financial vehicles can carry out the operations for which they were set up. These commitments are at all times enforceable, in accordance with the contracts signed, for amounts detailed in the heading "Pending disbursements of venture capital entities" in the table above.

At 31 December 2023, there are outstanding commitments amounting to 116,378 thousand euros (112,072 thousand euros at 31 December 2022).

In 2023, dividends from venture capital instruments amounting to 591 thousand euros have been recognized. In 2022, dividends from venture capital instruments amounting to 7,372 thousand euros were recognized.

Annex III of this report presents details of the main companies owned by the Group that are not considered subsidiaries or associates, together with certain significant information about them.

During the year, shares have become part of the risk position with Pico Anayet, SL. This represents 2.3% of the total capital of the company Inversiones Pico Espadas, SA.

With regard to debt securities, the composition of the balances under this balance sheet heading, taking into account the nature of the operations, is detailed below (excluding valuation adjustments):

Thousands of euros	2023	2022
Regional public debt	7,350	7,350
Other public debt	27,844	400
Financial institutions	79,425	96,625
Other fixed-income securities	94,125	127,700
Total	**208,744**	**232,075**

The entire balance corresponds to debt instruments with an average effective interest rate of 1.34% for 2023 and 0.74% for 2022.

7. Financial assets at amortized cost

The breakdown of the balance in this chapter of the accompanying balance sheets, taking into account the nature of the financial instrument from which they originate, is as follows:

Thousands of euros	2023	2022
Loans and advances		
Credit institutions	30,216	15,468
Customers	1,949,599	1,878,878
Total	**1,979,815**	**1,894,346**

Below is a breakdown of the main valuation adjustments included in each of the different types of assets in the chapter "Loans and advances":

Thousands of euros		Adjustments for rating 2023				
	Brut Balance	Impairment funds	Accrued interest	Commissions	Others	Balance sheet
Credit institutions	30,054		165	(4)		30,216
Customers	2,149,057	(206,474)	11,347	(5,252)	921	1,949,599
Total	**2,179,112**	**(206,474)**	**11,512**	**(5,256)**	**921**	**1,979,815**

Thousands of euros		Adjustments by rating 2022				
	Brut Balance	Impairment funds	Accrued interest	Commissions	Others	Balance sheet
Credit institutions	15,448	-	22	(3)	-	15,468
Customers	2,106,352	(230,336)	7,109	(4,657)	410	1,878,878
Total	**2,121,800**	**(230,336)**	**7,131**	**(4,660)**	**410**	**1,894,346**

7.1 Credit institutions

The breakdown of this heading according to its credit nature and situation, without considering valuation adjustments, is as follows:

Thousands of euros	2023	2022
Term deposit accounts and other	28,455	12,479
Intermediation loans	1,599	2,970
Total deposits in credit institutions	**30,054**	**15.448**

"Credit institutions - Term deposit accounts and other" mainly comprises balances on deposits with fixed maturity held by the Group in financial institutions

"Credit institutions - Intermediation loans" correspond to agreements signed with various financial institutions for loans marketing.

The average effective interest rate accrued during 2023 for balances held with Deposits in credit institutions was 3.77%. In 2022 it was 2.06%.

7.2 Customers

The balance under this heading is detailed below, without considering valuation adjustments, taking into account the nature and situation of the operations, the sector of activity of the accredited party and the type of interest rate of the operations:

By nature and status of the credit:

Thousands of euros	2023	2022
Public administrations and the rest of the Public Sector	313,136	377,658
Secured debtors	510,813	345,460
Other fixed-term debtors	1,163,888	1,225,066
Debtors on demand and sundry debtors	1,934	6,009
Non-performing loans	159,286	187,087
Total loans to customers	**2,149,057**	**2,141,279**

By borrower's sector:

Thousands of euros	2023	2022
Public sector	**313,136**	**322,820**
Public administrations and the rest of Public Sector	313,136	322,820
Private sector	**1,835,922**	**1,783,532**
Resident	1,835,922	1,783,532
Total credit to customers	**2,149,057**	**2,106,352**

By type of interest rate:

Thousands of euros	2023	2022
At fixed interest rate	439,240	404,220
At variable interest rate	1,709,817	1,702,132
Total credit to customers	**2,149,057**	**2,106,352**

The average effective interest rate payable on the balances recognised under "Loans to customers" was 4.73% for 2023. In 2022 was 2.25%.

Changes in the balance of "Non-performing loans" in 2023 and 2022 was as follows:

Thousands of euros	2023	2022
Balance at the beginning of the financial year:	165,839	187,087
Plus:		
Adding new assets	69,739	43,358
Less:		
Recoveries	(65,653)	(45,485)
Transfer to asset write offs	(10,639)	(19,121)
Closing balance:	**159,286**	**165,839**

7.3 Impairment funds

Note 3.4.9., shows the movement that has occurred in the balance of provisions covering impairment losses on assets that make up the balance in the chapter "Financial assets at amortized cost", for fiscal years 2023 and 2022.

7.4. Financial assets deregistered from the balance sheet due to impairment

In note 3.4.11. It shows the movement in 2023 and 2022 of impaired financial assets that are not registered in the balance sheet because their recovery is considered remote, although the ICF Group has continued with the actions to recover the amounts owed.

8. Derivatives – hedge accounting

At 31 December 2023 and 2022, the ICF had entered into financial derivative transactions to hedge against interest rate risk with various reputable counterparties in accordance with the risk management policy explained in Note 3.

The breakdown by product type of fair value of derivatives designated as hedging derivatives at December 31, 2023 and December 31, 2022 is as follows:

Thousands of euros	31/12/2023		31/12/2022	
	Notional	Fair value	Notional	Fair value
Debit balances:				
Fair value micro-hedging	32,000	855	32,000	169
Fair value macro-hedging	92,758	15,832	98,727	20,731
Total	**124,758**	**16,687**	**130,727**	**20.899**

All financial derivatives contracted as hedging derivatives correspond to interest rate swaps. Note 3.5 details the maturity structure of derivative instruments.

At 31 December 2023, as a result of the annual review of the effectiveness of hedging, a deposit of 84 thousand euros was recorded in the profit and loss account as macro-hedging (income of 576 thousand euros in 2022) and an income of 129 thousand euros in the profit and loss account as micro-hedging (loss of 446 thousand euros in 2022).

8.1 Fair value hedging operations

The following is a breakdown, by type of item covered, of the balance sheet value and cumulative amount of fair value coverage adjustments at December 31, 2023 and 2022:

Thousands of euros	31/12/2023		31/12/2022	
	Balance sheet value of the covered item	Cumulative amount of fair value coverage adjustments for the covered item	Balance sheet value of the covered item	Cumulative amount of fair value coverage adjustments for the covered item
Debit balances:				
Loan portfolio at fixed rates classified as financial assets at amortised cost	15,832	(15,172)	20,731	(20,155)
Total	**15,832**	**(15,172)**	**20,731**	**(20,155)**
Credit balances:				
Debt securities issued at fixed rates classified as financial liabilities at amortised cost	855	(726)	169	169
Total	**855**	**(726)**	**169**	**169**

8.2 Cash flow hedging operations

As of December 31, 2023 and December 31, 2022, the ICF did not maintain cash flow coverage.

9. Non-current assets and saleable groups of items that have been classified as held for sale

This balance sheet chapter only includes assets foreclosed in the regularisation process for non-performing loan operations that are not incorporated as assets for own use or as real estate investments.

The movement during 2023 and 2022 of foreclosed assets was as follows:

Thousands of euros	2023	2022
Opening balance for the year:	**11,239**	**15,236**
Plus:		
Additions for the year (Note 33)	53	2,473
Transfers	-	-
Less:		
Derecognition through sale	(2,757)	(6,393)
Derecognition through transfers	-	-
Impairment funds for the year (Note 33)	-	(76)
Closing balance for the year:	**8,535**	**11,239**

The 2023 and 2022 restatement of the impairment allowance has been recorded on the basis of updated individual appraisals by independent experts so that the fair value of these assets does not differ significantly from their carrying amount.

Note 33 details the results generated by the restatement of the impairment allowance and the sale of this type of assets.

10. Investments

This heading of the accompanying balance sheets contains the interest held in the capital of one associate (see Note 2.a). This shareholding is accounted for using the equity method using the best available estimate of their underlying carrying amount on the date the financial statements were authorised for issue.

Details of this company's capital, reserves, and results, as well as the interest held by the Group, are provided in Appendix II of the notes to these financial statements. The information is the latest actual or estimated data available on the date these notes to the financial statements were drafted.

Thousands of euros	2023	2022
Avalis de Catalunya S.G.R		
Shareholding	4,720	4,863
Equity method adjustment	2,762	2,758
Closing balance for the year:	**7,482**	**7,621**

In accordance with Circular 5/2013 details of the most relevant information in relation to the financial statements of the associated entity are as follows:

	2023	2022
Total assets	163,277	143,149
Total liabilities	95,529	76,327
Total equity	67,748	66,822
Profit after income tax	-	-

The movement for fiscal years 2023 and 2022 of reserves by equity companies is shown in note 20.2.

11. Tangible assets

The breakdown of the heading "Tangible assets", the corresponding accumulated depreciation and change during 2023 and 2022 is as follows:

2023 (Thousands of euros)	**Property, plant and equipment for own use**	**Investment property**	**Total**
Cost			
Opening balances	15,110	74,109	89,219
Additions	539	-	539
Reclassifications and derecognitions	(674)	(300)	(974)
Total cost as of December 31, 2023	**14,974**	**73,809**	**88,784**
Cumulative amortisation			
Opening balances	(4,780)	(7,268)	(12,048)
Additions (Note 31)	(459)	(660)	(1,119)
Derecognition and transfers	769	84	854
Total cum, depreciation at December 31, 2023	**(4,470)**	**(7,843)**	**(12,313)**
Impairment			
Opening balances	-	(8,142)	(8,142)
Total impairment at December 31, 2023	**-**	**(8,142)**	**(8,142)**
TOTAL TANGIBLE ASSETS AT DECEMBER 31, 2023	**10,504**	**57,824**	**68,328**

2022 (Thousands of euros)	**Property, plant and equipment for own use**	**Investment property**	**Total**
Cost			
Opening balances	16,061	72,532	88,594
Additions	377	290	666
Reclassifications and derecognitions	(1,328)	1,287	(41)
Total cost as of December 31, 2022	**15,110**	**74,109**	**89,219**
Cumulative amortisation			
Opening balances	(4,581)	(6,408)	(10,989)
Additions (Note 31)	(559)	(646)	(1,206)
Derecognition and transfers	360	(214)	146
Total cum. depreciation at December 31, 2022	**(4,780)**	**(7,268)**	**(12,048)**
Impairment			
Opening balances	-	(8,142)	(8,142)
Total impairment at 31 December 2022	**-**	**(8,142)**	**(8,142)**
TOTAL TANGIBLE ASSETS AT DECEMBER 31, 2022	**10,330**	**58,699**	**69,029**

11.1 Tangible assets – Property, plant and equipment for own use

The breakdown by type of the items comprising the balance of "Tangible assets - Property, plant and equipment for own use" in the balance sheet as at 31 December 2022 and 31 December 2021 is as follows:

2023 (Thousands of euros)	Cost	Cumulative amortisation	Net balance
IT equipment and facilities	1,280	(947)	332
Furniture and other fixtures	2,706	(665)	2,041
Land and buildings	10,987	(2,856)	8,131
Balances as of December 31, 2023	**14,974**	**(4,470)**	**10,504**

2022 (Thousands of euros)	Cost	Cumulative amortisation	Net balance
IT equipment and facilities	1,098	(831)	267
Furniture and other fixtures	3,348	(1,364)	1,983
Land and buildings	10,664	(2,584)	8,080
Balances at 31 December 2022	**15,109**	**(4,780)**	**10,330**

At 31 December 2023, certain tangible assets for own use worth 844 thousand euros (1,559 thousand at 31 December 2022) were fully amortised. The fair value of all tangible fixed assets at 31 December 2023 and 31 December 2022 does not differ significantly from that recorded under the heading "Tangible assets" in the accompanying balance sheet.

11.2 Tangible assets – Real estate investments

This heading includes buildings maintained for operation on a rental basis, there being no quotas. At December 31, 2023 and 2022, the ICF had no significant contractual obligations in relation to the future development of real estate investments contained in the balance sheet on that date, nor were there any relevant restrictions on their realization, other than the current real estate market conditions themselves.

Note 27 details net income from income from these investments.

The expenses associated with real estate investments that have generated income correspond to administration and maintenance expenses detailed in note 28.

12. Intangible assets

The other intangible assets correspond mainly to the acquisition of software systems and programs. The movement that has occurred in this chapter of the balance sheet in 2023 and 2022 is as follows:

2023	Thousands of euros
Cost	
Balances at January 1, 2023	12,470
Additions	789
Derecognition and transfers	(4)
Total Cost at December 31, 2023	**13,255**
Cumulated depreciation	
Balances at January 1, 2023	(10,021)
Additions (Note 31)	(1,293)
Derecognition and transfers	124
Total cum, amortisation at 31 December 2023	**(11,190)**
TOTAL INTANGIBLE ASSETS AT DECEMBER 31, 2023	**2,065**

2022	Thousands of euros
Cost	
Balances at 1 January 2022	12,101
Additions	775
Derecognition and transfers	(406)
Total Cost at December 31, 2022	**12,470**
Cumulated depreciation	
Balances at 1 January 2022	(8,329)
Additions (Note 31)	(1,610)
Derecognition and transfers	(82)
Total cum. amortisation at 31 December 2023	**(10,021)**
TOTAL INTANGIBLE ASSETS AT DECEMBER 31, 2022	**2,449**

At December 31, 2023, certain intangible assets amounting to 7,076 thousand euros (6,438 thousand at 31 December 2022) were fully amortised.

13. Other assets

The breakdown of the balance of this chapter of the balance sheet is as follows:

Thousands of euros	2023	2022
Prepayments and accrued income	-	5
Pending amounts of collection from the ERDF programme (note 16)	34,241	51,420
Other concepts	5,829	2,512
Total	**40,070**	**53,937**

The heading "Other assets - Other items" for fiscal years 2023 and 2022 mainly includes:

- Approved contributions pending receipt from other Public Administrations for obligations recognised in certain loan operations to entities and companies. (note 34)

- Group debtor balances.

14. Financial liabilities at amortized cost

The composition of the balance in this chapter of the balance sheet attached to December 31, 2023 and 2022, is detailed below, depending on its nature:

Thousands of euros	2023	2022
Deposits of credit institutions	1,067,471	1,092,218
Customer funds	330,652	280,930
Debt securities issued	78,654	105,697
Other financial liabilities	5,113	5,583
Total	**1,481,891**	**1,484,428**

Below is the breakdown of the gross balance and valuation adjustments corresponding to the subheadings of "Financial liabilities at amortized cost" at December 31, 2023 and 2022:

Thousands of euros	Adjustments for rating 2023				
	Gross balance	Accrued interest	Derivative micro-hedges	Transaction costs	Discounted premiums
Deposits in credit institutions	1,058,383	9,215	-	(127)	1,067,471
Customer funds	330,633	20	-	-	330,652
Debt securities issued	77,325	603	726	-	78,654
Other financial liabilities	5,113	-	-	-	5,113
Total	**1,471,454**	**9,838**	**726**	**(127)**	**1,481,891**

Thousands of euros	Adjustments by rating 2022				
	Gross balance	Accrued interest	Derivative micro-hedges	Transaction costs	Discounted premiums
Deposits in credit institutions	1,087,750	4,523	-	(56)	1,092,218
Customer funds	280,935	(5)	-	-	280,930
Debt securities issued	105,194	335	169	-	105,697
Other financial liabilities	5,583	-	-	-	5,583
Total	**1,479,462**	**4,853**	**169**	**(56)**	**1,484,428**

14.1 Deposits from credit institutions

The breakdown of the balance under this heading of the balance sheet attached, without considering valuation adjustments and taking into account the nature of the operations, is indicated below:

Thousands of euros	2023	2022
Fixed-term deposits	**1,058,383**	**1,087,750**
Fixed-term accounts	1,058,383	1,087,750
Total	**1,058,383**	**1,087,750**

The average effective interest rate of financial instruments classified under this heading in 2023 was 3.07% (50.90% in 2022).

This chapter sets out the bank indebtedness provided by the Group.

Repayments of bank borrowings by residual maturity at year-end 2023 and 2022, are as follows:

Thousands of euros	2023	2022
Up to 3 months	173	-
From 3 months to 1 year	20,000	-
From 1 to 5 years	301,857	120,347
More than 5 years	736,353	967,403
Total	**1,058,383**	**1,087,750**

At December 31, 2023, there are formalised and undrawn borrowings of 125 million euros. At December 31, 2022, there were formalised and undrawn borrowings of 110 million euros.

14.2 Customer funds

The breakdown of the balance sheet under this heading of the balance sheet attached to December 31, 2023 and December 31, 2022, without considering adjustments by valuation and taking into account the sector and the nature of operations, is as follows:

Per sectors:

Thousands of euros	2023	2022
Public administrations	301,336	250,598
Other resident sectors	29,296	30,337
Total	**330,633**	**280,935**

By nature:

Thousands of euros	2023	2022
Funds received	324,45	278,939
Other – Managed loans	6,387	1,996
Total	**330,633**	**280,935**

The funds received correspond, mainly, to resources received from various departments and entities of the Generalitat de Catalunya as a guarantee of certain credit operations.

The average effective interest rate for items under this heading during 2023 was 1.16% (0.03% in 2022).

14.3 Securities representative of issued debt

The breakdown of the balance under this heading of the balance sheet attached to December 31, 2023 and December 31, 2022, considering the principal amount of issuances, is as follows:

31/12/2023	Thousands of euros		
	Expiration	Import	Interest rate
Eighth issue	15/06/2024	12,000	4.25%
Eleventh issue	22/10/2029	20,000	4.55%
Total		**32,000**	

31/12/2022	Thousands of euros		
	Expiration	Import	Interest rate
Eighth issue	15/06/2024	12,000	4.25%
Eleventh issue	22/10/2029	20,000	4.55%
Total		**32,000**	

At December 31, 2023 and December 31, 2022, the amortisation of these issues in accordance with their residual maturity period is as follows:

Thousands of euros	2023	2022
Between 3 months and 1 year	12,000	-
Between 1 and 5 years	-	12,000
More than 5 years	20,000	20,000
Total	**32,000**	**32,000**

The heading also includes at December 31, 2023 promissory notes listed on the Barcelona Stock Exchange for a total amount of 45,325 thousand euros (73,194 thousand euros at December 31, 2022). This amount corresponds to 73 nominal transactions (55 operations at December 31, 2022) between 95 and 7,600 thousand euros (between 100 and 6,500 thousand euros at December 31, 2022). The weighted average return of promissory notes is 1.59% (0.31% as of December 31, 2022) and the average residual term is 0.5 years (0.5 years as of December 31, 2022).

14.4 Other financial liabilities

The breakdown of this balance sheet heading is as follows:

Thousands of euros	2023	2022
Accrued commissions on financial guarantees	5,113	5,583
Total	**5,113**	**5,583**

15. Provisions

The breakdown of the balance of this item in the accompanying balance sheet at December, 31 2023 and 2022 is as follows:

2023	Thousands of euros			
	31/12/2022	Net provisions	Recoveries	31/12/2023
Provisions for contingent liabilities and commitments	**2,775**	**4,175**	**(4,491)**	**2,459**
Guarantees received	873	1,478	(1,682)	669
Loan commitments granted	1,902	2,697	(2,810)	1,790
Other provisions	**882**	**-**	**-**	**882**
Total	**3,657**	**4,175**	**(4,491)**	**3,341**

2022	Thousands of euros			
	31/12/2021	Net provisions	Recoveries	31/12/2022
Provisions for contingent liabilities and commitments	**2,616**	**2,432**	**(2,273)**	**2,775**
Guarantees received	1,448	1,698	(2,273)	873
Loan commitments granted	1,168	734	-	1,902
Other provisions	**882**	**-**	**-**	**882**
Total	**3,498**	**2,432**	**(2,273)**	**3,657**

The Group's directors do not consider that any additional liabilities will accrue in addition to those disclosed at December 31, 2023.

16. Other liabilities

The breakdown of this balance sheet heading is as follows:

Thousands of euros	2023	2022
Accruals and deferrals	7,595	14,377
Deferred income ERDF programme	105,362	103,169
Trade and other payables	2,207	1,846
Total	**115,164**	**119,392**

Deferred income ERDF programme

The following is the movement of deferred revenue from ERDF programme funds during year 2023 and 2022:

(Thousands of euros)	Start balance	Additions	Transfers to the income statement (Note 27)	End balance
Year 2023				
Deferred income	103,169	18,349	(16,156)	105,362
	103,169	**18,349**	**(16,156)**	**105,362**

(Thousands of euros)	Start balance	Additions	Transfers to the income statement (Note 27)	End balance
Year 2022				
Deferred income	102,192	14,545	(13,568)	103,169
	102,192	**14,545**	**(13,568)**	**103,169**

On February 12, 2015, the ERDF Operational Programme for Catalonia 2014-2020 was approved by means of *Decision No. C (2015) 894 end*. In compliance with article 124 of Regulation (EU) No 1303/2013, of the European Parliament and of the Council and of article 10, point 2, letter c) of Royal Decree 256/2012, of January 27,, the Generalitat de Catalunya has been designated as the managing authority for the operational programmes provided for in section 1.6 of the Spanish Association Agreement 2014-2020, co-financed by the ERDF. In accordance with article 38.4.c, of Regulation 1303/2013 of the European Parliament, it has been agreed to transfer the tasks of execution of the financial instruments included in the operational program of Catalonia ERDF 2014-2020 (Decision EC 2015-894) carried out so far by the ICF, to its subsidiary Financial Instruments for Innovative Companies, S.L.U. (IFEM), in accordance with the legal authorization established in the transitional provision of Legislative Decree 1/2022, of July 26,, approving the revised text of the Law of the Institut Català de Finances.

The operational program consists of two investment cycles, with the expected completion date of the first cycle being December 31, 2023, and is divided into two distinct lines:

- ICF Eurocrèdit: the total investment foreseen under this programme is 184 million euros, which is initially gradually provided by the ICF. The ICF receives funds corresponding to 50% of the eligible amount of the financing transactions. In the second cycle, 50% of the funds returned from the first cycle will need to be reinvested.

- ICF Eurocrèdit Covid-19 liquidity. A facility of up to a maximum of 70 million euros, which is gradually provided by ICF. The ICF receives funds corresponding to 100% of the eligible amount of the financing transactions. In the second cycle, it will be necessary to reinvest 100% of the funds returned corresponding to the first cycle to recipients in the same sector.

The ICF has established a system of certifications that allows accreditation of the level of compliance with the conditions of the program, at which point the amounts to be received acquire the character of non-refundable. Given the conditions of the financing programme and the accreditation system, the amounts received are allocated to the profit and loss account simultaneously with the evolution of the operational programme's portfolio.

Up to December 31, 2023, payment to the ICF for this concept of 151,024 thousand euros (133,818 thousand euros at December 31, 2022) has been agreed, of which an amount of 35,266 thousand euros (note 13) is pending collection at December 31, 2023 (51,420 thousand euros at December 31, 2022).

Suppliers and other accounts payable

In 2023 and 2022, the main entries are as follows:

- Invoices pending receipt from various suppliers.

- In addition, 2,400 thousand euros were recorded in 2023 as a guarantee cost for the Covid-19 liquidity lines pending payment to the Generalitat de Catalunya (2,145 thousand euros in 2022) (note 34).

17. Fair value of financial assets and liabilities

The fair value of a financial asset or liability on a given date is understood to be the amount by which it could be delivered or settled, respectively, on that date between two parties, independent and experts in the field, acting freely and prudently, under market conditions.

The fair values of financial instruments reflected in the financial statements are classified using the following fair value levels:

- Level I: fair values are obtained from quoted prices (unadjusted) in active markets for the same instrument.

- Level II: fair values are obtained from quoted prices in active markets for similar instruments, recent transaction prices or expected cash flows or other measurement techniques in which all significant inputs are based on market data.

- Level III: fair values are obtained using measurement techniques in which a certain significant input is not based on observable market data.

The main measurement techniques, assumptions or inputs used to estimate the fair value of financial instruments classified in Levels II and III, according to the type of instrument. The assessment criteria remain constant with those of 2022.

Financial instruments Level III	Measurement techniques	Main assumptions	Main inputs used
Capital instruments available for sale	Contrast of the accounting information with the equity value of the investee companies, using as equity value the one indicated in the financial statements to formulate provided by the respective management companies. Additionally, measurement based on discounted cash flows can be used among other commonly accepted methods.	- Calculation based on the financial information of the instruments available at the date of preparation of the financial statements. - Impairment exists if the fair value is below 60% of the investment value. - Variations below 10% are not significant for the volatility of the instruments	Financial information of the investee companies

The following are the main financial instruments recorded at fair value in the balance sheet as of December 31, 2023 and 2022, detailing the valuation method used in estimating their fair value:

	2023		
	Level 1	**Level 2**	**Level 3**
Assets:			
Financial assets at fair value through other comprehensive income (note 6)	203,801		197,351
Hedging derivatives (note 8)	-	16,687	-
Total assets	**203,801**	**16,687**	**197,351**

	2022		
	Level 1	**Level 2**	**Level 3**
Assets:			
Financial assets at fair value through other comprehensive income (note 6)	221,354	-	182,907
Hedging derivatives (note 8)	-	20,899	-
Total assets	**221,354**	**20,899**	**182.907**

Any variation in one or more variables or other reasonably possible alternative assumptions would not result in a significant change in the fair value of those instruments classified under level 3 of the total portfolio of financial instruments.

As noted in note 2.b, the fair value of financial assets and liabilities valued at amortized cost does not differ significantly from their carrying amount. These assets and liabilities are classified as Level 3.

During fiscal years 2023 and 2022, changes in the fair value of Level 2 and Level 3 financial instruments are solely due to the maturity of existing transactions, the arrangement of new transactions and changes in the fair value classified in other comprehensive income (in the case of available-for-sale financial assets and cash flow hedging derivatives) and the income statement (in the case of fair value hedging derivatives). No transfers from one level to another occurred.

18. Other cumulative overall results

This heading of the accompanying balance sheet includes the following:

- The net amount of the tax effect of the differences between the market value and acquisition cost (net gains/losses) of assets classified as financial assets at fair value through other comprehensive income which, as disclosed in Note 2.g, must be included in the Group's equity.

- The net tax effect of the variations in cash flow hedges, in accordance with what is disclosed in Note 2.c.

The total amount of the adjustments due to change in value, net of their tax effect, that have been recognized in equity is as follows:

Thousands of euros	2023	2022
Financial assets at fair value through other comprehensive income	32,602	40,784
Equity instruments	36,945	50,725
Debt instruments	(4,343)	(9,941)
Cash flow hedging	-	-
Total	**32,602**	**40,784**

19. Own funds

19.1 Endowment fund

The change in this heading during 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Opening Balance	693,149	693,149
Total	**693,149**	**693,149**

19.2 Reserves

The change in this heading during 2023 and 2022 is as follows:

Heading	Parent reserves	Subsidiaries reserves	Reserves in equity method	Profit /(loss) for the year	Total
Balance at 31.12.2021	**192,742**	**(3,852)**	**2,790**	**36,419**	**228,099**
Distribution of profit/allocation of losses	40,490	(4,071)	-	(36,419)	-
Other changes	(255)	-	(32)	-	(287)
Profit or loss for 2022	-	-	-	27,399	27,399
Balance at 31.12.2022	**232,977**	**(7,923)**	**2,758**	**27,399**	**255,211**
Distribution of profit/allocation of losses	27,401	(2)	-	(27,399)	-
Other Changes	(237)	-	132	-	(105)
Profit or loss for 2023	-	-	-	49,531	49,531
Balance as at 31.12.2023	**260,140**	**(7,925)**	**2,890**	**49,531**	**304,637**

With the sole exception of the parent company's capitalisation reserves, amounting to 4,092 thousand euros in 2023 (11,839 thousand euros in 2022), which meet the terms established in Law 27/2014, of 27 November on Corporation Tax, all reserves at 31 December 2023 and 2022 are freely distributable.

20. Taxation

20.1 Tax consolidation

The ICF Group has filed consolidated corporate income tax returns since 2006.

The composition of the Group filing consolidated corporate income tax returns in 2023 is as follows:

Parent	Institut Català de Finances
Subsidiaries	Institut Català de Finances Capital, SGEIC, S.A.U. Financial Instruments for Innovative Companies S.L.U.

20.2 Fiscal years subject to tax inspection

Financial years subject to tax inspection

At 31 December 2023, the Group is open to inspection for all taxes to which it is liable for the last four financial years. It is not estimated that there are any significant tax liabilities other than those included in these financial statements.

20.3 Reconciliation of accounting profit and taxable income and tax rate calculation

The reconciliation between 2023 and 2022 accounting profit and taxable income and the calculation of the income tax expense/(recoverable income tax), as described in Note 2.k, is as follows:

Thousands of euros	2023	2022 (*)
Accounting profit or loss before tax	**68,214**	**31,878**
Consolidation adjustments	(2,458)	42
Profit of companies not included in the tax group	4,873	1,131
Other consolidation adjustments	(7,331)	(1,089)
Permanent differences	(818)	(6,792)
Temporary differences	(3,090)	(61,042)
Increases	11,636	65,963
Decreases	(14,726)	(127,005)
Capitalization reserve	(2,741)	-
Consolidated tax base	**59,106**	**(35,915)**
Application of negative tax bases	(28,863)	**-**
Consolidated Imposable Base	**30,243**	**(35,915)**
Tax at prevailing rate	9,073	-
Deductions and credits	(6)	-
Withholdings and payments on account	(8,989)	(5,273)
Income tax expense (recoverable tax)	**78**	**(5,273)**

(*) Estimate included in the 2022 financial statements does not constitute the settlement for the year.

Details of the income tax expense related to profit tax and profit for 2023 and 2022 are as follows:

Thousands of euros	2023	2022
Accounting profit or loss before tax	**68,214**	**31,878**
Tax at current tax rate	**20,464**	**9,563**
Tax effect of non-deductible expenses	(245)	(2,038)
Consolidation adjustments	(738)	12
Deductions and credits applied	(6)	-
Capitalisation reserve	(822)	-
Restatement of the tax rate	-	(3,058)
Adjustments	30	-
Income tax expense (recoverable tax)	**18,683**	**4,480**

The reconciliation of current income tax and the income tax expense (recoverable income tax) for 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Taxable income due to tax rate	17,732	(10,774)
Deductions and credits	(6)	-
Current income tax for the year	**17,726**	**(10,774)**
Change in temporary differences	927	18,313
Adjustments	-	-
Restatement of the tax rate	30	(3,058)
Income tax expense (recoverable tax)	**18,683**	**4,480**

20.4 Deferred tax

The differences, wherever applicable, between the amount of income tax recognised and that payable corresponds to current and deferred taxes arising due to temporary differences, and are recognised under "Tax assets" and "Tax liabilities". The breakdown of advance and deferred taxes at December 31, 2023 and December 31, 2022, is as follows:

Thousands of euros	2023	2022
Opening balance of deferred tax assets	**69,392**	**55,258**
Provisions for hedges on non-deductible credit risk	1,718	18,175
Provisions for hedges on credit risk that become deductible	(4,113)	(4,606)
Equity adjustments	496	3,063
Limitation of depreciation	(37)	(37)
Negative tax base activation exercise	(8,659)	(2,397)
Other tax assets	-	(64)
Restatement of the tax rate	-	-
Closing balance of deferred tax assets	**58,797**	**69,392**

Thousands of euros	2023	2022
Opening balance of deferred tax liabilities	**869**	**-**
IFDV changes in value	(185)	869
Closing balance of deferred tax liabilities	**684**	**869**

The Entity expects to recover the tax assets as a whole within at most 10 years.

20.5 Current taxes

The balances relating to current tax assets at 31 December 2023 and 2022, amounting to 6,256 and 5,325 thousand euros, respectively, correspond essentially to interim payments made by the Tax Group during the year.

The breakdown of current tax liabilities at December 31, 2023 and 2022 is as follows:

(thousands of euros)	2023	2022
Withholding debt	171	160
Social security debt	167	141
Taxation authority, IT credit	78	30
Taxation authority, VAT credit	180	1
Total	**596**	**332**

21. Other significant information

a) Financial guarantees granted

Contingent exposures are defined as those amounts which the Group would be obliged to pay on behalf of a third party in the event of that party failing to meet its payment obligations, in accordance with commitments assumed during normal business activity.

The majority of such amounts will reach maturity without giving rise to any obligation to pay on the part of the Group, and therefore the total balance of these commitments cannot be considered part of the Group's real financing or liquidity needs.

Revenues earned on guarantee instruments are recognised under "Commission income" and "Interest income" (in the amount corresponding to the adjustment to the value of the commissions) in the income statement for the financial year and are calculated by applying the rate established in the contract to the nominal amount of the guarantee.

The provisions recognised to cover these guarantees, calculated using similar criteria to those used to calculate impairment losses and valued at amortised cost, are recognised under "Provisions" in the balance sheet (Note 16).

The following is the composition of the chapter "Financial guarantees granted", included in the pro-report of the balance sheets at December 31, 2023 and December 31, 2022:

Thousands of euros	2023	2022
Guarantees and other sureties provided	89,919	114,149
Total	**89,919**	**114,149**

b) Loan commitments granted

The balance under this heading includes those irrevocable commitments that could lead to the recognition of financial assets.

The breakdown of the heading "Loan commitments granted" included in the memorandum accounts to the balance sheets at December 31, 2023 and December 31, 2022:

Thousands of euros	2023	2022
Available to third parties	307,551	320,733
Credit institutions	14	-
Public Administration Sector	18,945	41,157
Other resident sectors	288,591	279,576
Total	**307,551**	**320,733**

22. Interest income

This heading on the income statement includes interest accrued during the year as the implicit or explicit yield on financial assets, obtained by applying the effective interest rate (mainly for loans provided by the ICF Group).

The origin of the interest and assimilated income accrued in favour of the ICF Group in 2023 and 2022 is the following:

Thousands of euros	2023	2022
Deposits with credit institutions	3,232	1,771
Customer loans	98,407	50,206
Public administrations	14,008	4,949
Other resident sectors	84,399	45,257
Debt securities	2,832	1,801
Other interest	43	85
Total	**104,514**	**53,862**

23. Interest expenses

This heading on the income statement includes interest accrued during the year as the implicit or explicit interest generated on financial liabilities, obtained by applying the effective interest rate, and also adjustments due to accounting hedges.

The breakdown of this heading in the income statements for 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Deposits of credit institutions	(32.921)	(9.322)
Customer funds	(4.081)	(27)
Debits represented by tradable securities	(2.564)	(3.348)
Total	**(39.566)**	**(12.697)**

24. Commission income

The amount of the income for fees accrued at December 31, 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Fees for financial guarantees granted	4,416	3,131
Management of agreed lines (note 34)	258	59
Total	**4,674**	**3,191**

25. Commission expenses

The amount of the fee expenses accrued at December 31, 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Corrections for asset and liabilities transactions	(532)	(900)
Cost of guaranteed operations (note 3.4.4 and note 34)	(2,153)	(2,065)
Total	**(2,685)**	**(2,964)**

26. Profit or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net

The breakdown of this heading is as follows:

Thousands of Euros	2023	2022
Financial income derived from the sale of debt securities classified at fair value through other comprehensive income	-	76
Total	**-**	**76**

27. Other operating income

The breakdown of this heading in the accompanying income statement for 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Operating income from investment property (note 11.2)	4,322	3,979
Income from ERDF operational programme (note 16)	16,156	13,568
Other items	214	204
Total	**20,692**	**17,751**

The balance of "Operating income from investment property" relates mainly to the income that the Group has received in the lease of the offices of the buildings classified by the Group under the heading of investment property.

28. Other operating expenses

he breakdown of this heading in the accompanying income statements for 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Operating expenses from investment property (note 11.2)	(1,247)	(1,616)
Other concepts	(463)	(694)
Total	**(1,710)**	**(2,311)**

29. Personnel expenses

The breakdown of this heading in the accompanying income statements for 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Wages and salaries	(6,423)	(6,201)
Social Security	(1,660)	(1,378)
Total	**(8,084)**	**(7.578)**

Personnel expenses include the remuneration of key personnel of the entity defined by the Appointments and Remuneration Committee (12 people) for the amount to 893 thousand euros in 2023 (15 people and 1,282 thousand euros in 2022). In addition, there are 154 thousand euros of provisions for variable remuneration (213 thousand euros in 2022), whose settlement is subject to the evaluation of the Appointment and Remuneration Committee. Key personnel are considered those who carry out functions that, due to their level of responsibility and ability to take risks, impact on the company's risk profile; as well as all those staff who receive global remuneration that includes them in the same salary range as senior managers and employees who take risks, and whose professional activities impact significantly on the company's risk profile. In particular, the following members are considered as key personnel of the ICF:

- **Chief Executive Officer**
- **Directors:** Corporate Director of Audit, Compliance and Legal Advice, Director of Risk, Director of Venture Capital Investments, Director of Administration, Finance and Markets, Director of Monitoring and Risk Management, Director of Technology, Commercial Director, Director of Human Resources and Organization, Director of Product Development, Director of Audit and Internal Control and Marketing Manager.

At December 31, 2023 and 2022, the distribution the ICF Group's workforce by professional category and gender is as follows:

	December 31, 2023			December 31 2022		
	Men	Women	Total	Men	Women	Total
CEO	-	1	1	1	-	1
Directors Steering Committee	5	3	8	1	4	5
Directors / Unit Heads	11	11	22	14	11	25
Technical / Administrative	41	51	92	28	54	82
Total	**57**	**66**	**123**	**44**	**69**	**113**

The distribution the ICF Group's average workforce by professional category and gender during 2023 and 2022 is as follows:

	December 31, 2023			December 31 2022		
	Homes	Women	Total	Homes	Women	Total
CEO	-	1	1	1	-	1
Directors Steering Committee	5	3	8	1	4	5
Directors / Unit Heads	11	11	22	14	11	25
Technical / Administrative	36	52	88	31	54	85
Total	**52**	**67**	**119**	**47**	**69**	**116**

The ICF Group complies with Law 13/1982, which requires companies with more than 50 employees to either employ 2% or more employees with a disability equal to or greater than 33%, or to adopt the alternative measures set out in Royal Decree 27/2000.

In 2023 and 2022 the ICF Group has 2 employees with a disability equal to or greater than 33%.

30. Other administration expenses

The breakdown of this heading in the accompanying income statement is as follows:

Thousands of euros	2023	2022
Furniture, fittings and materials	(269)	(327)
Information technology	(2,610)	(2,128)
Publicity and advertising	(573)	(148)
Technical reports	(683)	(785)
Security and cash-in-transit services	(89)	(119)
Insurance premiums	(188)	(145)
Governance and control bodies	(134)	(182)
Outsourced administrative services	(103)	(35)
Contributions and taxes	(254)	(79)
Other expenses	(787)	(643)
Total	**(5,689)**	**(4,590)**

The balance "Other general administration expenses" includes the fees and expenses of Ernst & Young S.L. as an annual audit amounting to 91 thousand euros (excluding VAT) in 2023 and 2022. In addition, in 2023 and 2022, a total of 13 thousand euros were accrued by the external auditor for reviewing the information on the Financial Reporting Control System contained in the ICF Group's Annual Corporate Governance Report and reviewing the Prudential Information Report of the ICF Group, corresponding mainly to other accounting verification services. which correspond to agreed procedural reports.

The item "Governing and control bodies" includes 131 thousand euros (165 thousand euros in 2022) corresponding to the remuneration received for attendance at the governing bodies of the Institut Català de Finances, the parent company of the ICF Group. Law 3/2015, of 11 March, on fiscal, financial and administrative measures, suspended the receipt of attendance rights for senior officials of the Generalitat due to concurrence at meetings of governing bodies, as of the date of entry into force, 14 March 2016. The independent Directors who are members of the Supervisory Board, the Executive Committee and the Control Committees (Joint Audit and Control Committee and the Appointments and Remuneration Committee) received a specific annual remuneration for their status as independent Directors, in accordance with the Remuneration Policy approved by the Supervisory Board on 18 June 2015 in accordance with the proposal of the Appointments and Remuneration Committee, Further detail of these remunerations for fiscal year 2023 is shown in Annex I.

There has been no transaction with any member of the governing bodies for items other than those detailed.

Information on payment deferrals to suppliers.

At December 31, 2023 and December 31, 2022, the Group has no invoices pending payment to suppliers with a deferral exceeding the established statutory period.

The information on the average payment period is as follows:

	2023	2022
	Days	**Days**
Average payment period for suppliers	8,41	18,84
Ratio of paid transactions	8,41	18,84
Ratio of transactions pending payment	-	-

31. Amortization

The breakdown of this heading in the income statement for the years ended December 31, 2023 and December 31, 2022 is as follows:

Thousands of euros	2023	2022
Tangible assets (see note 11):		
For own use	(459)	(559)
Investment property	(660)	(646)
Intangible assets (see note 12)	(1,293)	(1,610)
Total	**(2,412)**	**(2,816)**

32. Impairments or (-) or reversals of impairments to financial assets not recognised at fair value through profit or loss:

The breakdown of the balance of this heading of the accompanying income statement for years 2023 and 2022 is as follows:

Thousands of euros	2023	2022
Impairments or (-) or reversals of impairments to financial assets not recognised at fair value through profit or loss:		
Allocations to provisions	(46,201)	(87,183)
Recoveries	36,505	56,950
Recoveries of asset write-offs and other	5,053	5,537
Total	**(4,643)**	**(24,697)**

33. Gains (losses) on non-current assets and disposal groups classified as held for sale not eligible as discontinued operations

The breakdown of the balance of this heading is as follows:

Thousands of euros	2023	2022
Impairment funds for foreclosed assets (note 10)	53	2,397
Gains on the sale of foreclosed assets	1,854	2,875
Total	**1,907**	**5,272**

34. Related parties

A breakdown of balances and transactions for years 2023 and 2022 with related parties to the ICF Group, not disclosed in any other note, is as follows:

	Active / (liability) balances					
	Sole Shareholder		Associated		Other related parties	
	2023	2022	2023	2022	2023	2022
Debt Securities (note 6 and note 14.3)	7,350	7,350	(13,500)	(15,846)	-	-
Customer loans	10,165	13,833	70	213	5,752	3,257
Other assets (renting spaces)	12	14	-	-	-	-

Management of lines in agreement (note 13)	132	68	-	-	-	-
Transaction guarantee expense (note 16)	(2,022)	(2,145)	-	-	-	-
Customer funds (note 14.2)	(330,633)	(280,935)	-	-	-	-

	Income (expenses)					
	Sole proprietorship		**Associated**		**Other related parties**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Debt Securities (note 6 and note 14.3)	246	85	(198)	(138)	-	-
Customer loans	573	312	7	1	252	98
Other assets (renting spaces)	377	136	247	245	-	-
Management of lines in agreement (note 13)	258	59	-	-	-	-
Transaction guarantee expense (note 16)	(2,153)	(2,065)	-	-	-	-
Customer funds (note 14.2)	(654)	-	-	-	-	-

The amounts indicated in the heading "Representative debt securities" correspond to the acquisition on the secondary market of fixed-income securities, which have accrued market interest and, in the part of liabilities, to promissory notes issued by the ICF.

Likewise, "Customer funds" correspond to balances deposited by the sole shareholder, either by interest rate discount or as collateral, as help to borrowers for certain lines. These aids have been granted in a framework of free competition and complying with the state aid regulations.

As for the "loan to customers" of the other related parties, a new operation of 4,000 thousand euros has also been formalized at the beginning of 2024. In 2022, 1,995 thousand euros were pending disbursement that was made during the 2023.

35. Later events

No significant events have occurred subsequent to year-end 2023 that have not been disclosed in the notes above.

36. Note added to the English translation

These consolidated financial statements have been translated from the consolidated financial statements originally prepared in Catalan, In case of discrepancy, the Catalan language version will prevail.

APPENDIX I – ALLOWANCES AND REMUNERATION OF MEMBERS OF THE GOVERNING BODIES OF THE INSTITUT CATALÀ DE FINANCES DURING 2023 (NOTE 31)

The composition at 12/31/2023 of the governing bodies and delegated committees was as follows:

	Supervisory Board	Executive Committee	Control Committees
Independent members	Abella Martín, Rafael Peydró Alcalde, José Luis Casas Onteniente, Joan B. Puig Pla, Xavier Soldevila García, Pilar	Peydró Alcalde, José Luis Puig Pla, Xavier	Joint Audit and Control Committee Abella Martín, Rafael Peydró Alcalde, José Luis Casas Onteniente, Joan B Appointments and Remuneration Abella Martín, Rafael Soldevila García, Pilar
Proprietary	Vilarrúbia Tapia, Josep Maria Castellanos Maduell, Albert Cuenca León, Núria Puig Raposo, Miquel	Vilarrúbia Tapia, Josep Maria	-
Executive members	Servera Planas, Vanessa	Servera Planas, Vanessa	-

The breakdown of remuneration received from the non-executive members of the Governing Board and its delegate committees is as follows at December 31, 2023:

Euros	Remuneration of Supervisory Board	Remuneration of Delegate Committees	Total
ABELLA MARTIN, RAFAEL	13,528.41 €	14,538.88 €	28,067.29
CASAS ONTENIENTE, JUAN B	13,528.41 €	9,017.51 €	22,545.92
PEYDRÓ ALCALDE, JOSÉ LUÍS	13,528.41 €	18,035.01 €	31,563.42
PUIG PLA, XAVIER	13,528.41 €	9,017.51 €	22,545.92
SOLDEVILA GARCIA, PILAR	13,528,41 €	5,521.38 €	19,049.79
VILUMARA PÉREZ, ALBERT	3,365.92 €	3,617.33 €	6,983.25
TOTAL	**71,007.97 €**	**59,747.62 €**	**130,755.59 €**

APPENDIX II - SUBSIDIARIES AND ASSOCIATES IN THE INSTITUT CATALÀ DE FINANCES GROUP AT DECEMBER 31, 2023

Investment	Address	Activity	Auditors	% of shares owned:	Figures in Thousands of euros at 31/12/2023							
					Capital	Share premium	Technical provisions	Reserves/ Prior years' profit (loss)	Profit/(loss) for the last year	Valuation adjustments	Interim dividend	Total Shareholders' equity
Subsidiaries												
Financial Instruments for Innovative Companies, S.L.	Gran Via de les Corts Catalanes, 635 Barcelona	Possession and management of financial and equity stakes on behalf of the Generalitat, in funds of any type, in companies and guarantee funds, companies and venture capital funds.	EY	100%	225,000			1,914	2.220	331		229,465
Institut Català de Finances Capital SGEIC, S.A.	Gran Via de les Corts Catalanes, 635 Barcelona	Administration and management of Venture Capital Funds and assets of Venture Capital Companies.	EY	100%	300			661	82			1,042
Capital Expansion, F.C.R.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	9,321			(5,867)	(2,353)			1,102
Capital MAB, F.C.R.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	1,955			-	(174)	250		1,924
ICF Capital Expansion II, F.C.R.E.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	18,445			(1.386)	(248)	1,109		17,921
ICF Venture Tech II, F.C.R.E.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and/or innovation companies.	EY	100%	12,922			235	(2,127)	1,134		12,164
Associated companies												
Avalis de Catalunya S.G.R.	Gran Via de les Corts Catalanes 129-131, Barcelona	Mutual Guarantee Society	EY	11,05%	19,000	-	48,313	207	(698)	-	-	67,748

(1) There are two companies of the ICF Group that have shares in Avalis, ICF and Instruments Financers per a Empreses Innovadores S.L.

APPENDIX II - SUBSIDIARIES AND ASSOCIATED COMPANIES INTEGRATED INTO THE INSTITUT CATALÀ DE FINANCES GROUP AT 31 DECEMBER 2022

Investment	Address	Activity	Auditors	% of shares owned:	Figures in Thousands of euros at 31/12/2022							
					Capital	Share premium	Technical provisions fund	Reserves/ Prior years' profit (loss)	Profit/(loss) for the last year	Valuation adjustments	Interim dividend	Total Shareholders' equity
Subsidiaries												
Financial Instruments for Innovative Companies, S.L.	Gran Via de les Corts Catalanes, 635 Barcelona	Possession and management of financial and equity stakes on behalf of the Generalitat, in funds of any type, in companies and guarantee funds, companies and venture capital funds.	EY	100%	50,000	-	-	1,876	38	43	-	51,958
Institut Català de Finances Capital SGEIC, S.A.	Gran Via de les Corts Catalanes, 635 Barcelona	Administration and management of Venture Capital Funds and assets of Venture Capital Companies.	EY	100%	300	-	-	573	87	-	-	961
Capital Expansion, F.C.R.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	9,784			- 4,748	- 1,119			3,917
Capital MAB, F.C.R.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	1,912			-	- 107	339	-	2,144
ICF Capital Expansion II, F.C.R.E.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	13,205			- 1,158	- 228	869		12,688
ICF Venture Tech II, F.C.R.E.	Gran Via de les Corts Catalanes, 635 Barcelona	Venture capital for technology and industrial companies.	EY	100%	12,173				235	1,715	-	14,123
Associated companies												
Avalis de Catalunya S.G.R.	Gran Via de les Corts Catalanes 129-131, Barcelona	Mutual guarantee company	KPMG	12.38%	19,000	-	48,313	207	(698)	-	-	66,823

(1) There are two companies of the ICF Group that have shares in Avalis, ICF and Instruments Financers per a Empreses Innovadores S.L.

APPENDIX III - LIST OF ENTITIES OWNED BY THE INSTITUT CATALÀ DE FINANCES GROUP – DECEMBER 31, 2023

Company name	Address	Activity	Auditors	%	Figures in thousands of euros		
					Capital	Changes in value	Net share value
Catalana d'Iniciatives, S.C.R. SA	Rambla Catalunya, 86 08008 Barcelona	Venture capital	-	24.30%	15,459	(15,459)	-
Spinnaker Invest, S.C.R., SA	Diputació 246, 08007 Barcelona	Venture capital	KPMG	24.60%	4,160	(4,160)	-
Ingenia Capital S.A.	Paseo Bonanova, 47 08017 Barcelona	Venture capital	-	33.40%	917	(917)	-
INVEREADY FIRST CAPITAL, SA	Calle Orfila 10 BAJO IZQUIERDA. 28010, Madrid (Madrid). España	Venture capital	PricewaterhouseCoopers Auditores, S.L	31.58%	610	(510)	100
VENTURCAP II, SCR	Calle Doctor Ferran 3 5 P 1. 08034, Barcelona (Barcelona). España	Venture capital	BDO Auditores	33.33%	809	365	1,174
CAIXA INVIERTE START, FCR	Av. Diagonal, 621, TORRE II - 08028 BCN	Venture capital	VIR AUDIT, S.L.P.	9.48%	1,016	(889)	127
4FOUNDERS CAPITAL II, FCRE	Passeig Joan de Borbó, 99-101, Barcelona	Venture capital	Join Venture -PWC	6.85%	1,188	-	1,188
Adara Ventures III, S.C.A, SICAR	15, Boulevard F.W. Raiffeisen, Luxemburgo	Venture capital	Deloitte	5.06%	2,400	459	2,859
AFB FUND II	4 rue Thénard 75005 Paris	Venture capital	Deloitte	3.21%	579	-	579
ALDEA TECH FUND I-A, FCR	Avinguda Diagonal, 640, Barcelona	Venture capital	KPMG Auditores SL	10.80%	3,048	339	3,387
Alma Mundi Fund II, FCRE	Plaza Santa Bárbara 2, Madrid	Venture capital	BDO Auditores	3.00%	1,500	285	1,785
Alta Life Science Spain I, FCR	Paseo de la Castellana, 91 Madrid	Venture capital	Price WaterHouse	6.31%	3,268	49	3,317
AMERIGO INNVIERTE SPAIN VENTURES, F.C.R.	Diagonal 401, Barcelona	Venture capital for technological projects	BDO Auditores	3.72%	37	457	494
AURICA GROWTH FUND IV, FCR	Diagonal 407, Barcelona	Venture capital	Price WaterHouse	7.43%	5,469	864	6,333
AURICA III, FCR	Diagonal 407, Barcelona	Venture capital	Price WaterHouse	15.71%	(1,655)	13,007	11,352
Bonsai Partners Fund I, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	4.96%	2,003	2,520	4,523
Bonsai Partners Fund II, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	2.44%	800	-	800
CAIXA CAPITAL BIOMED S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	4.55%	487	(399)	88
CAIXA CAPITAL TIC S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for technology companies	Vir Audit, SLP	9.68%	189	281	470
CAIXA INNVIERTE BIOMED II FCR	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	5.71%	1,455	(587)	869
Caixa Innvierte Industria S.C.R.	Diagonal 621, Barcelona	Venture capital for technology and industrial companies.	Vir Audit, SLP	8.57%	1,026	(429)	597
CATHAY INNOVATION GLOBAL FUND III, FPCI	52 Rue d'Anjou – 2nd floor 75008 Paris	Venture capital	KPMG	1.53%	1,520	-	1,520
Elaia Delta Fund	Rue de Ponthieu 54, Paris	Venture capital for technological projects	Price WaterHouse	2.36%	1,955	992	2,947
Encomenda Seed I B FCRE SA	Pau Vila, 1, 2ª, Sector 1A, Edif. Palau de Mar, Barcelona	Venture capital	Grant Thornton	10.70%	1,395	993	2,387
ENION I ENERGY FUND, FCRE	Jordi Girona, 29, Barcelona	Venture capital for energy transition projects	Vir Audit, SLP	16.95%	1,209	-	1,209
FINAVES IV, SA	Avenida Diagonal, 453, Barcelona	Venture capital	GNL Russell Bedford Auditors	12.86%	265	15	279
FONDO AXON INNOVATION GROWTH IV	Sagasta, 18, Madrid	Venture capital	EY	3.38%	1,155	677	1,832
Fons Mediterrània Capital FCR de Regimen Simplific	Diputació 246, Barcelona	Venture capital	KPMG	24.00%	7,286	-	7,286

Fund Underwriting - FEI	-	Venture capital	-	6.25%	990	988	1,979
HEALTHEQUITY, SCR	Passeig de Gràcia, 54, Barcelona	Venture capital for the healthcare sector	Deloitte	35.66%	3,330	588	3,918
Catalana d'Iniciatives, S.C.R. SA	Rambla Catalunya, 86 08008 Barcelona	Venture capital	-	2.59%	1,559	3,238	4,797
Spinnaker Invest, S.C.R., SA	Diputació 246, 08007 Barcelona	Venture capital	KPMG	1.43%	3,606	865	4,472
Ingenia Capital S.A.	Paseo Bonanova, 47 08017 Barcelona	Venture capital	-	5.84%	353	1,112	1,464
INVEREADY FIRST CAPITAL, SA	Calle Orfila 10 BAJO IZQUIERDA. 28010, Madrid (Madrid). España	Venture capital	PricewaterhouseCoopers Auditores, S.L	5.32%	1,164	358	1,521
VENTURCAP II, SCR	Calle Doctor Ferran 3 5 P 1. 08034, Barcelona (Barcelona). España	Venture capital	BDO Auditores	3.37%	949	32	981
CAIXA INVIERTE START, FCR	Av. Diagonal, 621, TORRE II - 08028 BCN	Venture capital	VIR AUDIT, S.L.P.	16.75%	2,764	92	2,856
4FOUNDERS CAPITAL II, FCRE	Passeig Joan de Borbó, 99-101, Barcelona	Venture capital	Join Venture -PWC	8.90%	-	5	5
Adara Ventures III, S.C.A, SICAR	15, Boulevard F.W. Raiffeisen, Luxemburgo	Venture capital	Deloitte	10.63%	3,222	-	3,222
AFB FUND II	4 rue Thénard 75005 Paris	Venture capital	Deloitte	3.72%	1,975	(9)	1,966
ALDEA TECH FUND I-A, FCR	Avinguda Diagonal, 640, Barcelona	Venture capital	KPMG Auditores SL	4.03%	1,498	2,389	3,887
Alma Mundi Fund II, FCRE	Plaza Santa Bárbara 2, Madrid	Venture capital	BDO Auditores	2.50%	1,815	-	1,815
Alta Life Science Spain I, FCR	Paseo de la Castellana, 91 Madrid	Venture capital	Price WaterHouse	11.46%	2,528	-	2,528
AMERIGO INNVIERTE SPAIN VENTURES, F.C.R.	Diagonal 401, Barcelona	Venture capital for technological projects	BDO Auditores	10.50%	625	45	670
AURICA GROWTH FUND IV, FCR	Diagonal 407, Barcelona	Venture capital	Price WaterHouse	7.40%	-	5	5
AURICA III, FCR	Diagonal 407, Barcelona	Venture capital	Price WaterHouse	5.72%	-	1,378	1,378
Bonsai Partners Fund I, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	14.06%	7,889	4,262	12,151
Bonsai Partners Fund II, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	9.26%	10,500	(1,699)	8,801
CAIXA CAPITAL BIOMED S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	5.56%	850	108	958
CAIXA CAPITAL TIC S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for the technology sector	Vir Audit, SLP	5.79%	3,306	563	3,869
CAIXA INNVIERTE BIOMED II FCR	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	2.35%	1,250	374	1,624
Caixa Innvierte Industria S.C.R.	Diagonal 621, Barcelona	Venture capital for technology, media and telecommunications	Vir Audit, SLP	3.56%	2,296	19	2,315
CATHAY INNOVATION GLOBAL FUND III, FPCI	52 Rue d'Anjou – 2nd floor 75008 Paris	Venture capital	KPMG	8.87%	5,678	2,835	8,513
Elaia Delta Fund	Rue de Ponthieu 54, Paris	Venture capital for technological projects	Price WaterHouse	11.54%	8,408	2,219	10,627
Encomenda Seed I B FCRE SA	Pau Vila, 1, 2ª, Sector 1A, Edif. Palau de Mar, Barcelona	Venture capital	Grant Thornton	3.03%	2,354	599	2,953
ENION I ENERGY FUND, FCRE	Jordi Girona, 29, Barcelona	Venture capital for energy transition projects	Vir Audit, SLP	0.77%	4,114	1,359	5,472
FINAVES IV, SA	Avenida Diagonal, 453, Barcelona	Venture capital	GNL Russell Bedford Auditors	1.99%	1,869	(169)	1,700
FONDO AXON INNOVATION GROWTH IV	Sagasta, 18, Madrid	Venture capital	EY	30.30%	2,187	10,413	12,600
Fons Mediterrània Capital FCR de Regimen Simplific	Diputació 246, Barcelona	Venture capital	KPMG	6.94%	6,941	(1,902)	5,039
Fund Underwriting - FEI	-	Venture capital	-	4.33%	143	171	314
HEALTHEQUITY, SCR	Passeig de Gràcia, 54, Barcelona	Venture capital for the healthcare sector	Deloitte	N/a	-	-	-
Catalana d'Iniciatives, S.C.R. SA	Rambla Catalunya, 86 08008 Barcelona	Venture capital	-	4.54%	3,679	374	4,053
Spinnaker Invest, S.C.R., SA	Diputació 246, 08007 Barcelona	Venture capital	KPMG	10.75%	1,000	-	1,000
Ingenia Capital S.A.	Paseo Bonanova, 47 08017 Barcelona	Venture capital	-				**176,956**

Additionally, as of 31 December 2023, the Group has other direct investments in venture capital and valuation adjustments worth 20,394 thousand euros.

Data relating to the equity of these Companies have been obtained from their financial statements at December 31, 2023 available at the date these financial statements were authorised for issue.

APPENDIX III - LIST OF ENTITIES OWNED BY THE INSTITUT CATALÀ DE FINANCES GROUP – DECEMBER 31, 2022

Company name	Address	Activity	Auditors	%	Figures in thousands of Euros Capital	Changes in value	Net value of share
Catalana d'Iniciatives, S.C.R. SA	Rambla Catalunya, 86 08008 Barcelona	Venture capital	-	24.3%	15,458	(15,458)	-
Spinnaker Invest, S.C.R., SA	Diputació 246, 08007 Barcelona	Venture capital	KPMG	24.6%	4,160	(4,160)	-
Ingenia Capital S.A.	Passeig Bonanova, 47 08017 Barcelona	Venture capital	-	33.4%	(917)	(917)	-
INVEREADY FIRST CAPITAL, SA	Calle Orfila 10 BAJO IZQUIERDA. 28010, Madrid (Madrid). Spain	Venture capital	PricewaterhouseCoopers Auditores, S.L	31.58%	610	(509)	101
Venturecap II, SCR	Calle Doctor Ferran 3 5 P 1. 08034, Barcelona (Barcelona). Spain	Venture capital	BDO Auditores	33.33%	826	(1)	825
CAIXA INVIERTE START, FCR	Av. Diagonal, 621, TORRE II - 08028 BCN	Venture capital	VIR AUDIT, S.L.P.	9.48%	1,078	(729)	349
4FOUNDERS Capital II, FCRE	Passeig Joan de Borbó, 99-101, Barcelona	Venture capital	Joint Venture - PwC	6.85%	850	17	867
Adara Ventures III, S.C.A, SICAR	15, Boulevard F.W. Raiffeisen, Luxembourg	Venture capital	Deloitte	5.06%	1,840	512	2,352
AFB FUND II	4 rue Thénard 75005 Paris	Venture capital	N/A	3.24%	240	-	240
Aldea tech fund I-A, FCR	Avinguda Diagonal, 640, Barcelona	Venture capital	KPMG Auditores SL	10.80%	2,648	373	3,021
Alma Mundi Fund II, FCRE	Plaza Santa Bárbara 2, Madrid	Venture capital	BDO Auditores	3.00%	1,500	373	1,873
Alta Life Science Spain I, FCR	Paseo de la Castellana, 91 Madrid	Venture capital	PwC	6.31%	2,843	136	2,979
AMERIGO INNVIERTE SPAIN VENTURES, F.C.R.	Diagonal 401, Barcelona	Venture capital for technological projects	BDO Auditores	3.72%	37	1,358	1,395
AURICA GROWTH FUND IV, FCR	Diagonal 407, Barcelona	Venture capital	PwC	7.43%	3,494	-	3,494
AURICA III, FCR	Diagonal 407, Barcelona	Venture capital	PwC	15.71%	-	12,212	12,212
Barcelona Empren S.C.R., S.A.	Gran Via de les Corts Catalanes 635, Barcelona	Venture capital for technology companies	BDO Auditores	27.11%	2,520	(2,151)	369
Bonsai Partners Fund I, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	4.96%	1,502	2,408	3,910
Bonsai Partners Fund II, FCR	Zurbano 76, Madrid	Venture capital	BDO Auditores	2.56%	520	-	520
CAIXA CAPITAL BIOMED S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	4.55%	509	(394)	115
Caixa Capital TIC, S.C.R., S.A.	Diagonal 621, Barcelona	Venture capital for technology companies	Vir Audit, SLP	9.68%	189	285	474
CAIXA INNVIERTE BIOMED II FCR	Diagonal 621, Barcelona	Venture capital for health sciences and biotechnology	Vir Audit, SLP	5.71%	1,421	(413)	1,007
Caixa Innvierte Industria S.C.R.	Diagonal 621, Barcelona	Venture capital for technology and industrial companies.	Vir Audit, SLP	8.57%	1,026	(427)	600

CATHAY INNOVATION GLOBAL FUND III, FPCI	52 Rue d'Anjou – 2nd floor 75008 Paris	Venture capital	KPMG	1.53%	241	-	241
Elaia Delta Fund	Rue de Ponthieu 54, Paris	Venture capital for technological projects	PwC	2.36%	1,908	508	2,417
Encomenda Seed i B FCRE SA	Pau Vila, 1, 2ª, Sector 1A, Edif. Palau de Mar, Barcelona	Venture capital	Grant Thornton	10.70%	1,347	840	2,186
ENION I ENERGY FUND, FCRE	Jordi Girona, 29, Barcelona	Venture capital for energy transition projects	BDO Auditores, SLP	17.00%	857	-	857
FINAVES IV, SA	Avenida Diagonal, 453, Barcelona	Venture capital	GNL Russell Bedford Auditors	12.86%	265	20	285
FONDO AXON INNOVATION GROWTH IV	Sagasta, 18, Madrid	Venture capital	KPMG	3.71%	1,080	-	1,080
Fons Mediterrània Capital FCR de Regimen Simplific	Diputació 246, Barcelona	Venture capital	KPMG	24.00%	7,286	-	7,286
Fund Underwriting - FEI	-	Venture capital	-	6.25%	1,071	1,240	2,311
Healthequity, SCR	Passeig de Gràcia 54, Barcelona	Venture capital for the healthcare sector	Deloitte	35.66%	4,388	430	4,818
Idinvest Digital Fund II	Avenue des Champs Elysées 117, Paris	Venture capital for companies in the digital sector	Aplitec	2.59%	1,830	4,286	6,116
Idinvest Digital Fund III	Avenue des Champs Elysées 117, Paris	Venture capital for companies in the digital sector	Aplitec	1.43%	3,307	1,164	4,471
INVEREADY BIOTECH II, SCR SA	Calle Zuatzu, 7, San Sebastián	Venture capital for life sciences and biotechnology projects	BDO Auditores	5.84%	353	1,477	1,829
Inveready Biotech iii, SCR, SA	Calle Serrano, 50, Madrid	Venture capital	BDO Auditores	5.32%	998	118	1,116
INVEREADY FIRST CAPITAL III PARALLEL FCR	Calle Zuatzu, 7, San Sebastián	Venture capital for technology companies	BDO Auditores	3.37%	633	30	663
INVEREADY FIRST CAPITAL III, SCR SA	Calle Zuatzu, 7, San Sebastián	Venture capital for technology companies	BDO Auditores	16.75%	1,843	89	1,931
INVEREADY VENTURE FINANCE, SCR	Calle Zuatzu, 7, San Sebastián	Venture capital for technology projects	BDO Auditores	8.90%	-	103	103
Invivo Ventures, F.C.R.	Passeig de Gràcia 54, Barcelona	Venture capital for the healthcare sector	EY	10.63%	2,542	-	2,542
K Fund II, FCRE	Rafael Calvo, 40, Madrid	Venture capital	KPMG	3.72%	1,450	199	1,649
K FUND, FCRE	Rafael Calvo, 40, Madrid	Venture capital	KPMG	4.00%	1,970	2,556	4,526
Kibo Ventures Fund III, FCRE	Carrer Zurbano 34, Madrid	Venture capital for technological projects	BDO Auditores	2.50%	1,260	-	1,260
Miura Expansion Fund I	Josep Llovera, 4 - 08021 BCN	Venture capital	Deloitte	11.46%	199	-	199
Nauta Sidecar Tech I, FCR	Diagonal, 593, Barcelona	Venture capital for technological projects	EY	10.50%	625	(17)	608
NAUTA TECH INVEST II S.C.R. S.A.	Diagonal, 593, Barcelona	Venture capital for technology, media and telecommunications	EY	7.40%	-	6	6
NAUTA TECH INVEST III S.C.R. S.A.	Diagonal, 593, Barcelona	Venture capital for technology, media and telecommunications	EY	5.72%	-	1,421	1,421
Nauta Tech Invest IV, FCR	Diagonal 593, Barcelona	Venture capital for technological projects	EY	14.06%	6,764	5,510	12,275
Nauta Tech Invest V FCR + SCR	Diagonal, 593, Barcelona	Venture capital for technological projects	EY	9.26%	8,625	-	8,625
NINA CAPITAL FUND I, FCRE	Tuset, 20, Barcelona	Venture capital for the healthcare sector	BDO Auditores	5.56%	780	126	906
Sabadell Asabys Health Innovation Investments, SCR	Passeig de Gràcia 53, Barcelona	Venture capital for the biomedical sector	KPMG	5.79%	2,806	211	3,016
Samaipata II, Capital, FCR	Gran Vía, 4, Madrid	Venture capital for the technology sector	Deloitte	2.35%	875	112	987
SC CLIMATE IMPACT FUND III, FCRE	AVDA DIAGONAL 640 5º F - 08017 BARCELONA (BARCELONA)	Venture capital	Ernst & Young	3.56%	495	-	495
SC Efficiency & Environment Fund II	Diagonal 640, Barcelona	Venture capital for energy efficiency projects	EY	8.87%	4,950	1,207	6,158
SC Growth Fund II Plus, FCRE	Diagonal 640, Barcelona	Venture capital	BDO Auditores	11.54%	6,817	1,145	7,962
Seaya Ventures III Fondo de Capital Riesgo, FCRE	Carrer de Alcalá, 54, Madrid	Venture capital for technological projects	Deloitte	3.03%	2,239	387	2,627
Sino-French (Innovation) Fund II, FPCI	52 rue d'Anjou – 75008 Paris	Venture capital	KPMG	0.77%	4,126	1,725	5,851
SLP impact croissance IV	Pépinière, 22, París	Venture capital	Deloitte	1.99%	1,254	(288)	966
Suma Capital Growth Fund I, SCR	Diagonal 640, Barcelona	Venture capital for companies with growth projects	BDO Auditores	30.30%	2,391	8,171	10,562
Ysios Biofund III FCRE	Avda. de la Libertad 25, San Sebastian	Venture capital for health sciences and biotechnology	KPMG	6.94%	5,032	-	5,032
YSIOS BIOFUND, F.C.R.	Avda. de la Libertad 25, San Sebastian	Venture capital for health sciences and biotechnology	KPMG	4.33%	143	191	334
TOTAL							**153,134**

Additionally, at 31 December 2022 the Group has direct venture capital investments worth 29,935 thousand euros, mainly through Capital MAB F.C.R., Capital Expansió F.C.R., ICF Capital Expansió II F.C.R.E. and ICF Venture Tech II F.C.R.E.

The data relating to the equity of these Companies have been obtained from their financial statements at 31 December 2022
Available on the date of formulation of these financial statements.

DIRECTOR'S REPORT OF THE ICF GROUP

CONTENTS

1. ICF Group

1.1 ICF Group Structure

The Institut Català de Finances (hereinafter the Institute, the Entity or the ICF) is a financial institution under public law with its own legal personality subject to private law which is wholly owned by the Generalitat de Catalunya. The regulation governing the ICF is Legislative Decree 1/2002 of 26 July enacting the second recast text of the Law on the Institut Català de Finances.

The assets and liabilities of the ICF account for almost all of those of the ICF Group. The rest of the Group's perimeter as of December 31, 2023 consists of:

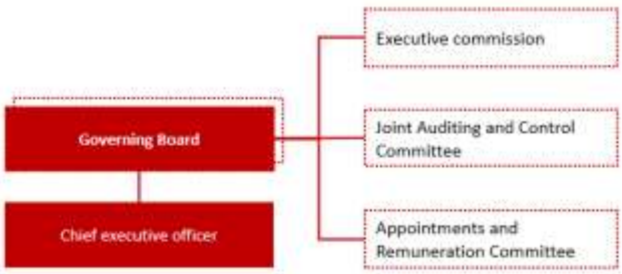
- **IFEM (Financial Instruments for Innovative Companies, SLU):** a company focused on the management of public programmes agreed with both the Government of Catalonia and the European Union through lines of loans for investment and working capital, venture capital, guarantees and microcredits. 100% ownership of the ICF.

- **ICF Capital SGEIC, SAU:** its main objective is to promote, advise and manage venture capital funds or companies which contribute capital to Catalan companies. Wholly owned by ICF. ICF currently directly manages four investment vehicles, also form part of the accounting consolidation perimeter:
  - **Capital MAB F.C.R.**
  - **Expansion Capital F.C.R.**
  - **Venture Tech II, F.C.R.E**
  - **Expansion Capital II, F.C.R.E**

- With the consideration of associated entity, the Group also includes the company **Avalis de Catalunya, SGR:** mixed capital reciprocal guarantee company (public-private) promoted by the Generalitat de Catalunya in 2003 to facilitate access to credit for SMEs and self-employed workers with activity in Catalonia and the improvement of their financing conditions, through the provision of guarantees to banks. 11.05% owned by the ICF Group at December 31, 2023, through the Institut Català de Finances and IFEM.

1.2 Corporate governance model and structure

At December 31, 2023, the governance structure of the ICF is as follows:



Governing bodies

The **Supervisory Board** is the maximum governing body of the entity and makes essential strategic decisions regarding its activity.

The ICF Law specifies its roles, including submitting the entity's budgets, financial statements and proposed distribution of profit/allocation of losses to the Generalitat de Catalunya for its approval. It can also make decisions regarding the ICF's organisation, functioning and legal relationships and be informed of the initiatives of the other bodies of the ICF.

Under the ICF Law, the Board can set up committees to which it may delegate certain powers. Thus the **Executive Committee** is responsible for approving and amending credit transactions and for taking investment decisions in venture capital and equity instruments by delegation of the Supervisory Board.

In the specific area of governance and in accordance with Law 10/2014 of 26 June 2014 on the organisation, supervision and solvency of credit institutions, ICF has delegated specific powers to the Appointments and Remuneration Committee and the Joint Audit and Control Committee, which report directly to the entity's highest governance body. Both committees are currently exclusively formed by independent individuals appointed by the Supervisory Board.

The **Appointments and Remuneration Committee** is responsible for analysing, validating and making proposals to the Governing Board on aspects related to appointments and remuneration of members of the entity's governing bodies and key staff.

The **Joint Audit and Control Committee** is in charge of planning and monitoring internal and external audits, globally controlling risk, compliance, internal control and anti-money laundering.

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 Appointments and Remuneration Committee. This person is responsible for the ordinary and extraordinary representation of the ICF in all areas and circumstances.

As of December 31, 2023, the ICF's chief executive is Vanessa Servera i Planas.

Governing bodies of ICF subsidiaries: ICF Capital and IFEM

ICF's two subsidiaries (ICF Capital and IFEM) have their own governing boards which are their highest governing body and responsible for the administration and management of the company.

2. ENVIRONMENT

Macroeconomic environment

The global economy has been marked in 2023 by the rise in interest rates by central banks and the progressive transfer of their impact to economic activity. However, the moderation of inflation in the last few months of the year has led the monetary authorities to halt the increases, assuming that rates are sufficiently restrictive but reinforcing their intention to keep them at this level for as long as necessary.

Despite this, global economic growth is expected to be 3.1% as a result of the boost provided by the United States and the revival in Chinese production, which have helped to offset the cooling of demand resulting from interest rate hikes and the effect of inflation. A scenario of a soft landing is therefore the most likely, thanks especially to the resilience of the labour market and expansionary fiscal policies. However, the economies of the euro zone are suffering the most in this context, placing themselves in a virtual situation of stagnation.

As for the Catalan economy, the advanced data points to growth for 2023 of 2.6%, at the same rate as the Spanish economy (2.5%) and significantly above the Eurozone (0.5%). The good performance of the services sector and the improvement in industry, as well as the resilience of consumption and the dynamism of external demand, have helped to boost economic growth in an adverse context. In this regard, it is important to note that Catalan GDP is 3.4% above its pre-pandemic volume, which implies a more pronounced recovery than Spain (2.9%) and the Eurozone (3.0%).

As for Catalan inflation, during 2023 the moderation of prices will consolidate with an annual average of 3.4%, compared to 5.7% in the previous year. This is due to the lower contribution of energy and food, as well as to the fact that the translation of the indirect effects to the rest of the basket of goods and services is completed. In this sense, although core inflation is still high, in December it marked the lowest rate in almost two years, standing at 4.0%.

A significant part of this moderation in prices can be explained by the tightening of monetary policy carried out by central banks, continuing the cycle of interest rate hikes that began in 2022, albeit at a slower pace. In the eurozone, the European Central Bank has increased the rate of its main financing operations by 200 basis points, peaking at 4.5% in September. Since then, and thanks to the containment of inflation, rates have remained stable, conditioning future reductions to an approximation of inflation to the 2% target. On the other hand, the 12-month Euribor is below the official interest rate due to the market discounting declines by the ECB in the second half of 2024.

Some stability and economic dynamism are expected in 2024, pending developments in monetary policy. The latest forecasts for Catalonia estimate growth for 2024 of 1.8%, aligned with that of the Spanish economy and higher than the figure forecast by the euro zone (0.9%).

Financer System

The profitability of the banking sector has performed very well in 2023 supported by the strong growth in interest margin resulting from the rise in official rates, which have been passed on more quickly to the credit portfolio than to deposits. Thus, based on data from the third quarter of 2023, the return on equity stands at 12.3%, 2 percentage points above that recorded the previous year, and showing results that are at an all-time high.

The activity of the banking sector has also been conditioned by the tightening of monetary policy, resulting in a contraction in financing. The stock of credit to the private sector has registered a fall of 3.1%, being especially relevant in the business segment.

Regarding the evolution of non-performing assets, the sector closed with a reduction of 3% compared to the previous year, mainly due to the sale of problematic portfolios and the transfer to bankruptcies. In relative terms, the NPL index remains stable as a result of the portfolio's decline, which also reduces its denominator. Nevertheless, there are some signs of a deterioration in credit quality, such as growth in credit under special surveillance. In this regard, regulators ask financial institutions to exercise particular caution in their capital policies and provisions in order to react quickly should potential risks to financial stability materialise.

On the liability side, note is the upward trend in term deposits and investment funds to the detriment of demand deposits.

For the year as a whole, the overall situation of banks shows robust capital and liquidity ratios that continue to have a comfortable margin for the requirements.

Finally, in 2023 regulators have maintained their previous lines of work, such as the implementation of the Basel III framework and the improvement of the banking recovery and resolution framework. In the area of sustainable finance, progress has been made in promoting coordination between the different regulatory bodies, in including risks related to environmental, social and governance aspects in the prudential field and in continuing to develop reporting standards and disclosure requirements. Finally, the agenda in digital finance has been marked by progress in the regulatory framework for crypto assets, data, artificial intelligence and the digital euro, among other issues.

3. PERFORMANCE

3.1 Lending activity

The ICF has financed 1,632 companies for an amount of 597.2 million euros in 2023, through 1,992 loan and/or guarantee operations. In addition, 91 operations worth 63.5 million euros have been restructured this year.

In addition to the general ICF Credit line, through which 214 operations have been financed for 284.8 million euros, the following stand out in the activity of the year:

- The ICF Agriculture line, which includes the Agroliquidity product, which makes fixed-rate loans available to the agricultural sector with a bonus from the Department of Climate Action, Food and Rural Agenda to deal with the increase in the price of raw materials and fuels, as well as the consequences of climate change such as frost or hail, among other affectations. Through this facility, 1,258 operations have been formalised for 77.1 million euros.

- The two ICF Social Housing facilities, which offer loans with preferential conditions to promote and finance the construction or purchase of housing for social rentals. Through these lines, 301 operations have been financed for 45.7 million euros.

With regard to the territorial distribution of the bank's lending activity, Barcelona and its area of influence concentrate the largest bulk of credit investment, accounting for close to 45% of investment. The western territory and Counties of Girona are the following demarcations with the highest volume of investment.

In relation to sector distribution, manufacturing, trade, tourism and transport, and the agri-food industry and primary sector have been the main recipients of ICF Group funding in 2023. The ICF has continued to work actively to support a wide range of sectors, such as social rental housing, and projects that contribute to the transformation, innovation and sustainability of the economy.

By type of company, 68% of the financing for the year was allocated to financing the self-employed, small and medium-sized enterprises, while lending to large companies and the public sector accounted for 31% and 1%, respectively.

Overall, the volume of funding granted by the ICF in 2023 has helped maintain and/or create more than 21,000 jobs.

3.2 Capital activity

One of the ICF's strategic objectives is to promote the creation, consolidation and growth of innovative managers and projects through its venture capital activity. In this area, it acts mainly through investment in venture capital funds. The bank's participation is based on collaboration and complementarity with the specialised private sector, identifying market gaps and acting as a driving force for multiplying resources from other investors allocated to each fund.

During 2023, new commitments have been made in external funds of the seed, *venture* and growth segments for a total amount of 33.4 million euros. Additionally, the venture capital funds managed by the Group have made investments for an overall amount of 7.5 million euros.

To this potential venture capital investor must be added investment through IFEM Innovation, a co-investment vehicle (*business angels, venture builders*, accelerators and other instruments) for innovative companies in their early stages managed through IFEM. Through this line, during 2023 the Group has invested 2.8 million euros in 15 Catalan *start-ups*.

4. FINANCIAL INFORMATION

4.1. Evolution of the balance sheet

The good pace of credit activity has made it possible to offset the repayments for the year and end 2023 with credit portfolio levels and total assets above the previous year. With regard to venture capital, the number of disbursements has pushed up the amount of equity instruments on the Group's balance sheet. However, it should be noted that it maintains a solid treasury position that, together with undrawn debt, ensures the Group's capacity to meet its future challenges.

On the liability side, capitalisation and solvency levels remain well above the sector average and the minimum markets for credit institution regulators, with equity increasing due to the distribution to reserves of the result for the financial year 2022 and the generation of profits in 2023:

Solvency Ratio	
2023	**Minimum required by the regulator**
38.5%	10.5%

Deteriorated credit (stages 2 and 3) has fallen slightly, in line with the trend in the sector. All in all, the Group closed the year with an NPL ratio of 7.1%, compared to 7.5% the previous year. In addition, the coverage levels for this non-performing loan ratio remain well above that of the sector, with a ratio of 129.5%, maintaining the historical prudent policy of credit risk coverage.

<u>Average payment periods to external suppliers</u>

Information on the average payment period is shown in the note on other administrative expenses in the accompanying notes to the financial statements.

<u>Acquisition and disposal of own shares</u>

The ICF Group has not made acquisitions or disposals of treasury shares during the year.

4.2 Income statements

At the income statement level, 2023 is marked by the impact of the rise in interest rates on net interest income, in line with the sectoral trend, which has driven up operating profit. On the other hand, the high level of coverage, the result of the effort made by the Group in recent years to set up provisions from a prudent portfolio management perspective, as well as a good performance of non-performing loans, has resulted in a containment in the cost of risk.

As for the efficiency ratio, this stands at 19%, significantly below the sector average, and reducing compared to the previous year as a result of the increase in gross margin.

4.3 Information on credit ratings - ratings

At December 31, 2023, the ICF's rating stood at BBB- according to the agencies Fitch Ratings and DBRS.

It should be noted that the methodology of the rating agencies links the rating of the ICF to that of the Generalitat, regardless of the high solvency coefficient and the high liquidity and coverage ratios available.

5. <u>RISKS AND UNCERTAINTIES</u>

Note 3 to the accompanying consolidated financial statements provides details of ICF Group's risk management.

<u>Risk control and management systems</u>

The ICF Group's risk management system works comprehensively, adopting the model of the three lines of defence, following the guidelines on internal governance of the European Banking Authority (EBA/GL/2021/05). This organizational framework separates internal control functions from the lines of business they control, segregating roles and resources. This differentiation translates into the model of the three lines of defence, which establishes:

- First line: includes business areas and committees, main guarantors of the control environment of their own activities.
- Second line: includes areas and committees for monitoring and controlling risks, which are responsible for designing and maintaining the Group's risk model and verifying its correct application in the different areas.
- Third line: formed by Internal Audit, it carries out an independent review, verifying compliance and effectiveness of the established corporate policies as well as supervision of the actions of the first and second lines of defence.

The ICF Group establishes the general lines of the risk management system through the corporate risk map, which incorporates both financial and non-financial risks that have a significant impact on the Group. This map quantifies each of the risks through the control systems and established procedures, which allow monitoring and mitigating the different risks by reinforcing the control environment, reporting in an aggregate way in 14 corporate risks to the Joint Audit and Control Committee and the Governing Board for their control and supervision.

Likewise, the ICF Group has defined a risk appetite framework (RAF), which integrates the policies, procedures, functions and responsibilities in the institution's risk management. The RAF includes a risk appetite statement (RAS), which defines the main financial risks of the ICF Group, which are assigned a series of metrics and thresholds that allow them to quantify, manage and control.

Credit risk

The control, monitoring and management of credit risk is based on maintaining a stable and moderate level that allows maintaining a balance in the development of the activity while maintaining a solid and prudent credit hedging. The main credit risk indicators at the end of 2023 show a non-performing loan ratio of 7.1% and an NPL ratio of 129.5%, with the latter being coverage levels well above the sector average, in line with the principle of prudence.

With regard to the risk of concentration, control, monitoring and management is carried out in accordance with chapter nine of Circular 3/2008 of the Bank of Spain, as well as article 395 of European Regulation 575/2013 and its modification to EU Regulation 2019/876.

Counterparty risk

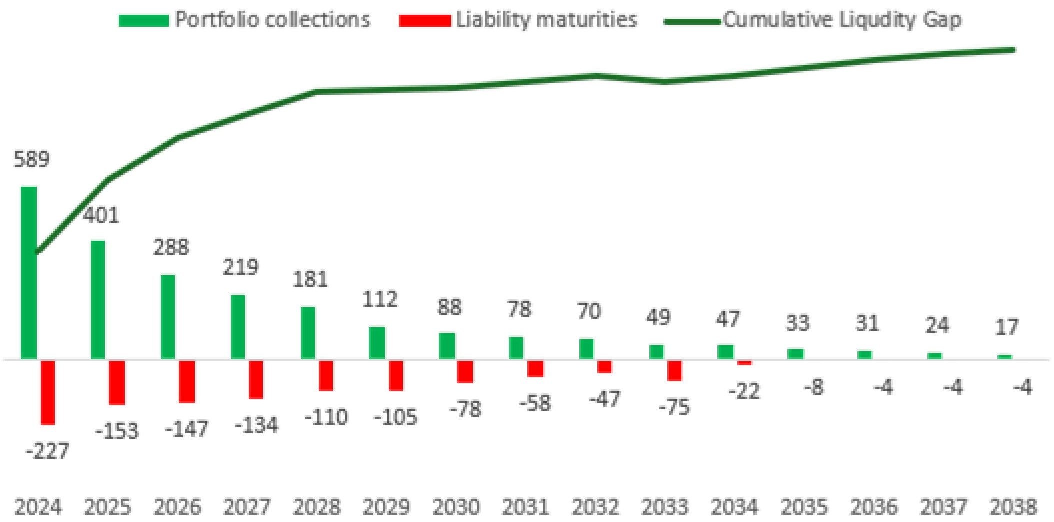
The ICF Group, in compliance with article 286 of Regulation (EU) 575/2013, has defined a counterparty risk management policy that is included in the ICF's financial risk policy. As of December 2023, the ICF Group's counterparty risk comes from its exposure to interest rate hedging derivatives, which it uses solely as a financial risk management tool.

The ICF Group follows EU regulation 648/2012 (EMIR), regarding extra-stock derivatives, central counterparty entities and operations registries, and its subsequent modification with EU regulation 2019/834 (EMIR-Refit). This regulation establishes the reporting obligations that affect entities that operate with derivatives.

Liquidity risk

At 31 December 2023, the total treasury position of the ICF Group reached 288 million euros, of which 204 million euros are investment in fixed income, 59 million euros in current accounts and 25 million euros in deposits.

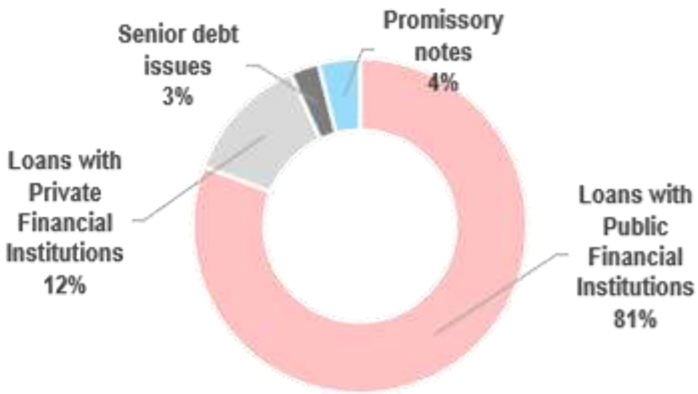
Note 3.2 to the report of the accompanying financial statements for 2023 provides details of the liquidity management policies, as well as information on the maturity dates and main uses and potential sources of liquidity existing at reporting date. In this regard, it should be noted that the ICF Group has a cumulative liquidity gap that is always positive over a period of 15 years, as shown in the following graph:



In millions of euros

Financing

At year-end 2023, the ICF Group presented financing of 1,136 million euros, with an average residual maturity of 7.3 years. The main sources of financing occur in the capital market through loans and debt issues or promissory notes. 81% of the financing corresponds to loans with the public banking sector, mainly the European Investment Bank (EIB), the Official Credit Institute (ICO) and the Council of Europe Development Bank (CEB). Below is the breakdown of financing by product type:



Liquidity metrics at the regulatory level

The ICF Group calculates, analyses and controls the liquidity coverage ratio (LCR) and net stable financing ratio (NSFR) metrics, following the guidelines of Regulation 575/2013 and its amendment to Regulation 2019/876, which set minimum compliance requirements at the regulatory level. The ICF Group complies, at the end of 2023, with the limits established at the regulatory level by the LCR and NSFR metrics:

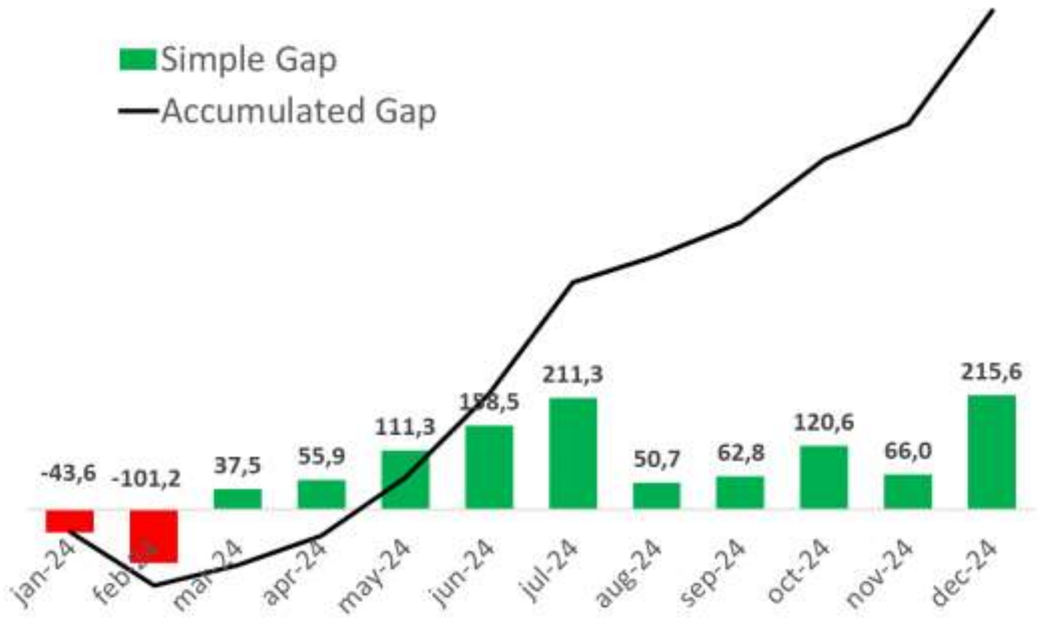
	31/12/2023	Regulator Limit
CSF	893%	100%
NSFR	127%	100%

Market risk

At the end of 2023, the ICF Group does not hold positions in the trading portfolio. As regards the fixed income portfolio available for sale and maturity, it is entirely in euros and therefore does not incur any currency risk. In note 3.1. More detail on the ICF's market risk is attached to the annual accounts report.

Interest rate risk

The interest rate structural risk directly affects the ICF Group's activity due to the effect that its fluctuations could have on the income statement and economic value. The distribution of assets and liabilities due to maturity or repricing makes it possible to detect concentrations of interest rate risk in different periods (repricing gap).



In millions of euros

In addition to the *repricing gap*, the ICF Group has defined other metrics that allow it to ensure the control and correct management of structural interest rate risk. Among them, the sensitivity to the margin of interests and sensitivity to economic value stand out:

- Financial margin sensitivity (MF): measures the impact on interest margins of interest rate curve variations. This impact is evaluated by comparing the projected 1-year financial margin according to the base scenario, which corresponds to the implicit market rate scenario, with the financial margin obtained in the stressed scenario, which is designed through perturbations of the interest rate curve. Its result is expressed as a quotient of these two magnitudes. The sensitivity of the financial margin is a metric based on dynamic scenarios, that is, simulations of the behaviour of the balance sheet in the future.

- Economic value sensitivity (EV): measures the impact of the present value of the capital masses on the balance sheet against variations in the interest rate curve. This impact is evaluated by comparing the economic value calculated in the base scenario, which includes implicit market curves, with the result of the economic value calculated under a stressed scenario, which is designed using perturbations of the interest rate curve. Its result is expressed in relation to the economic value of the sensitive balance sheet masses.

The ICF Group has defined different scenarios to calculate the impact on the financial margin and economic value. The main scenarios used are detailed below:

- Regulatory scenario. This scenario is defined in both guide EBA/GL/2018/02 and Circular 2/2016 of the Bank of Spain and applies an instantaneous and parallel variation of -200 bps to all points of the yield curve. This disturbance includes a floor that states that negative rates cannot be lower than -1%, a level that increases until reaching 0% within 20 years.

- Parallel scenario +/- 100bpb. This scenario applies an instantaneous and parallel variation of +/-100 bp over all points on the yield curve.

At the end of 2023, the sensitivity of the financial margin under the variations defined by the regulatory scenario was -4.0% (worst scenario), also the sensitivity to economic value became -1.7% (worst scenario). Both metrics are below the established regulatory limits that define negative variations greater than -50% in the case of financial margin and negative variations greater than 20% in the case of economic value.

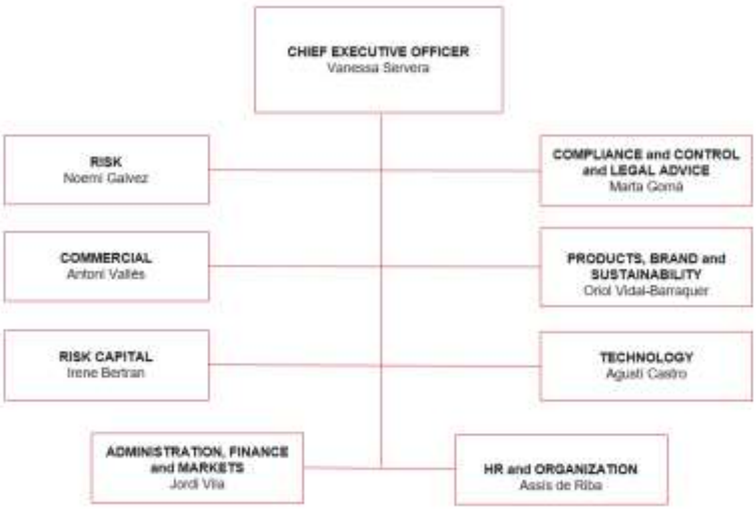
Stage	Variation Economic Value	Change in Financial Margin
Regulatory scenario (+/- 200 bp)	-1,7% / +2,2%	+4,1% / -4,0%
Parallel Stage (+/- 100 bp)	-0,9% / +0,9%	+2,0% / -2,0%

Operational Risk

The operational risk is related to the losses that may be caused by errors linked to internal processes or human errors within the daily activity of the entity. The consolidation of the ICF Group in the risk management and control model based on the three lines of defence, detailed above, allows to limit and manage this risk from the different areas. In note 3.6. The report of the accompanying financial statements details the objectives, policies and processes of operational risk management carried out by the ICF.

6. INFORMATION ON HUMAN RESOURCES

Functional Organizational Chart



Workforce

At December 31, 2023, the ICF Group had a workforce of 123 workers (55% women and 45% men), with an average age of 44 years.

The Group's human capital is made up of highly qualified personnel. Most of the Group's workforce, 94%, is made up of university graduates.

Personnel training

The ICF Group fosters and facilitates the training and development of its team of professionals to enhance and promote internal talent. In this sense, the ICF Group promotes development through a wide range of training programs, both internal and external, as well as encourages and assumes the cost of the certifications corresponding to each area.

During 2023, 63 training actions have been carried out that have involved a total of 1,672 hours of training (14 hours on average per professional), focused especially on providing knowledge related to each person's duties but also driving the development of people management skills since people are the company's main asset. The creation of training itineraries linked to sustainability and training related to the Real Estate Credit Law is noteworthy.

Corporate social responsibility

The ICF Group participates in the program of Financial Education in the Schools of Catalonia (EFEC), promoted by the Generalitat de Catalunya in collaboration with the Institute of Financial Studies (IEF), facilitating that ICF professionals, during working hours, volunteer teaching economic concepts to students of 4th year of Secondary School. This year 6 workshops have been held.

Also linked to the IEF, it has participated in an additional training action. On the other hand, the Director of Capital Venture has held a session at Global Money Week where 20 students have participated to explain what are the keys to be able to promote a Start Up.

7. R+D+I ACTIVITIES

During 2023 the ICF has focused its efforts on two areas; On the one hand, the improvement in the channelling of customer demand and, on the other, the advancement in the management of response to security incidents.

Within the field of customer demand management, the ICF has drawn up a work plan to improve and make the business management process more efficient. This has involved providing new functionalities to the customer relationship platform (CRM), incorporating new information that allows you to achieve greater knowledge of it and, therefore, offer you the product that best suits your needs.

In the field of cybersecurity, the ICF has deployed a monitoring and response service to security incidents that allows the organization to reduce the detection time of a potential attack, a critical aspect when it comes to minimizing its impact.

Both initiatives are part of the priorities identified in the strategic plan, offering even closer customer service and providing the entity with resources that reinforce information security management.

8. ENVIRONMENTAL IMPACT

Given the activity in which it engages, the ICF has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to its equity, financial position and results. For this reason, the notes to the ICF's financial statements do not include specific disclosures with respect to information on environmental matters.

However, it should be noted that the ICF, as a public financial institution, supports small and medium-sized However, as a public financial institution the ICF supports small and medium-sized enterprises in their green and innovative projects with the aim of contributing to the development of a more sustainable economy. We have two major sustainability challenges for the coming years: mentoring businesses in the transition towards a sustainable business model and building ESG (environmental, social and good governance) principles into management models across the board to continue increasing the ICF's constructive impact in all three areas.

In order to work towards achieving these goals, this year we have rolled out a sustainability policy which goes beyond what we have done so far. It involves streamlining the process of mapping out and embedding ESG principles into the business model coupled with calculating our carbon footprint, thus deepening our knowledge of the climate impact of our operations.

9. OUTLOOK FOR 2024

Company financing activity

Lending activity

The ICF Group maintains the objective of promoting business growth, entrepreneurship and innovation by financing strategic and sustainable projects for the Catalan economy. In this way, the entity aims to complement the offer of private financing to accompany companies and entities in their development and growth, adding value to society as a whole.

In this sense, in 2024 the long-term financing of the driving sectors of the Catalan economy will be prioritized, channelling European resources and accompanying the business community in the transition to a sustainable business model.. Likewise, there will be continuity to initiatives already launched in previous years and will continue to bet on new lines that cover the changing needs of the Catalan economy, highlighting the strengthening of differential and strategic lines, such as those linked to the financing of social housing, the agri-food sector and investment projects in the industrial and tourism sector with a significant impact.

Venture capital activity

In venture capital, the goal of fostering Catalonia's leadership as an innovation hub by supporting entrepreneurship and business creation and growth remains unchanged.

During 2024, investment in venture capital funds will continue to be pushed forward, both from external managers and through the Group's own funds. Moreover, the commitment to the IFEM Innovació facility, aimed at early-stage companies in partnership with business angels and other approved investment vehicles, will be further cemented.

As for projects in collaboration with the Government of Catalonia, the Advanced Technology Investment Fund (FITA) stands out for 2024, which aims to promote innovation in Catalonia by investing in early-stage research projects, and which will also have the participation of the European Investment Fund (EIF).

Attracting resources

The current cash position secures needs for 2023. Nonetheless, the Group's mission is to be active in the market to achieve the best sources of funding that give long-term financing at the best cost.

Financial statements

Regarding the evolution of the balance sheet, in 2024 it is expected to maintain portfolio volumes and assets appropriate to the risk profile of the entity, while maintaining high levels of capitalization, liquidation and hedging, significantly higher than the minimums set by the regulators and the average of the sector, and that allow the ICF Group to face future challenges from a high level of financial solidity.

The commitment, effort and spirit of continuous improvement of ICF professionals have allowed us to achieve the objectives established for 2023, and we are convinced that they must allow us to achieve the important challenges that we set ourselves annually.

10. EVENTS AFTER THE REPORTING PERIOD

No material subsequent events have come to light between the reporting date and the date of preparation of the financial statements.

Barcelona, 20th March 2024