



Institut Català
de Finances

Annual Report 2019

ICF



Generalitat
de Catalunya



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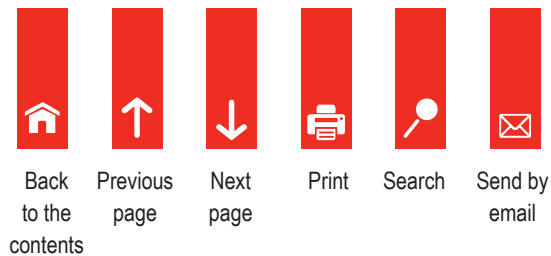
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Letter from the Chief Executive Officer

Josep-Ramon Sanromà Celma
Chief Executive Officer

For yet another year, I am pleased to present our Annual Report. This document expresses our commitment to the economic fabric and the work we carry out, as a public financial institution, in order to boost its growth.

Our responsibility is to accompany companies, entrepreneurs, and entities in their development. From day one. And we have continued to work in this regard, contributing to the achievement of its goals. We have mainly strengthened those projects involving the innovation, transformation, and digitalisation of business, as well as investments intended for the internationalisation, merger and acquisition of new companies. Our goal is to grow, and we put all the means we have at our disposal to achieve it.

At the ICF we also believe that economic growth must be both compulsory and sustainable. Sustainability is one of our core pillars, therefore, promoting projects that have a positive impact on both the environment and society is intrinsic to our DNA. We have always been particularly sensitive driving environmentally friendly projects intended to curb climate change and boost energy efficiency. We have also worked to fund the development and acquisition of housing for social rent, cultural and educational projects and initiatives in the world of the social and cooperative economy.

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At the ICF we believe that economic growth must be both compulsory and sustainable.



“

This year we have also reached more companies and set aside further resources to in order to drive these actions. In total, we have funded 1,564 companies, entrepreneurs, and entities through our lending and guarantee activities for a total amount of 662.3 million euros.

Our social responsibility is in line with the Sustainable Development Goals laid down in the United Nations 2030 Agenda, which are always present in our activities. This year, we published our report on contribution to the SDGs for the first time, where our actions are reflected in further detail. You will be able to download it on our website.

However, this year we have also reached more companies and set aside further resources to in order to drive these actions. In total, we have funded 1,564 companies, entrepreneurs, and entities through our lending and guarantee activities for a total amount of 662.3 million euros. In this sense, it is worth noting the increased credit volume by the ICF Group/Avalis, 10.5% up on 2018. In this area, the ICF Group/Avalis has continued to diversify its offering of financial solutions according to the needs of the economic fabric and has launched new credit facilities to promote the tourism sector and business growth.

In the area of venture capital, the ICF Group has continued to champion the creation of new enterprises, innovation, and growth. In 2019, a total of €148m was committed in both mutual funds managed by independent managers and directly in companies through the two ICF venture capital funds for the venture and growth segment. Moreover, it is worth highlighting the increase in investment in venture capital funds, particularly in the health and life sciences segment.

We are a public entity with an efficient and committed team. Without the drive of our professionals, it would be impossible for us to achieve our core mission, which is nothing other than to support, fund and invest in SMEs, companies, start-ups, and entities in Catalonia to enable them to grow and be competitive. At the ICF, people are essential, as is supporting their professional and personal development. Because they are the ones working alongside companies day after day, understanding their needs and providing the best solutions for their financing, in a manner that is consistent with our values. They are also the ones that have enabled us to make progress in our 2021 Strategic Plan, and in the digital transformation implicit therein, among other key aspects, to bestow even further consistency and efficiency upon our undertaking.

This joint effort has enabled us to close the year with positive results, allowing the ICF to increase its future capacity to create new credit solutions according to the needs of the economic fabric.

We are getting increasingly closer to the people, companies and entities that drive the country's economy, and we want to continue to be there, particularly in the times of hardship forced upon us by the global coronavirus crisis. We are currently working on loan facilities and guarantees to meet the needs of SMEs as a result of the current emergency situation, and we are available to all those who need it.

A year full of challenges and difficulties lies ahead that, certainly among all the members of the ICF, we will try to overcome. Thank you for your trust.



Institut Català
de Finances

ICF in figures

02



2019 Balance and key financial indicators



2,077.7

million euros in
total assets



1,815.7

million euros in
investment and risk



875.7

million euros in
equity



29.2

million euros in
profit and loss for
the year after taxes

1,265.4

million euros
in loans and
guarantees to the
private sector



431.6

million euros
in loans and
guarantees to the
private sector

118.7

million euros in venture
capital and financial
investments

47.3%

solvency ratio (BIII)

15.3%*

sector solvency ratio (EBA)

6.6%

default ratio

4.8%

sector default ratio (Bank of Spain)

149.2%

coverage ratio

62.3%

sector coverage ratio

*Data at 09/2019

Investment in loans and guarantees

at 31/12/2019

€1,697.0m



SMEs

<€50m



businesses

>€50m



**public
sector**

793.6

million euros

3,776

customers

70,738

jobs

471.8

million euros

108

customers

86,598

jobs

431.6

million euros

271

customers

22,215

jobs

% of the total **46.8%**

90.9%

39.4%

27.8%

2.6%

48.2%

25.4%

6.5%

12.4%

Venture capital

at 31/12/2019



indirect investment

Venture capital funds

Instruments

48

ICF Group commitments (€m)

318.6

Other investor commitments (€m)

2,644.7



direct investment

Funds ICF

ICF Capital Expansió II

2.25 €m

1 invested company

ICF Venture Tech II

3.5 €m

4 divested companies

Capital Expansió I
(in divestment period)

16.5 €m

11 invested companies

4 divested companies

Capital MAB
(in divestment period)

6.2 €m

8 invested companies

1 divested company
2 partially divested companies

Participative loans

Number of start-ups

120

ICF investment (€m)

18.9

Investment from other Investors (€m)

54.2

Total co-investment (€m)

73.1



Institut Català
de Finances

Corporate strategy

03



Public banking in Europe (European Association of Public Banks)

EAPB

Since 2014, the ICF has been a member of the European Association of Public Banks (EAPB). This entity brings together and represents nearly one hundred banks, financial institutions, and public bank associations in 18 countries across Europe for institutions and other stakeholder groups. It is also on the board of directors of the EAPB.

In Catalonia, the ICF is the ultimate exponent of this model of public banking, where it plays a key role as a catalyst for the Catalan economy, funding sustainable projects, strategic innovation and development, and projects supporting Catalonia's social development.

3.5
€bn in total assets

190,000
professionals

90
entities

18
countries

Market share of
public banking close
to

15%
in Europe

Public banking

“

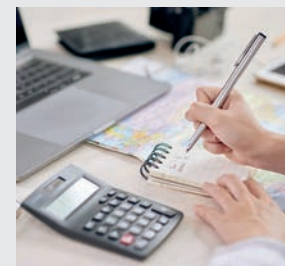
Since 2014, the ICF has been a member of the European Association of Public Banks (EAPB) and its board of directors.



Supplementary and
alternative credit for the
private financial sector



A driving force and
co-investor in European
financial instruments and
funds



Long-term funding



Committed to projects
that promote sustainable
economic and social
development



About us

The ICF is a Catalan public financial institution, founded in 1985, belonging to the Government of Catalonia. Its chief goal is to promote financing to companies, entrepreneurs, and entities in Catalonia, in order to contribute the sustainable growth and innovation in the Catalan economy. Thus, it is actively committed to achieving the Sustainable Development Goals in line with the United Nations 2030 Agenda.

The ICF acts in support of the private funding sector, offering a wide range of credit solutions based around loans, securities, and investment in venture capital, in order to drive internationalisation, transformation and innovation, growth and sustainability.

ICF

The ICF promotes financing of the business fabric through many financing solutions focused on lending, guarantees and venture capital.

IFEM

IFEM finances companies in the initial stages or in the early stages of growth, together with private investors and through participative loans. de Growth,

ICF Capital

Societat Gestora d'Entitats d'Inversió Col·lectiva de Tipus Tancat (SGEIC). SAU, A closed-end collective investment institution management company, that promotes, advises, and manages venture capital funds or companies that invest in capital and debt instruments for Catalan companies.

- ICF Capital Expansió II
- ICF Venture Tech II

- Capital Expansió I
- Capital MAB
- BCN Emprèn

Avalis

A mixed-capital mutual guarantee company (public-private) supervised by the Bank of Spain. The ICF holds an interest, together with other financial entities and business sectors, in the capital of Avalis de Catalunya, SGR.

Mission and values

The ICF is a public financial institution intended for companies, entrepreneurs, and entities of Catalonia with the mission of promoting financing and investment to contribute to the innovation, growth and sustainability of the Catalan economy.

For this reason, the ICF offers alternative financing that supplements funding from the private financial sector and from private investment funds, increasing the resources for business and social projects.

We accompany businesses and entities throughout their life cycle, from their creation through to their expansion and consolidation stages, which also generates a positive and valuable impact that affects society as a whole. In order to carry out our mission, we listen to the needs of the business fabric, advising on projects proposed by companies and those from the social fabric, and designing the financial solutions that best suit the specific needs of the various sectors and the economy.



Values

Commitment

We endeavour to achieve our goals, aware that meeting our targets will positively impact not only on the business fabric, but also the wider society and the economy as a whole.

Professionalism

We work with energy, rigour, and efficiency, always keeping business needs in mind. And we do this thanks to a team that joins forces, transforming their efforts in accordance with the demands of new times.

Proximity

Companies, entrepreneurs, and entities are our *raison d'être*. That is why we listen to them, advise them, and accompany them throughout their life cycle, fostering long-lasting relationships of trust.

Honesty

We act with integrity and transparency in the course of our business, always offering fair treatment, and respecting the values of social justice and truth, in a manner that is consistent with our philosophy.

Strategic vision

The 2021 Strategic Plan is the roadmap serving as guidelines for our activity and the transformation we have experienced over the past few years. For us, it is a key tool that contributes to bringing about change in the entity that will enable us to achieve our mission: to foster the growth, innovation, and sustainability of the Catalan economy.

In this regard, at the ICF we aim to cover – with our value proposal – the entire cycle of companies and entities active in Catalonia, either through financing in the form of loans and guarantees or through venture capital activity.

The plan covers several strategic axes and proposes varying goals, all of which are grouped into the ICF's three core lines of activity.

Axes

- To consolidate the ICF as a public bank.
- To enhance the knowledge, awareness, and recognition of the ICF.
- To complete the ICF digital transformation process with a customer-centric approach, improving the product and service offering.
- Proactive talent management, aligned with strategic goals.

Goals

- To enhance the growth of the Catalan economy, providing entrepreneurs, companies, and entities with credit solutions.
- To actively finance the social sphere in order to drive projects of an educational and cultural nature, environmental projects, social housing, as well as social, health and equality services.
- To promote collaboration with the private financial sector, business entities and the various ministries of the Generalitat in order to boost funding and to create new financial solutions that meet Catalonia's strategic goals.
- To generate new investment opportunities through venture capital funds and through direct investments in companies and start-ups, to champion the creation, innovation, and growth of the business fabric.

Relevant initiatives

In line with the 2021 Strategic Plan, during 2019 we have committed to the consolidation projects and business strategies that incorporate innovation and digitalisation processes into their businesses. Similarly, we have encouraged business growth through investments intended to drive their organic development and internationalisation, as well as to provide capital for mergers and acquisitions.

We have strengthened the pillar of the **social sphere** in order to contribute to the achieving the Sustainable Development Goals laid down in the United Nations 2030 Agenda. Thus, new funding facilities have been created to drive environmentally friendly and energy-efficient projects, while collaboration agreements have been signed with entities to foster this kind of business initiative.

In parallel, we have continued to **work to improve our communication channels**, both with the wider public and with our customers. The new **Customer Service**, available on our website, is an example of this, as it aims to channel and manage the complaints and claims of companies, entrepreneurs, and entities: the Institute's customers. During 2019 we have also committed to promoting our presence on social networks, by creating a Twitter profile and championing content on LinkedIn.

In terms of **dissemination and raising awareness surrounding our activity**, in addition to continuing our advertising campaigns, taking part in trade fairs and business days, we have launched two initiatives that bring us closer to the business fabric with the intention of promoting its development.

- **"Success stories" sessions** organized in conjunction with the Association for Corporate Growth (ACG). Two sessions were held, featuring the participation of companies such as Frit Ravich, Audax, Mat Holding, Noel Alimentària, Plásticos Kompuestos and BCNonwovens.
- **The first 'Trobada amb talent empresarial' (Business talent meeting)**, held in the city of Lleida. There, around fifteen entrepreneurs from Lleida shared projects and future challenges, as well as assessing the different credit solutions that the ICF makes available to them to help drive their business.

These specific actions, together with the ICF's global strategy, have brought better results in the customer satisfaction survey compared to the last edition. Specifically, the Net Promoter Score (NPS) is 55%, up 19.2% on last year. The customer satisfaction index has also improved, standing at 8.16, 0.27% up on the previous figure. Furthermore, commitment, recommendation, and loyalty level indicators have increased. Companies particularly highlight the treatment and advice of our entity, as well as the attention and interest shown upon first contact.

“

During 2019 we have committed to the consolidation projects and business strategies that incorporate innovation and digitalisation processes into their businesses.



Digitalisation

In accordance with the 2021 Strategic Plan, digital transformation within the ICF remains one of our top priorities. The roadmap laid down covers several stages and projects to incorporate new tools, processes and applications that enable us to achieve three major goals: to improve the customer experience throughout their life cycle and the product offering, to raise the awareness and knowledge of our entity and to redefine the entity's systems map.

In this regard, one of the projects that was launched at the end of 2019 is the implementation of a technology platform. Through the technology provider RSI, the entity will migrate its platforms to the IRIS solution, which will, among other aspects, expand the product catalogue with a customer-oriented approach.

Furthermore, in accordance with the initiatives laid down in the Digital Transformation Plan, new tools have been implemented that improve the customer relationship and enhance the effectiveness of the ICF in both management and decision-making, in order to curb time to market. These notably include the entity's new CRM, which enables the centralisation of the interactions with our customers, to manage their life cycle and champion a more direct and personal relationship, according to the needs of each company and entity. Digital signatures have also been incorporated into our procedures, expediting the signing process, raising efficiency and significantly curbing paper usage.





Contribution to society

The ICF's social commitment is intrinsic to its DNA and is driven through its activity, investments, collaborations, and initiatives, all are carried out taking into account the values of integration, transparency and community service.

During 2019, we have promoted the projects of 1,564 companies, contributing to creating and upholding close to 77,000 jobs in various sectors of the Catalan economy.

At the same time, the financing and investment of **social and cooperative economy projects** has enabled us to employ people with different abilities, in the same way as the financing of **social rental housing projects** has increased the number of social rental apartments in Catalonia, benefiting groups at risk of exclusion or those that are most vulnerable.

The business model

To boost the growth of companies, entrepreneurs, and entities – and to do so sustainably – we provide a wide range of financing and investment solutions, complementing to the private financial sector and meeting business needs under market conditions.

Funding for companies, entrepreneurs, and entities

loans

A range of products tailored in accordance with the type of funding (investment or working capital) or sector.

Granting guarantees

guarantees

Furnishing of guarantees to financial entities to facilitate companies' and entrepreneurs' access to credit.

Investment in venture capital, chiefly through independent management funds

venture capital and participative loans

Developing, managing, and investing in venture capital instruments as a means of strategically financing and supporting business growth. This includes the management of participative loans in partnership with private investors.

Strategic pillars

In line with the funding solutions, we set out three strategic pillars where our activity is focused.



Entrepreneurs and start-ups

Investment in the entrepreneurial ecosystem (digital, health, services, etc.) from the initial stages through to the development stages.

- Direct investment, co-investing with accredited private investors.
- Investment in venture capital funds (seed segment).



self-employed and SMEs

Medium- and long-term funding (chiefly between 3 and 25 years) and capital investment to drive innovation, growth, consolidation, and internationalisation of strategic business projects.



social sphere

Financing of companies and projects that have a positive impact on society and which promote the sustainable development of the territory and the economy

- Development and acquisition of social rental housing
 - Social and cooperative economy
- Green and circular economy, energy-efficiency project and environmentally-friendly projects
- Cultural and educational projects

Cooperation agreements

To help promote and grow the Catalan economy, we have signed collaboration agreements with entities involved in corporate financing.

European organisations



Agreements have been signed with the European Investment Bank and the European Investment Fund for the financing of credit operations that meet certain requirements. The ICF also participates in the NPI Equity Platform, created by the European Investment Fund (EIF) and the European Commission (EC) to promote capital investment in venture capital to benefit the growth of SMEs.

Ministries of the Government of Catalonia



We collaborate in agreements to develop funding facilities for specific sectors with favourable terms and conditions.

Financial institutions



We co-invest and open new funding facilities to approve loans for companies through the commercial network of these entities in the region.

Other financial institutions

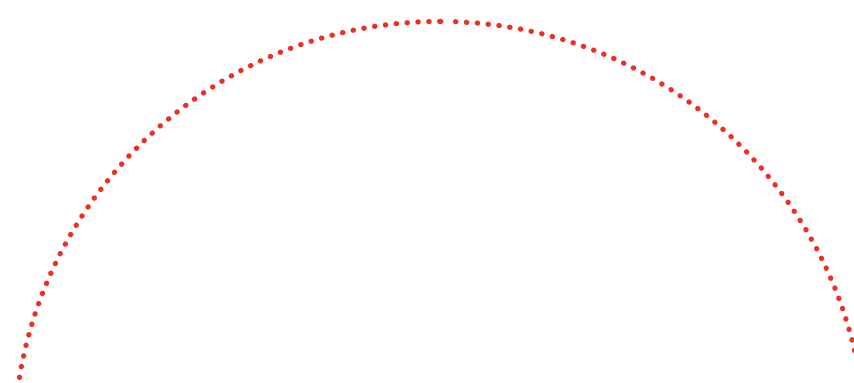


We co-invest with Business Angels networks, private investors, and specialised funds.

Business organisations



We hold ongoing relations with chambers of commerce, employers' associations, business associations, as well as business consultants and advisers.



Social responsibility

Committed to culture

In addition to championing cultural projects through funding, the ICF also works to boost culture throughout the region.

Since 2014, the ICF has been a founding partner, and a member of the Board of Patrons and Executive Committee of the **Fundació Catalunya Cultura**, an entity that seeks to increase collaboration between the business sector and the culture sector, recovering its social work and enhancing the prestige of patronage. The goal is to support and take an active part in promoting new initiatives to transform the relationship between business and culture in all areas.

Committed to financial education

At the ICF we are aware of the value of financial and banking training and, for this reason, we participate in and promote – through human resources – various initiatives that seek to provide basic knowledge in this area, intended for both young people and managers of SMEs.

For the sixth consecutive year, we have participated in the **Program of Financial Education in the Schools of Catalonia (EFEC)**, promoted by the Generalitat de Catalunya in collaboration with Institut d'Estudis Financers (IEF). This program also gives ICF professionals the opportunity to volunteer, teaching economic concepts to students in the 4th year of secondary school.

However, as part of Global Money Week, and also in collaboration with the EIF, we held a conference with Vocational Training students to promote knowledge of Catalonia's entrepreneurial ecosystem, which focused on start-ups and their business model.

With the aim of strengthening the financial knowledge of the management positions of Catalan SMEs, in 2019 the ICF launched – together with Avalis and the IEF – **the course, “El dia a dia de les pimes” (The everyday activity of SMEs)**. Its goal was to provide further training in business finance for managers, equipping them with tools and expertise that will allow them to improve the financial management of their companies. The first edition featured over twenty participants.

“

We participate in and promote several initiatives intended to provide basic knowledge in financial and banking training for both young people and managers of SMEs.

Committed to society and the environment

Being socially responsible and having a positive impact goes far beyond our business activity itself. That is why we collaborate with non-profit entities and foundations working to improve the quality of life and well-being of people at risk of exclusion, facilitating the labour reintegration of vulnerable people. One example is the companies that are engaged in the internal irrigation or paper and cardboard recycling services.

At an **institutional level**, we hold ongoing collaboration with non-profit entities such as the Associació Alba and the Fundació Emys, among others, to undertake awareness-raising projects using the data provided. We have also consolidated our support for the Fundació Tavella, a non-profit entity that seeks the social and labour integration of people with intellectual disabilities and severe mental disorders through online sales and organic food delivery. In this regard, in addition to contributing to its mission, we promote healthy eating habits among the ICF team.

As regards the **environment**, and aware of the need to reduce the use of plastic, in 2019 we eliminated the use of plastic bottles, replacing them with glass containers. Furthermore, digital signature was implemented to reduce the number of printed sheets and the use of paper.



“ We collaborate with non-profit entities and foundations working to improve the quality of life and well-being of people at risk of exclusion, facilitating the labour reintegration of vulnerable people.

Committed to achieving the Sustainable Development Goals

As a public financial institution, the ICF is actively committed to achieving the Sustainable Development Goals (SDGs) in line with the United Nations 2030 Agenda and the National Plan for implementing the 2030 Agenda in Catalonia.

In 2019 we launched a cross-cutting project, which resulted in the first ICF SDG Contribution Report. The report, which sets out the main results, can be viewed on our website.

Strategic objectives



- Promoting the sustainable growth of the economic fabric of Catalonia through the ICF's many financing and investment solutions.
- Boosting financing solutions that are committed to an ecological economy, championing environmentally friendly products and processes, as well as investment and financing instruments that promote the economy and social housing, the green economy, innovation, technological transformation, and growth.
- Facilitating access to funding for companies, entrepreneurs, and entities.
- Promoting funding of entrepreneurs and innovation.
- Accompanying companies that promote internationalisation projects.
- Fostering sustainable investments in strategic sectors such as industry 4.0.

Priority objectives





Institut Català
de Finances

About us

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4





Our entity

The ICF is an entity with its **own legal personality**, the activity of which is subject to its own legislation, the bylaws of Catalan public companies and remaining legislation, and it adapts to meet the standards of private law applicable to it; specifically to the regulations of credit institutions.

It also has its **own assets and treasury**, and acts autonomously in terms of its organisation, finance, assets, functions, and management, fully independent of public administrations. It is financed chiefly in the domestic and international markets via bank credit and debt issuances. It is categorised by the Bank of Spain as a non-monetary financial institution and ratified by EUROSTAT as a financial institution outside the scope of public administration (SEC). For these reasons, it does not add any deficit or debt to the Government of Catalonia.

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The ICF is an entity with its own legal personality.



Legal framework

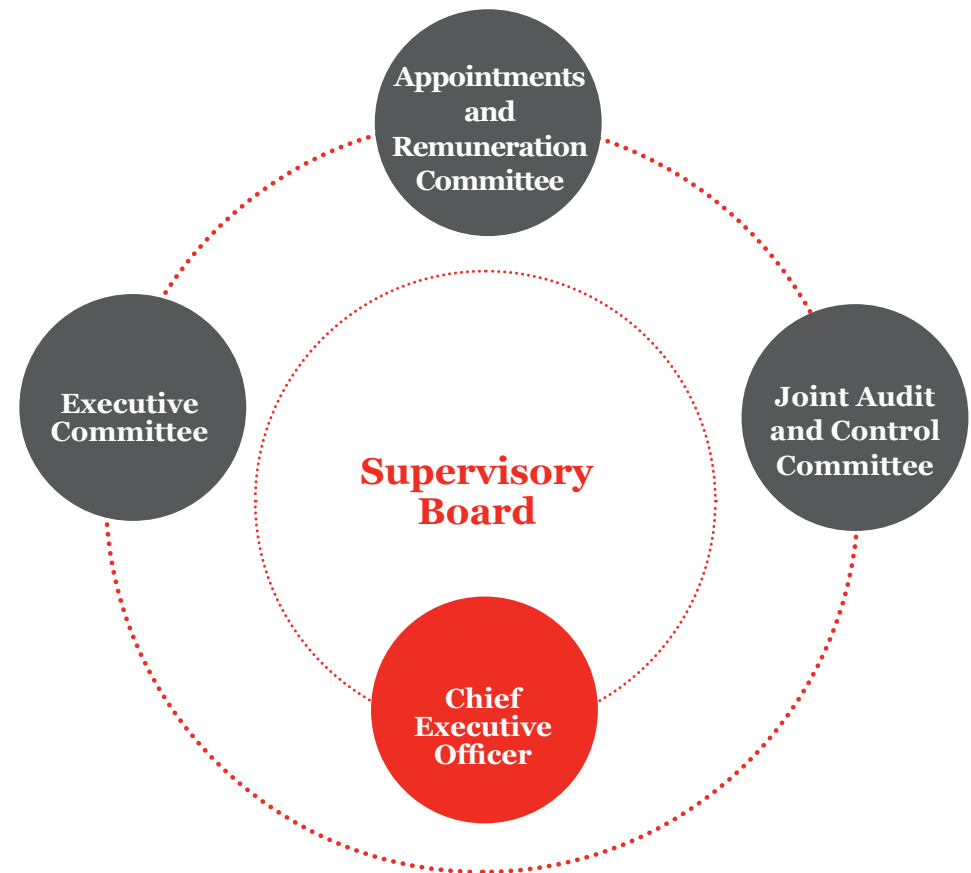
The ICF is regulated by Legislative Decree 4/2002, 24 December approving the consolidated text of the Act on the Institut Català de Finances, of 14 January 1985, and subsequently amended on several occasions, the most recent of which were Act 2/2015, of 28 July, Act 4/2015, of 29 December, and Act 5/2017, of 28 March, on tax, administrative and financial measures and the public sector.

Regarding its regulatory framework, article 1, section 4, of Legislative Decree 4/2002, in the wording given by Decree Law 2/2015, establishes that the ICF is subject to the specific regulations for credit entities and, therefore, is only subject to basic regulations and to those issued by the regulatory bodies of the European Union that apply to them, taking into account their special activity and nature. The Catalan Annual Budgets Act establishes, where appropriate, appropriations to the entity's equity fund and the annual maximum lending limit to which the ICF can commit.

The institution's internal governance, structure, procedure, and operations are in accordance with the criteria laid down by the European banking regulations (Directive 2013/36/EU, Regulation 575/2013 and Basel III) and national regulations (Act 10/2014, 26 June, on the Planning, Supervision and Solvency of Credit Institutions and Royal Decree 84/2015, implementing Act 10/2014).

Corporate governance

The governing bodies of the ICF are comprised of a majority of independent board members, in accordance with the European regulations for credit institutions. Both the Supervisory Board and the various delegated committees act under the principles of ethics and transparency.



Supervisory Board

The Institute's highest decision-making body is the Supervisory Board (equivalent to a Board of Directors), which is responsible for making the essential strategic decisions about its activity. Its functions include seeking the approval of the Generalitat – the owner of the entity – its budget proposals, annual report, balance sheet and financial statements, and the proposed application of profits. Its responsibilities also include making decisions regarding the organisation, operation, and legal relationships, and it has knowledge of the actions of the rest of the entity's boards.

The Supervisory Board comprises the Chairperson, the Chief Executive Officer, a non-member Secretary, and between five and ten members. There is a majority of independent members, as stated in the regulations on public credit institutions.

Pursuant to the law, the Board can create commissions and committees to which it delegates certain powers, which include approving and amending specifically allocated investment and credit operations.

Chief Executive Officer

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

Josep-Ramon Sanromà Celma has been the Chief Executive Officer of the ICF since 22 February 2011.



- ① Albert Castellanos Maduell - Chair (proprietary)
- ② Josep-Ramon Sanromà Celma - Chief Executive Officer (executive)
- ③ Rafael Abella Martín - Member (independent)
- ④ Francesc Casas Selvas - Member (independent)
- ⑤ Mercedes Domingo Piera - Member (independent)
- ⑥ Lluís Juncà Pujol - Member (proprietary)
- ⑦ Ester Obach Medrano - Member (proprietary)
- ⑧ José Luis Peydró - Member (independent)
- ⑨ Virginia Verger Casasnovas - Member (independent)
- ⑩ Matilde Villarroja Martínez - Member (proprietary)
- ⑪ Albert Vilumara Pérez - Member (independent)
- ⑫ Joan Roca Sagarra - Secretary (non-member)

Committees

Executive Committee

The **Executive Committee** is the body responsible for approving and amending credit operations and investments in equity instruments, as well as the creating and defining credit products.

Since 2014, in the specific area of governance and in accordance with Act 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, the ICF has delegates on the **Appointments and Remuneration Committee and the Joint Audit and Control Committee**, specific positions reporting directly to the maximum governing body of the entity. Both committees are formed exclusively of independent directors appointed by the Supervisory Board.

Composition

Josep-Ramon Sanromà Celma - Chair (executive)
Francesc Casas Selvas - Member
Mercedes Domingo Piera - Member
Albert Vilumara Pérez - Member
Joan Roca Sagarra - Secretary (non-member)

Appointments and Remuneration Committee

The **Appointments and Remuneration Committee** has the authority to analyse, validate and make proposals to the Supervisory Board regarding matters relating to appointments – honesty, suitability, etc. – and remuneration of the members of the governing bodies of the entity and of the key personnel.

Composition

Mercedes Domingo Piera - Chair
Francesc Casas Selvas - Member and secretary
Albert Vilumara Pérez - Member

Joint Audit and Control Committee

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

Composition

Rafael Abella Martín - Chair
Virginia Verger Casasnovas - Member and secretary
José Luis Peydró - Member

Governing bodies of ICF subsidiaries: ICF Capital and IFEM

The two subsidiaries of the ICF (ICF Capital and IFEM) have their own Boards of Directors, which are their maximum governing bodies and responsible for the company's administration and management.

Management bodies of the Group

Under the regulation on management bodies of the ICF, the Steering Committee has the powers to deliberate and decide on all the entity's strategic aspects of a general nature, submit – to the Supervisory Board – the proposed debt limitation, budgets, and reports. This management body is also responsible for monitoring and controlling the key aspects of business development.

ICF Capital

Josep-Ramon Sanromà Celma - Chair
Joan Carles Rovira
Irene Bertran Aixut
Anna Àlvarez Santiago
Francisco Javier Zayas - Secretary non-director

IFEM

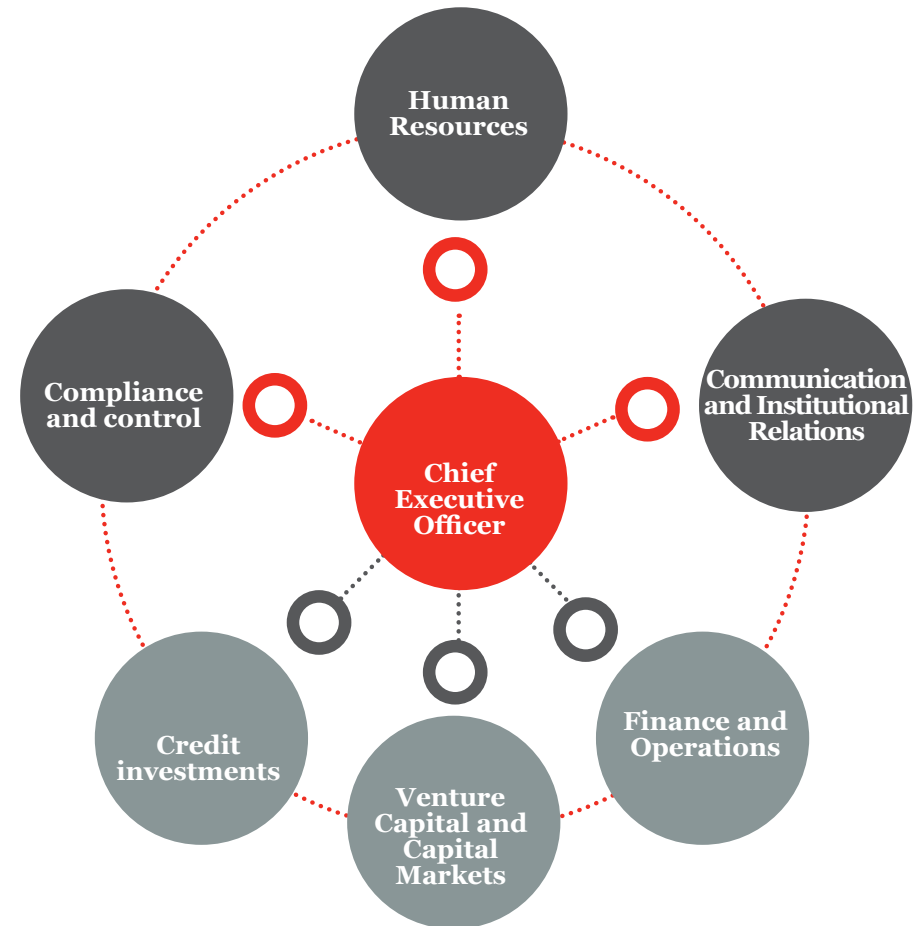
Josep Ramon Sanromà Celma - Chair
Anna Àlvarez Santiago
Irene Bertran Aixut
Joan Carles Rovira
Maria Teresa Medina Plans
Joan Gómez Pallarès
Lluís Juncà Pujol
Joan Romero Circuns
Marc Lloveras Llavina - Secretary non-director

Composition

Josep-Ramon Sanromà Celma - Chief Executive Officer
Anna Àlvarez Santiago - General Director
Joan Carles Rovira Garcia - General Director
Vanessa Servera i Planas - General Director
Marta Gomà Rigat - General Director
Assís de Riba Cusó - Director

Functional organisation chart

The governing bodies of the ICF are comprised of a majority of independent board members, in accordance with the European regulations for credit institutions. Both the Supervisory Board and the various delegated committees act under the principles of ethics and transparency.



3 lines of defence model

The ICF Group adopted a risk management and control model based on three lines of defence, adopting the GL/2017/11 Guidelines of the European Banking Authority (EBA) on internal governance.



1. Business areas and committees (Credit Investments, Venture Capital, Treasury, Finance)

Responsibilities:

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

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

Responsibilities:

- To establish risk control policies and procedures, in coordination with the 1st line of defence.
- To carry out an independent review of the application of risk controls by the 1st line of defence.
- To monitor risks, identify shortcomings in control, draw up action plans, and give an opinion on the risk control environment.

3. Internal Audit and Control

Responsibilities:

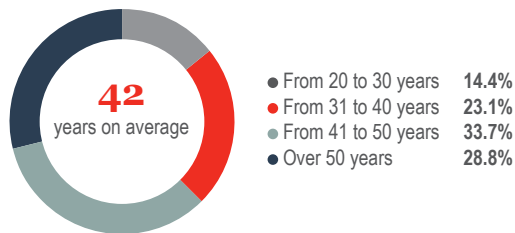
- To supervise the actions of the 1st and 2nd lines of defence.
- To review the risk control environment, and the compliance and effectiveness of corporate policies.
- Provide independent reporting on the control model.

Team

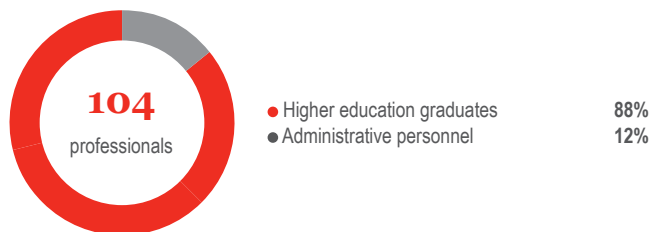
One of the ICF's core assets is its professionals, an indispensable aspect, driving the mission of the entity, which endeavours to foster the sustainable growth of the Catalan economy through its lending, guarantee and venture capital activity. Their mission is always underpinned by prevailing values that form part of the essence of the ICF: the professionalism, honesty, commitment, and proximity with which they carry out their work.

People management is a key aspect of the 2021 Strategic Plan and, in keeping with its principles, the ICF seeks to foster the development of talent and professional careers in the organisation, through ongoing education.

Distribution by age group



Professional qualifications



Gender



Human resources development

Strengthening and boosting internal talent is one of the top priorities in the ICF's strategy. Along these lines, the entity promotes the development of its team of professionals through a wide range of both internal and external training programs.

In parallel, It features a policy that provides – among other aspects – various kinds of funding to staff in order to access training on their personal or professional development: training wholly financed by the company, training co-financed with the employee and training financed solely by employees themselves, with the option of funding it via a flexible compensation plan as part of the Group's remuneration structure.

For yet another year, language training is consolidated as one of those most in demand. This comes in addition to training intended to enhance professional certifications, as well as courses related to innovation and digital transformation. As regards the latter, training courses and a series of in-house conferences have been notably successful in terms of appreciation and attendance. Training related to digital transformation was attended by 98 participants.

“

Strengthening and boosting internal talent is one of the top priorities in the ICF's strategy.



53

training actions

1,197
hours

513
participants

94.3%

fully funded by the ICF

5.7%

co-funded



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2019 Activity

05



2019 Activity

% growth in activity

10.5%

Total credit investments
+ guarantees

801.8%

venture capital commitments

13.2%

participative loans

The ICF Group/Avalis has funded 1,564 companies, entrepreneurs, and entities through lending and guarantee activities for a total amount of €662.3 million. A total of €148m has been invested in the area of venture capital.

The increased credit volume by the ICF Group/Avalis, 10.5% up on 2018, is notable, as well as an increased investment in venture capital funds, up from €15.3m in 2018 to €138.4m in 2019.

ICF credit investments

528

businesses

511.2

€m

49,820

jobs

AVALIS

1,036

businesses

151.1

€m

26,994

jobs

Total ICF + AVALIS

1,564

businesses

SMEs and the self-employed : **97%**

662.3

€m

New credit: **87%**

76,814

jobs

2,482

transactions

Venture capital

138.4

€m venture capital commitments

17 funds

6

€m direct investment

4 funds (2 in divestment period)

6 Catalan companies

3.6

€m participative loans

19 start-ups



“

Our funding solutions have reached more companies, for a higher total amount and with more transactions than in 2018.

+10.5%

total growth amount
funding vs 2018

+3.4%

number of companies, individuals and entities
funded vs 2018

+10%

number of transactions vs 2018

Lending activity

During 2019, the ICF Group/Avalis has funded 1,564 companies, entrepreneurs, and entities through 2,482 lending and guarantee transactions, for a total amount of €662.3 million. In line with the trajectory of previous years, and according to Catalonia's business fabric, 97% of the funded companies were SMEs.

Most noteworthy in this period was the funding provided through the **ICF Eurocrédit** facility, co-financed by the EU's European Regional Development Fund (ERDF). These have allowed us to carry out 149 transactions for a total amount of €67m, in order to boost the growth of SMEs.

The ICF is committed to promoting social rental housing, intended for the most vulnerable groups. In this regard, it has launched two credit facilities to facilitate the construction and purchase of apartments for families at risk of exclusion. In 2019, 174 transactions were formalized for €18.8m, increasing the social rental housing stock in Catalonia. The entities Hàbitat 3, Fundació Privada Foment de l'Habitatge Social and Fundació Mambré are some of those which have received this funding to undertake their projects.

In line with its strategic axes, the ICF has also funded environmentally friendly projects for an amount of €51.5m. Also industry 4.0 related business initiatives, for a total value of €24.9m, projects of the agricultural world and of the primary sector for more than €24m, among others.

Segmentation by type of business

The business fabric of Catalonia has a high percentage of SMEs and, for this reason, the ICF Group's activity has focused on this type of company. In particular, 97% of the year's funding was allocated to promote entrepreneurship projects, the self-employed, and SMEs, contributing to maintain and/or create nearly 77,000 jobs.

In terms of ownership, of a total of 1,564 funded companies, 99.2% are private and only 0.8% are publicly owned.

Segmento	ICF			Avalis			Total		
	No. customers	€m	No. employees	No. customers	€m	No. employees	No. customers	€m	No. employees
Entrepreneurs and micro-enterprises (<€2m)	225	85.5	1,380	571	56.3	4,340	796	141.8	5,720
SMEs (€2–50m)	262	170.4	16,719	457	86.5	21,944	719	256.9	38,663
Companies (>€50m)	28	129.6	30,094	8	8.3	710	36	137.9	30,804
PRIVATE SECTOR TOTAL	515	385.5	48,193	1,036	151.1	26,994	1,551	536.6	75,187
PUBLIC SECTOR TOTAL	13	125.7	1,627	0	0.0	0	13	125.7	1,627
ACTIVITY TOTAL	528	511.2	49,820	1,036	151.1	26,994	1,564	662.3	76,814

Geographical distribution

Barcelona and its area of influence comprise the most important area both in terms of volume of ICF investment (72%) and in terms of the number of financing transactions formalised (72%). This figure is in line with the economic weight of the area in the GDP of Catalonia and with the concentration of business activity in the province of Barcelona.

As regards the other areas, Central Catalonia and Lleida are the next regions in terms of investment volume, followed by Camp de Tarragona and Girona.

We have continued to work to get even closer to companies throughout Catalonia during 2019. Our team of business delegates is present in Lleida, Tarragona, Manresa, Girona, Terres de l'Ebre, and Barcelona, and has broad knowledge of the business fabric and the specific needs of each region.

Alt Pirineu and Aran

3.0€m - 0.5%

18 transactions

	€m	%
ICF	2.3	0.5%
Avalis	0.7	0.4%

Lleida

36.5€m - 5.5%

89 transactions

	€m	%
ICF	31.5	6.2%
Avalis	5.0	3.3%

Terres de l'Ebre

5.5€m - 0.8%

32 transactions

	€m	%
ICF	4.1	0.8%
Avalis	1.4	0.9%

Catalunya Central

59.8€m - 9.0%

175 transactions

	€m	%
ICF	49.1	9.6%
Avalis	10.7	7.1%

Total

662.3 €m

2,482 transactions

Girona

29.0 €m - 4.4%

178 transactions

	€m	%
ICF	17.4	3.4%
Avalis	11.6	7.7%

Barcelona

477.0€m - 72.0%

1,791 transactions

	€m	%
ICF	366.6	71.7%
Avalis	110.4	73.1%

Camp de Tarragona

30.4 €m - 4.6%

135 transactions

	€m	%
ICF	22.0	4.3%
Avalis	8.4	5.5%

Exterior

21.1€m - 3.2%

64 transactions

Sector distribution

In terms of sector distribution, in accordance with the composition of the Catalan production fabric, trade, tourism, transport, and industry have been the main recipients of ICF Group/Avalis credit during 2019.



Social housing

Similarly, funding for projects in the area of construction and public works has increased from 4% to 10%. The main reason for this is the launch of the ICF Social Housing credit facility in order to build new social rental apartments.



Well-being

The ICF, as a public financial institution, promotes and champions projects that have a positive impact on society and contribute to the well-being of the population. Along these lines, funding for projects in the field of health and social services is also up considerably in 2019, from 1% to 4%.



Tourism

To boost tourism, one of our economy's major pillars, we launched a new credit facility, in July, that fosters the improvement and modernisation of hotel establishments, tourist apartments, campsites and rural tourism establishments.

“

Social housing, people's well-being and improved tourism are three of the sectors upon which the ICF has notably focused during 2019.



Trade, tourism, and transport

208.2 €m
31%

	€m	%
ICF	148.6	29.1
Avalis	59.6	39.4



Manufacturing industries

148.9 €m
22%

	€m	%
ICF	120.8	23.6
Avalis	28.1	18.6



Construction and public works

64 €m
10%

	€m	%
ICF	50.4	9.9
Avalis	13.7	9.0



Education, culture, and sport

60.5 €m
9%

	€m	%
ICF	45.2	8.8
Avalis	15.3	10.1



Public administration

50.8 €m
8%

	€m	%
ICF	50.5	9.9
Avalis	0.3	0.2



Healthcare and social services

25.3 €m
4%

	€m	%
ICF	20.9	4.1
Avalis	4.5	2.9



Agri-food industry and primary sector

24.2 €m
4%

	€m	%
ICF	18.5	3.6
Avalis	5.7	3.8



Extractive industries, energy, and supplies

13.9 €m
2%

	€m	%
ICF	10.1	2.0
Avalis	3.7	2.5



Other

66.6 €m
10%

	€m	%
ICF	46.3	9.1
Avalis	20.3	13.4



Venture capital business

The ICF seeks to drive the growth and consolidation of existing companies, as well as to promote the creation of new companies, with the goal of launching projects of innovation, internationalisation, and growth. Venture capital activity is another strategic way through which companies can access the funding they need for their development.

In this area, the Group multiplies the resources originating from other investment sources intended to finance each business project. On the one hand, as a “fund of funds”, we participate in investment funds that invest in companies in Catalonia. Furthermore, we collaborate with the specialised private sector to identify gaps in the market and participate as a driving force and a catalyst for investment.

At 31 December 2019, the ICF’s venture capital investment commitments totalled 318.6 million euros through 48 equity instruments. A further 2,645 million euros committed by other investors brought total investment capacity to over 2,963 million euros.

Equity instruments

	Number	Accumulated commitments (€m)			
	ICF GROUP TOTAL	ICF GROUP TOTAL	Other Investors	Total	ICF multiplier / Total
Seed Venture Capital	16	46.1	348.7	394.8	8.6
Venture Capital	26	152.5	2,040.4	2,192.9	14.4
Growth Venture Capital	6	120.0	255.6	375.6	3.1
Total Venture Capital 31/12/2019	48	318.6	2,644.7	2,963.2	9.3

Investments in venture capital funds

The ICF invests in venture capital funds that endeavour to foster the creation, innovation, and growth of businesses. During 2019, the **Group significantly increased its investment through investment funds**, from 15.3 million euros committed in 2018 to 138.4 million euros in 2019. This increase has enabled it to expand its coverage and diversify its market segments.

Without taking into account the two new venture capital funds managed by ICF Capital – set out below – on the one hand, of particular note is the **agreement signed with the European Investment Fund (EIF)** to invest through venture capital funds 15 million euros in companies located in Catalonia in order to boost the growth of SMEs and improve access to funding.

Moreover, through its participation in third-party management funds, the ICF has stepped up its contribution in the fields of life and health sciences, with an investment of €25.7m (48% of the total), and in the digital sector, with a total investment of €17.9m (33% of the total). In the growth sector, besides the investment in the EIF, the entity has committed €10m (19% of the total).

Total investments

2019 (€m)

138.4





Funds managed by ICF Capital

Funds	€m	Segment	Sector
ICF VENTURE TECH II. FCRE	20	Venture	Digital
ICF CAPITAL EXPANSIÓ II. FCRE	50	Growth	Growth
Total	70		



Project with the EIF

Funds	€m	Segment	Sector
FUND UNDERWRITING (FEI)	15	Venture	Growth
Total	15		



Funds managed by third-party managers

Funds	€m	Segment	Sector
INVIVIO VENTURES FCR	6	Seed	Health Sciences
ALTA LIFE SCIENCE SPAIN I. FCR	5	Venture	Health Sciences
SABADELL ASABYS HEALTH INNOVATION FUND SCR. SA	2.6	Seed	Health Sciences
YSIOS BIOFUND III. FCRE	11	Venture	Health Sciences
NINA CAPITAL FUND I. FCRE	1	Seed	Health Sciences
ADARA VENTURES III. SCA. SICAR	4	Venture	Digital
ALMA MUNDI FUND II. FCRE	1.5	Venture	Digital
SINO-FRENCH (INNOVATION) FUND II. FPCI	5	Venture	Digital
INVEREADY FIRST CAPITAL III. SCR. SA	3.3	Seed	Digital
INVEREADY FIRST CAPITAL III PARALLEL. FCR	1.2	Seed	Digital
NAUTA TECH INVEST II. SCR. SA	0.1	Venture	Digital
SPINNAKER INVEST. SCR. SA,	0.2	Venture	Digital
SAMAIPATA II CAPITAL. FCRE	2.5	Seed	Digital
SC GROWTH FUND II PLUS. FCRE	10	Growth	Growth
Total	53.4		

Direct investments

The ICF manages four funds directly through ICF Capital, two of which are in the divestment period (Capital MAB and Capital Expansió) and the other two have been created during the first half of 2019 (ICF Capital Expansió II and ICF Venture Tech II) in order to invest in SMEs with growth projects and technology and/or innovation projects, respectively.

The fund **ICF Capital Expansion II** is a 50-million-euro venture capital fund focusing on investment in profitable **Catalan companies with turnover in excess of 10 million euros** which are involved in **strategic organic** (greater international presence, increased production) or inorganic (acquisition of companies) growth projects. Companies obtain equity through capital increases and/or convertible participative loans up to 5 million euros.

The fund **ICF Venture Tech II** is a 20-million-euro venture capital fund focusing on **technology and/or innovation companies with a high potential for growth and revaluation in early-advanced and series-A stages**. In this case, investments are structured both in capital and with debt instruments, convertible debt or capital, preferably through co-investment. The amounts per transaction are between €500,000 and €2m.

During 2019, the ICF has invested a total of 6 million euros in 6 Catalan companies through these funds.

**Total
new funding**

2019 (€m)

6

Capital Expansió

Ener. Efficiency (€m)

0.34

Enertika

Capital Expansió II

Food (€m)

2.25

Pastisart SA

Venture Tech II

IA / Big Data (€m)

0.45

Bigfinite

Biotechnology (€m)

0.5

Vytrus Biotech SL

Marketing research (€m)

0.5

Movil Access SL

Software (€m)

2

SaaS company



Start-ups: backing for innovation

IFEM INNOVACIÓ is a specific vehicle available since 2012 and intended to co-invest in innovative start-ups, together with investors accredited by the entity, which provide additional funding.

Through this public-private co-financing facility, the entity promotes innovative companies through participative loans of up to 200,000 euros. Since 2017, and for some operations, in addition to the participation loan, this investment has been made in capital.

The goal of this co-financing facility is to stimulate and promote the development of start-ups in Catalonia, while facilitating their access to financing, diversifying their sources of funding and acting as a catalyst for further investment.

As a result of IFEM INNOVATION, **the entity has invested 3.6 million euros in 19 start-ups throughout 2019**. Together with 8.5 million euros committed by other investors, the initiative reaches a figure of almost 12 million euros of investment capacity.

ICF total amount formalised

○.....○

€m

3.6



Bio and health

ICF total amount formalised

€m

0.7

Other Investors (€m)

1.9

Total (€m)

2.6



Services

ICF total amount formalised

€m

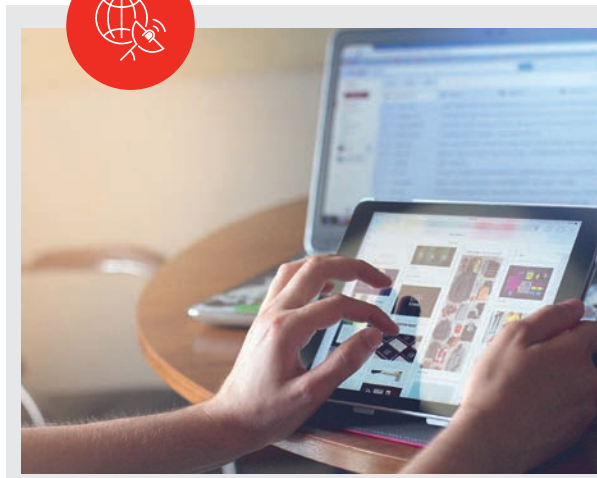
1.5

Other Investors (€m)

3.6

Total (€m)

5.1



ICT

ICF total amount formalised

€m

1.4

Other Investors (€m)

3.0

Total (€m)

4.4



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Risk management

06



Risk management

The ICF establishes the general guidelines of the risk monitoring system through various control policies, which it has defined in the new Risk Appetite Framework that the ICF Group has set up in order to monitor the risks to which the entity is exposed. For each type of risk several levels of responsibility are established, which are explicitly assigned to decision-making bodies and specific committees.

The ICF's risk management system is based on the following principles:

- **Ensuring that risks that may affect the entity's strategies** and objectives are adequately identified, analysed, assessed, managed and controlled.
- **Achieving strategic objectives** with regard to risks and returns.
- **Ensuring** the risk management **takes into account risks and opportunities**.
- **Ensuring financial instruments are used properly** in accordance with investment goals and risk hedging principles and in compliance with applicable legislation.
- **Reporting in a transparent manner on the risks** to the various committees and governing bodies in accordance with the powers assigned to them.

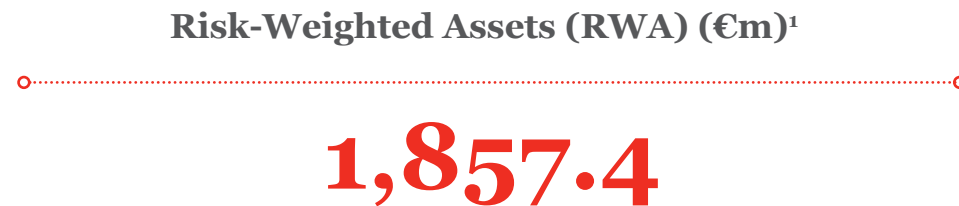
The Group is based on a risk management and control model structured around three lines of defence, adopting the GL/2017/11 Guidelines of the European Banking Authority (EBA) on internal governance.

“ For each type of risk, several levels of responsibility are established, which are explicitly assigned to decision-making bodies and specific committees.



Credit risk

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



(1) Calculation of capital requirements for credit risk according to the standard method.

Operational risk

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

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

Liquidity and financing risk

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

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

Liquid assets (€m) ⁽¹⁾

340.2

Wholesale liabilities (€m) ⁽²⁾

992.5

Liquidity coverage ratio (LCR)

4,578%

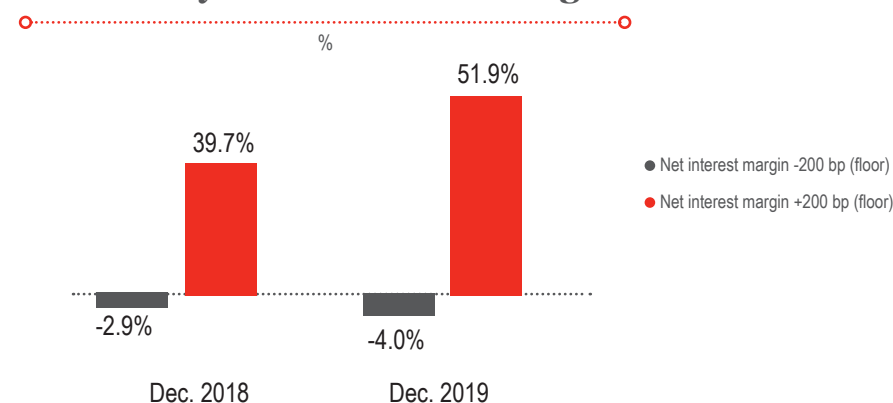
(1) Includes cash in current accounts, deposits and debt securities.

(2) Includes loans from financial institutions, senior debt issuances and promissory notes.

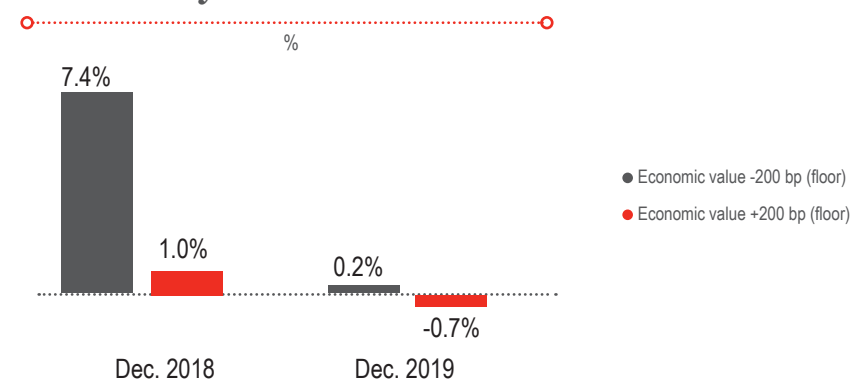
Interest-rate risk

The possibility of incurring losses due to changes in interest rates affecting the net interest margin and the economic value of balance sheet assets that are sensitive to rate changes.

Sensitivity to net interest margin



Sensitivity to economic value

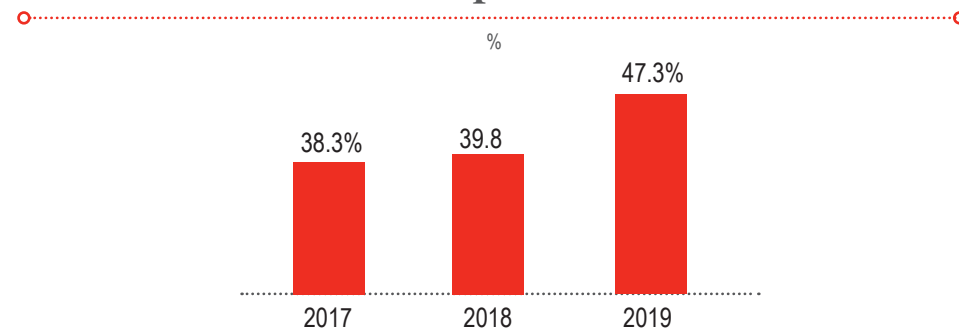


Solvency

The high level of eligible capital (€913.8m) provides the Group with sound solvency, with a 47.3% fully-loaded total capital ratio, which far exceeds the minimum regulatory requirements for Pillar 1 (8%) plus the capital conservation buffer (10.5%) laid down in Directive 2013/36 / EU (CRD) and Regulation (EU) 575/2013 (CRR). The growth in the total capital ratio is chiefly due to the increase in eligible capital generated by the accumulated annual profit and the impact of the valuation adjustments. The Group applies the standard method of calculating capital requirements for credit risk, the original exposure method for counterparty credit risk, and the basic indicator method for operational risk.

The leverage ratio at the end of 2019 is 42.5%, well above the 3% minimum applicable in 2021.

Total capital ratio



2019 Capital requirements



	2019	2018	Regulatory limits
CET 1 ratio	46.3%	38.8%	8.5%
Total capital ratio	47.3%	39.8%	10.5% ⁽¹⁾
Leverage ratio (LR)	42.5%	35.6%	3% ⁽²⁾

(1) Includes Pillar 1 risk and the capital conservation buffer.

(2) Applicable limit from 2021.



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Financial information

07

Financial information

Assets

€m

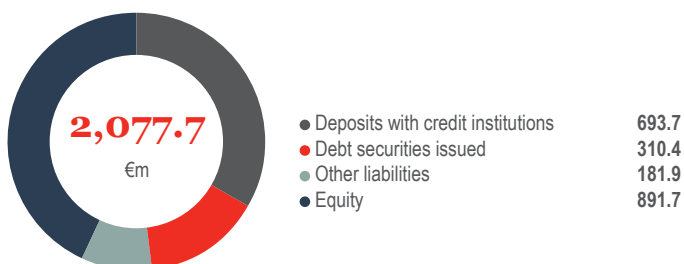


The ICF Group closed 2019 with a total asset volume of almost 2,100 million euros, 71% of which corresponds to the heading “Loans and advances”, wherein the Group’s loan portfolio is recorded. At year-end 2019, 91% of this portfolio corresponded to small and medium-sized enterprises by number of customers (47% by amount), with a geographical segmentation in line with the GDP of each geographical area, and a high level of sector diversification. The heading “Equity instruments” chiefly includes investments in venture capital. With regard to “Debt securities”, these correspond to the entity’s fixed income portfolio, which is diversified and fully comprises investments classified as investment grade. The remaining assets chiefly include demand deposits in credit institutions, the Group’s tangible assets, and tax assets.

The Group also has off-balance-sheet commitments of 204 million euros, available to third parties and 81 million euros in the form of financial guarantees given.

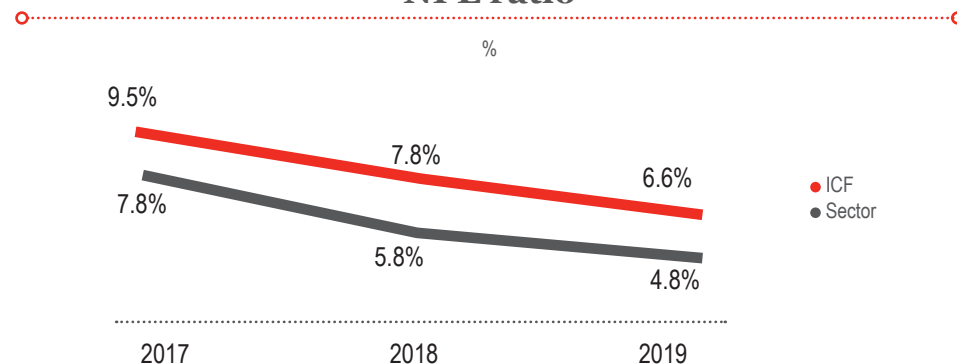
Liabilities and equity

€m



As regards liabilities and equity, it is worth highlighting – for yet another year – the increase in equity resulting from the generation of profit and their distribution to reserves. In consequence, the ICF Group has increased its capacity to increase future activity. With regard to the Group’s liabilities, the management of the cost of borrowing has been carried out with various public and private counterparties, enabling the Group to continue to hold a strong and solid treasury position. This debt is mainly distributed among the Group’s bank debt, recorded under the heading “Deposits with credit institutions” and the issuances and promissory notes issued, recorded under the heading “Debt securities issued”.

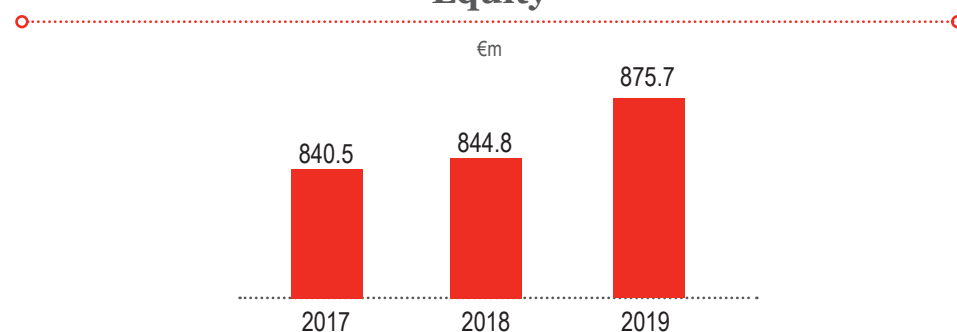
NPL ratio



The NPL ratio at 31 December 2019 is 6.6%, which increases to 8.1% taking into account the foreclosed assets, which represents a drop of 1.2% and 0.9%, respectively, compared to the figures for year-end 2018, according to the industry trend. In absolute terms, NPL figure decreased by 31 million euros compared to the end of the last financial year. Furthermore, the coverage ratio is 149.2%, above the industry average.

“Decrease in the NPL ratio and upheld high level of coverage.”

Equity

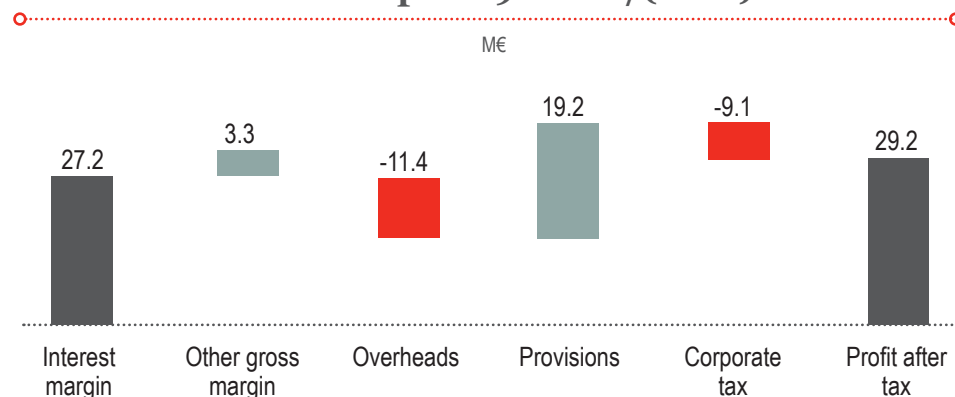


The sustained increase in equity as a result of the generation of profit consolidates the upward trend in the Group's solvency ratio, which remains broadly above the minimum required by the regulations on credit institutions and the industry average.

“Sustained increase in equity.”

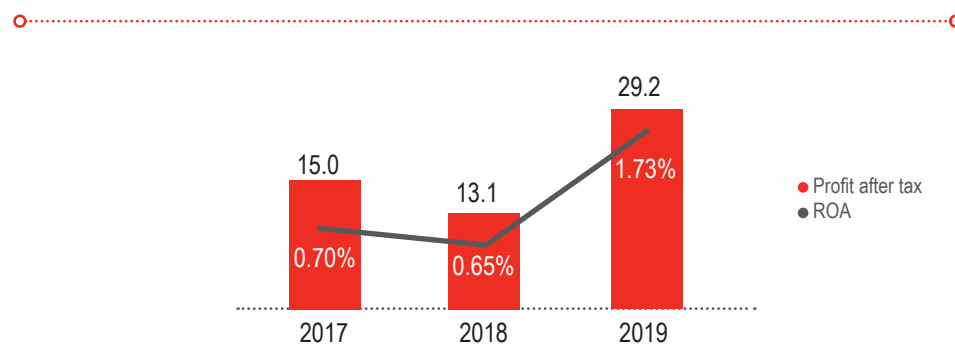
Income statement

ICF Group 2019 Profit/(Loss)



The ICF Group closed the 2019 with profit after tax totalling 28.8 million euros. The main component of the result, interest income, stood at 27.2 million euros, in line with the Group's forecasts in a context that continues to be characterised by low interest rates and competition in prices. In terms of expenses, the Group holds an efficiency ratio far below that of the sector in respect of overheads, at around 37%. As regards provisions for impairment, they have recovered extraordinarily this year, which has resulted in income of 19.2 million euros. These recoveries are mainly linked to NPLs and written-off assets, resulting from proactive recovery management and a historical policy of prudence in the hedging of credit risk.

Changes in of profit after ta and return on assets



With regard to the evolution of the Group's profit after tax, the above impacts have brought about in an increase in profit for the 2019, which, in relative terms, result in ending 2019 with a 1.73% return on average total assets.



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**Generalitat
de Catalunya**

